FIT Hon Teng Limited

鴻騰六零八八精密科技股份有限公司

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

Stock Code: 6088

GLOBAL OFFERING

Joint Sponsors
(in alphabetical order)

Bank of America Merrill Lynch | CICC 中金香港证券 | CREDIT SUISSE

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

Bank of America Merrill Lynch | CICC 中金香港证券 | CREDIT SUISSE | UBS

Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

建银国际 CCB International | CMS 招商證券國際 | DBS | NOMURA

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

FIT Hon Teng Limited

鴻騰六零八八精密科技股份有限公司

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

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	990,060,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	99,006,000 Shares (subject to adjustment)
Number of International Placing Shares	:	891,054,000 Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	:	HK$3.08 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	US$0.01953125 per Share
Stock code	:	6088

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

See "Risk Factors" in this prospectus for a discussion of certain risks that you should consider before investing in the Shares.

The Offer Price is expected to be determined by agreement between the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and our Company on or about Thursday, July 6, 2017 and, in any event, not later than Tuesday, July 11, 2017. The Offer Price will be not more than HK$3.08 per Offer Share and is currently expected to be not less than HK$2.38 per Offer Share, unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK$3.08 per Offer Share, together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK$3.08 per Offer Share.

The Joint Global Coordinators (on behalf of the Underwriters), with the consent of our Company, may reduce the indicative Offer Price range stated in this prospectus and/or reduce the number of Offer Shares being offered pursuant to the Global Offering at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction of the indicative Offer Price range and/or the number of Offer Shares will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before Tuesday, July 11, 2017 (Hong Kong time), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse. Please also see the section headed "Underwriting – Underwriting Agreement and Expenses – Hong Kong Public Offering – Grounds for Termination" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or, sold, pledged or transferred within the United States or to, or for the account or benefit of, U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act and outside the United States in offshore transactions in reliance on Regulation S.

June 29, 2017

Latest time for completing electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2]	11:30 a.m. on Tuesday, July 4, 2017
Application lists open[3]	11:45 a.m. on Tuesday, July 4, 2017
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Tuesday, July 4, 2017
Latest time for completing payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Tuesday, July 4, 2017
Latest time for giving **electronic application instructions** to HKSCC[4]	12:00 noon on Tuesday, July 4, 2017
Application lists close[3]	12:00 noon on Tuesday, July 4, 2017
Expected Price Determination Date[5]	Thursday, July 6, 2017
(1) Announcement of the Offer Price, the level of indications of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before	Wednesday, July 12, 2017
(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares – 11. Publication of Results" in this prospectus	Wednesday, July 12, 2017
(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **http://www.fit-foxconn.com**[6] from	Wednesday, July 12, 2017
Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID" function from	Wednesday, July 12, 2017

Dispatch of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[7][9]	Wednesday, July 12, 2017
Dispatch of refund cheques and White Form e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before[8][9]	Wednesday, July 12, 2017
Dealings in the Shares on the Stock Exchange expected to commence on	Thursday, July 13, 2017

Notes:

(1) All times refer to Hong Kong local time, except as otherwise stated.

(2) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** *after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.*

(3) If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, July 4, 2017, the application lists will not open or close on that day. See "How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** *to HKSCC via CCASS should refer to the section headed "How to Apply for Hong Kong Offer Shares – 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.*

(5) The Price Determination Date is expected to be on or around Thursday, July 6, 2017 and, in any event, not later than Tuesday, July 11, 2017. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and us by Tuesday, July 11, 2017, the Global Offering will not proceed and will lapse.

(6) None of the website or any of the information contained on the website forms part of this prospectus.

(7) Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting – Underwriting Agreement and Expenses – Hong Kong Public Offering – Grounds for Termination" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

(8) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for

refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.

(9) Applicants who have applied on **WHITE** *Application Forms or* **White Form eIPO** *for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates in person from our Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on July 12, 2017 or such other date as notified by our Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques. Applicants being individuals who is eligible for personal collection may not authorize any other person to collect on their behalf. Applicants being corporations which is eligible for personal collection must attend through their authorized representatives bearing letters of authorization from their corporation stamped with the corporation's chop. Both individuals and authorized representatives of corporations must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.*

Applicants who have applied on **YELLOW** *Application Forms for 1,000,000 or more Hong Kong Offer Shares may collect their refund cheques, if any, in person but may not elect to collect their Share certificates as such Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit to their or the designated CCASS Participants' stock account as stated in their Application Forms. The procedures for collection of refund cheques for* **YELLOW** *Application Form applicants are the same as those for* **WHITE** *Application Form applicants.*

Applicants who have applied for Hong Kong Offer Shares by giving **electronic application instructions** *to HKSCC via CCASS should refer to the section headed "How to Apply for Hong Kong Offer Shares – 14. Dispatch/Collection of Share Certificates and Refund Monies – Personal Collection – (iv) If you apply via Electronic Application Instructions to HKSCC" in this prospectus for details.*

Applicants who have applied through the **White Form eIPO** *service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Refund payment instructions. Applicants who have applied through the* **White Form eIPO** *service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund cheques by ordinary post at their own risk.*

Applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund cheques will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed "How to Apply for Hong Kong Offer Shares – 13. Refund of Application Monies " and "How to Apply for Hong Kong Offer Shares – 14. Dispatch/Collection of Share Certificates and Refund Monies" in this prospectus.

The above expected timetable is a summary only. You should refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by FIT Hon Teng Limited solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers, the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering.

We are incorporated in the Cayman Islands with limited liability under the English corporate name Foxconn Interconnect Technology Limited and the Chinese corporate name 鴻騰精密科技股份有限公司. We registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance under an approved English corporate name pursuant to section 782 of the Companies Ordinance as "FIT Hon Teng Limited" and an approved Chinese corporate name as "鴻騰六零八八精密科技股份有限公司", and therefore we carry on business in Hong Kong under such names. We are not in any way connected with or related to a local Hong Kong company registered under the name Foxconn Interconnect Technology Limited (鴻騰精密科技股份有限公司).

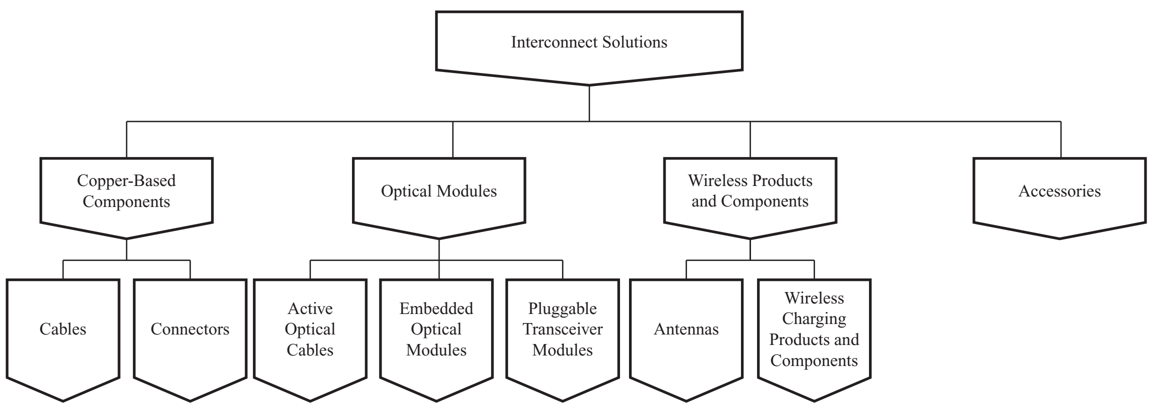
CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by and should be read in conjunction with, the full text of this prospectus. You should read the whole document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set forth in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a leader in the development and production of interconnect solutions and related products in terms of market share, ranking fourth globally and first in Greater China in terms of revenue in 2016, according to Frost & Sullivan. Our interconnect solutions and products facilitate the transmission of data and electrical power via wire, fiber or wireless connectivity. The following chart provides an illustration of the principal categories of the components, modules and accessories that we produce.



According to Frost & Sullivan, we ranked fourth globally in terms of market share and accounted for 5.1% of the global connector market in terms of revenue in 2016. We have an especially strong presence in the computer and consumer electronics and the mobile and wireless devices end markets globally, where according to Frost & Sullivan we ranked first and second, respectively, in terms of market share based on revenue in 2016. We also ranked first in terms of market share in the connector market in Greater China, accounting for 10.4% of the connector market in Greater China in terms of revenue in 2016 according to the same source. Greater China has been one of the fastest growing markets worldwide from 2010 to 2016 and accounted for 25.3% of the global connector market based on revenue in 2016, according to Frost & Sullivan. Additionally, in December 2015, we acquired the optical modules business of Avago and its leading technologies to supplement our existing expertise in optical interconnect solutions and related products for wired networking applications for use in the communications infrastructure end market for data communications and telecommunication markets.

We position ourselves as an Integrated Innovative Design Manufacturer ("IIDM") so as to collaborate with our customers in crafting advanced interconnect solutions and to accentuate our role in the design and development process. We work closely with global industry leaders in the computing and consumer electronics, mobile and wireless device and communications infrastructure industries to address challenges encountered in their design processes. Customers of our interconnect solutions primarily include leading contract manufacturers, including Hon Hai and its subsidiaries, and many global leading brand companies. See "Business – Our Customers."

We believe our research and development capabilities and our deep collaboration with leading customers serve as barriers to entry and differentiate us from our competitors. Many industry leaders collaborate with us during the early stages of their product development cycle to produce custom-made prototypes for use in their products. Since our Reorganization, we have accumulated an intellectual property portfolio of more than 800 patents worldwide, with over 1,000 additional patents under application and other technologies protected by trade secrets. In some cases, the design or technology we develop may ultimately become the industry standard. For example, we are one of the key contributors for the development of the USB 3.0 connector standard and we have retained many of the intellectual property rights necessary for the production of USB 3.0, which we license to other parties.

OUR CUSTOMERS AND END MARKETS

Customers of our interconnect solutions and other products primarily consist of various participants within the value-chain of the end markets that we serve, which are typically contract manufacturers, including Hon Hai and its subsidiaries, brand companies and distributors. The following table sets forth the revenue generated from our sales of goods by type of customers to which invoices were rendered, based on different participants within the value-chain of the end markets that we serve in absolute amount and as a percentage of our total revenue for the periods indicated.

	Year Ended December 31,					
	2014		2015		2016	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
Sales of goods:						
Contract manufacturers	1,805,647	72.7	1,614,609	69.4	1,378,914	47.9
Brand companies	242,820	9.8	316,396	13.6	1,035,054	35.9
Distributors	149,056	6.0	144,204	6.2	268,227	9.3
Retailers	15,892	0.6	32,235	1.4	43,393	1.5
Other customers(1)	197,826	8.0	166,596	7.1	99,231	3.5
Total	**2,411,241**	**97.1**	**2,274,040**	**97.7**	**2,824,819**	**98.1**

Note:

(1) *Other customers for revenues derived from the sale of our interconnect solutions and other products consist of other participants within the value chain of the end markets that we serve, which include other types of manufacturers that we believe were not primarily engaged in contract manufacturing and may produce products based on their own specifications, and trading companies, among others.*

Contract manufacturers incorporate our interconnect solutions with a vast number of other components and modules and assemble them into finished products at the specification of their customers, generally brand company customers. Sales to contract manufacturers accounted for 72.7%, 69.4%, and 47.9% of our revenue in 2014, 2015 and 2016, respectively. The decrease in our sales to contract manufacturers as a percentage of our revenue in 2016 from 2015 was primarily due to (i) the increases in revenue contribution from sales of our interconnect solutions and other products in which invoices were issued to our brand companies as well as sales to our distributors during the periods; and (ii) the decrease in sales of our interconnect solutions and other products to contract manufacturers in absolute amount in connection with the overall decrease in our total revenue during the same periods.

Brand companies generally market and sell their finished products to end users. Given the customized nature of the interconnect solutions we provide, and to exert control over the intellectual property of their design and to control quality, delivery time and cost, many brand companies work directly with us to develop interconnect solutions and other products. Our collaboration with these brand companies includes development and design, coordination on inventory preparation and product planning. Sales of our interconnect solutions and other products in which invoices were issued to our brand company customers accounted for 9.8%, 13.6% and 35.9% of our revenue in 2014, 2015 and 2016, respectively. We believe the increase in such sales made to brand companies as a percentage of our revenue from 2014 to 2015 was primarily due to the shift in preference in supply chain management by certain brand companies, which resulted in an increase in their purchase of interconnect solutions and other products from us as compared to through contract manufacturers. The increase in such sales made to brand companies as a percentage of our revenue in 2016 from 2015 was primarily because one of our new products was sold directly to a brand company and not through designated contract manufacturers. The increase was also a result of the integration of the optical modules business that we acquired from Avago in December 2015 as the sales of various interconnect solutions and other products from the optical modules business of Avago were made directly to brand company customers.

During the Track Record Period, a significant portion of the sale of our interconnect solutions and other products were made to contract manufacturers. However, as contract manufacturers are often involved in assembling the finished products of brand companies, many brand companies often designate our contract manufacturer customers to purchase the relevant parts and components from us, including our interconnect solutions, as part of the assembly process. Generally in such instances, brand companies have significant influence on the interconnect solutions and other products we provide, including specifications, purchase volume and selling price, and directly work and agree with us as to such specifications, purchase volume and selling price prior to our sale of such interconnect solutions and other products to our contract manufacturer customers. As such, we consider such brand companies to be the primary decision makers as to these interconnect solutions and other products even when sales were made by us to contract manufacturers. In 2014, 2015 and 2016, the sales of interconnect solutions and other products designated by the top five brand companies accounted for over 50% of our sales to Hon Hai Group, which included but were not limited to industry leaders in the mobile and wireless devices and computer and consumer electronics end markets, such as a company that designs, manufactures and markets mobile communication and media devices and other products, related software solutions and applications, a company that designs, manufactures and markets a wide variety of computing devices, servers, networking and storage solutions, and third-party software and peripherals, and a company that is a provider of products, technologies, software, solutions and services to individual consumers, small- and medium-sized businesses and large enterprises. See "Risk Factors – Risks Related to Our Business and Industry – A substantial portion of our business is derived from a limited number of major customers. Our customer concentration exposes us to the risks faced by our major customers and may subject us to risks relating to significant fluctuations or declines in revenue and profitability."

In addition to contract manufacturers and brand companies, we sell limited amounts of our interconnect solutions and other products to third-party distributors, which accounted for 6.0%, 6.2% and 9.3% of our revenue in 2014, 2015 and 2016, respectively. The total number of third-party distributors to which we sold in 2014, 2015 and 2016, were 10, 12 and 20, respectively. The increases in the revenue derived from sales to our third-party distributors as a percentage of our revenue and the total number of such distributors in 2016 were primarily a result of the integration of the optical modules business that we acquired from Avago in December 2015 into our operations. As of December 31, 2016, we engaged six such new third-party distributors to facilitate the sales of our optical interconnect solutions and other products in the communications infrastructure end market. We make sales to distributors (i) at the specific request of certain brand companies, or (ii) for sales to certain regions, such as the United States, Singapore, Japan, Greater China and the European Union, due to the relationships that such distributors have established in such regions. We also sell a very small portion of our accessories products to retailers that are then sold to end users of such accessories.

In 2014, 2015 and 2016, sales to our largest customer accounted for 43.0%, 35.7% and 23.4% of our revenue, respectively. In 2014 and 2015, our largest customer was Hon Hai and its subsidiaries, our connected persons. In 2016, our largest customer was a brand company, which is an independent third party. In 2014, 2015 and 2016, sales to our top five customers accounted for 61.5%, 53.0% and 56.1% of our revenue, respectively. In addition, during the same periods, our sales made to Hon Hai Group, which includes Hon Hai and its subsidiaries and associates, accounted for 43.9%, 37.0% and 23.0% of our revenue, respectively. See "Connected Transactions."

We design, develop, produce and sell interconnect solutions that provide critical functionality to computer and consumer electronics, mobile and wireless devices, communications infrastructure, including cloud computing, and other end markets such as automotive, industrial and medical. As many of our interconnect solutions utilize a number of different types of components, modules and accessories, we categorize revenue by end markets. The following table sets forth our revenue by end market in absolute amounts and as percentages of revenue for the periods indicated.

	Year Ended December 31,					
	2014		2015		2016	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
Computer and consumer electronics	1,017,770	41.0	910,932	39.1	807,158	28.0
Mobile and wireless devices	979,875	39.5	924,791	39.7	1,238,331	43.0
Communications infrastructure	362,894	14.6	348,425	15.0	710,756	24.7
Automotive, industrial and medical	14,582	0.6	29,783	1.3	44,037	1.5
Others(1)	107,093	4.3	113,971	4.9	79,978	2.8
Total	**2,482,214**	**100.0**	**2,327,902**	**100.0**	**2,880,260**	**100.0**

Note:

(1) Primarily represents revenue from sales of scrap materials, provision of services and sales of mold parts and sample products. For additional information, see "Financial Information – Principal Components of Consolidated Income Statements – Revenue."

The following table sets forth our revenue by country and region in absolute amounts and as percentages of revenue for the periods indicated.

	Year Ended December 31,					
	2014		2015		2016	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
Mainland China	1,467,620	59.1	1,349,643	58.0	1,074,700	37.3
United States of America	97,641	3.9	163,576	7.0	942,031	32.7
Taiwan	487,575	19.7	358,574	15.4	284,054	9.9
Hong Kong	173,501	7.0	164,755	7.1	140,899	4.9
Singapore	82,905	3.3	102,052	4.4	139,989	4.9
Other countries(1)	172,972	7.0	189,302	8.1	298,587	10.3
Total	**2,482,214**	**100.0**	**2,327,902**	**100.0**	**2,880,260**	**100.0**

Note:

(1) Represents revenue derived from customers located in other countries in Asia, Europe, Oceanica, North America and South America, among others.

OUR PRODUCTION FACILITIES

The below table sets forth certain information of our material production facilities as of December 31, 2016:

Location	Primary Components, Modules and Accessories Produced	Year Commenced Production / Acquired	Approximate Gross Floor Area (sq.m.)
Taiwan	Optical modules Copper-based components	1982	10,643
PRC			
Kunshan, Jiangsu	Optical modules Copper-based components Wireless products and components Accessories Other products	1993	294,505
Shenzhen, Guangdong	Copper-based components Wireless products and components	1995	120,035
Huai'an, Jiangsu	Copper-based components Accessories	2007	399,734
Zhengzhou, Henan	Copper-based components	2010	57,728
Chongqing	Copper-based components	2010	46,180
Heze, Shandong	Copper-based components	2015	74,000
Mexico			
Matamoros	Optical modules and components	2015	7,595
Vietnam			
Bac Giang	Copper-based components Accessories	2016	48,659

RAW MATERIALS AND COMPONENTS

During the Track Record Period, we sourced raw materials and certain components used in our interconnect solutions primarily from a diverse range of suppliers in Greater China, including independent third parties, as well as Hon Hai and its subsidiaries. Materials used in the production of our interconnect solutions and related products include base metals, precious metals, plastic materials and electronic components. Base metals used in our production are primarily copper and aluminum, while precious metals primarily include gold salts. In addition to electronic components, we also purchase finished goods and semi-finished goods that are used in the production of our interconnect solutions and related products.

In 2014, 2015 and 2016, purchases from our largest supplier, Hon Hai and its subsidiaries, our connected persons, accounted for approximately 20.2%, 26.3% and 23.0% of our purchases including raw materials and components, respectively and purchases from our top five suppliers accounted for approximately 53.7%, 54.3% and 59.2% of our purchases including raw materials and components, respectively. See "Relationship with Our Controlling Shareholders" and "Connected Transactions."

During the Track Record Period, we procured gold salts, ancillary materials and semi-finished components from Hon Hai Group to take advantage of Hon Hai Group's economies of scale. In particular, gold salts are hazardous materials and generally allowed to be sold only by licensed suppliers. Our connected persons are licensed suppliers in the PRC and Taiwan and have been suppliers to us since our incorporation. In 2014, 2015 and 2016, gold salts comprised 5.0%, 4.3% and 3.7%, respectively, of our cost of sales. See "Connected Transactions."

During the Track Record Period, certain of our top five suppliers, including Hon Hai Group, were also among our top five customers. Negotiations of the terms of our sales to these customers and purchases from them were conducted with a separate process. During the Track Record Period, the raw materials and components we purchased from each of such top five suppliers who were also our top five customers were not subsequently resold back to the same customers, nor *vice versa*. However, we may sell to such customers interconnect solutions and other products that utilized the raw materials or components sourced from the same suppliers. See "Business – Suppliers – Overlapping of Customers and Suppliers."

We sub-contract production primarily for labor-intensive processes in the production of our interconnect solutions and other products to manage our production cost. As of December 31, 2016, we engaged 66 sub-contracting manufacturers, of which 53 were independent third parties. We provide our sub-contracting manufacturers with the relevant production equipment, raw materials and components and they primarily provide assembly services for our components, modules and accessories in consideration of subcontracting fees we pay for. The subcontracting fees are generally determined based on the associated labor costs and processing fees. In recent years, we also commenced purchase of semi-finished goods and assembled products from manufacturing vendors with the expertise to manage a large workforce, to whom we provide certain raw materials and components for their production to enhance our production efficiency and manage our production cost. The purchase prices we pay for such semi-finished goods and assembled products are generally determined based on purchase prices of raw materials supplied by us, cost of other raw materials incurred by the manufacturing vendors, labor costs and processing fees. As of December 31, 2016, we engaged three manufacturing vendors, two of which were independent third parties.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our business growth and will continue to drive our success:

- a leading global interconnect solutions provider;
- quick-to-ramp, high-volume and flexible production capabilities;
- collaborative relationships with industry-leading customers that integrate our solutions into their design, development and production processes;
- proven track record of product innovation and intellectual property generation;
- Hon Hai Group ecosystem provides a unique competitive advantage and reduces our business risk; and
- experienced and committed management team.

OUR BUSINESS STRATEGIES

We believe the following strategies will help solidify our market position and drive our future growth:

- deepen customer relationships and diversify customer base through technology cooperation and innovation and production capability enhancement;
- pioneer leading technologies to expand our presence in the communications infrastructure end market;
- strategically pursue opportunities in automotive and other emerging applications for our interconnect solutions and other products;
- enhance production efficiency and flexibility; and
- pursue strategic acquisitions, investments and business cooperation opportunities.

RISK FACTORS

There are certain risks involved in our operations and in connection with the Global Offering, many of which are beyond our control.

We believe the most significant risks we face include:

- a substantial portion of our business is derived from a limited number of major customers. Our customer concentration exposes us to the risks faced by our major customers and may subject us to risks relating to significant fluctuations or declines in revenue and profitability;
- we face risks associated with the diversification of our customer base and expansion into additional or new end markets or offer of new products within an end market, and if we are unable to effectively manage these risks, they could materially and adversely impact our competitive position and results of operations;

- we may not be able to enhance our portfolio of interconnect solutions and other products by anticipating and adapting to technological changes and offering high quality interconnect solutions and related products and services, which could materially and adversely affect our ability to realize our growth plans;
- we face pricing pressures that could adversely affect our financial performance;
- our research and development efforts may not yield the benefits that we expect and we may not be able to successfully introduce interconnect solutions or related products and maintain our competitiveness; and
- acquisitions, strategic investments, partnerships or alliances may be difficult to integrate or identify, divert the attention of key management personnel, disrupt our business, dilute shareholder value and adversely affect our financial results, including impairment of goodwill and other intangible assets.

A detailed discussion of all the risk factors involved are set forth in the section headed "Risk Factors" starting on page 37 in this prospectus and you should read the whole section carefully before you decide to invest in the Offer Shares.

CONNECTED TRANSACTIONS

We have entered into a number of continuing agreements and arrangements with Hon Hai Group, our connected persons, in our ordinary and usual course of business. During the Track Record Period, our sales made to Hon Hai Group accounted for 43.9%, 37.0% and 23.0% of our revenue and 20.6%, 26.6% and 23.6% of our total purchases in 2014, 2015 and 2016, respectively. We also purchased molding parts, procured general services and subcontracted labor-intensive production processes from Hon Hai Group. Moreover, we license over 6,000 patents from Hon Hai Group which had primarily been developed by our research and development personnel prior to the Reorganization in 2013. The above connected transactions will continue after Listing. See "Relationship with Our Controlling Shareholders" and "Connected Transactions" for further information.

BUSINESS NAME IN HONG KONG

Our corporate name is "Foxconn Interconnect Technology Limited (鴻騰精密科技股份有限公司)" and we have been carrying on our business under this name and/or its variations around the world. We are not in any way connected with or related to a local Hong Kong company registered under the name Foxconn Interconnect Technology Limited (鴻騰精密科技股份有限公司). We registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on June 16, 2016 under our English corporate name "Foxconn Interconnect Technology Limited" and on August 26, 2016, under our Chinese corporate name "鴻騰精密科技股份有限公司." On June 17, 2016, we were served a notice under section 780 of the Companies Ordinance in respect of our English corporate name registered under Part 16 of the Companies Ordinance, which was, in the view of the Registrar of Companies, "too like" an English name which already existed in the index of names kept by the Registrar of Companies. On August 30, 2016, we were served a notice under section 780 of the Companies Ordinance in respect of our Chinese corporate name registered under Part 16 of the Companies Ordinance, which was, in the view of the Registrar of Companies, "the same as"/ "too like" the name of a company already registered under the Companies Ordinance. We applied for, and the Registrar of Companies approved, "FIT Hon Teng Limited" as our English corporate name pursuant to section 782 of the Companies Ordinance, which was registered with the Registrar of Companies on June 21, 2016. We also applied for, and the Registrar of Companies also approved "鴻騰六零八八精密科技股份有限公司" as our Chinese corporate name approved pursuant to section 782 of the Companies Ordinance, which was registered with the Registrar of Companies on November 9, 2016.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of our consolidated financial information as of and for the years ended December 31, 2014, 2015 and 2016. We have derived the summary from our consolidated financial information set forth in the Accountant's Report in Appendix I to this prospectus. The below summary should be read together with the consolidated financial information in Appendix I – "Accountant's Report" to this prospectus, including the accompanying notes and the information set forth in "Financial Information" in this prospectus. Our consolidated financial information was prepared in accordance with the IFRS.

Summary Consolidated Income Statements

The following table sets forth a summary, for the periods indicated, of our consolidated income statements. Each item has also been expressed as a percentage of our revenue. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Year Ended December 31,					
	2014		2015		2016	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
Revenue	**2,482,214**	**100.0**	**2,327,902**	**100.0**	**2,880,260**	**100.0**
Cost of sales	(2,004,655)	(80.8)	(1,892,662)	(81.3)	(2,389,850)	(83.0)
Gross profit	**477,559**	**19.2**	**435,240**	**18.7**	**490,410**	**17.0**
Distribution costs and selling expenses	(71,957)	(2.9)	(68,413)	(2.9)	(87,277)	(3.0)
Administrative expenses	(76,326)	(3.1)	(89,619)	(3.8)	(68,102)	(2.4)
Research and development expenses	(118,316)	(4.8)	(121,683)	(5.2)	(168,749)	(5.8)
Operating profit	**230,080**	**9.3**	**209,222**	**9.0**	**209,954**	**7.3**
Profit for the year	**187,024**	**7.5**	**177,016**	**7.6**	**168,562**	**5.9**
Profit attributable to:						
Owners of the Company	**187,025**	**7.5**	**177,009**	**7.6**	**168,562**	**5.9**

Our revenue decreased from US$2,482.2 million in 2014 to US$2,327.9 million in 2015, which was primarily attributable to the maturity of product portfolio offered by brand companies that utilize our interconnect solutions and other products, particularly in the mobile and wireless devices end market, and an increase in pricing pressure. Our revenue increased from US$2,327.9 million in 2015 to US$2,880.3 million in 2016, which was primarily due to an increase in revenue derived from the mobile and wireless devices end market as a result of the release of new smartphone products by one of our brand company customers that utilized our interconnect solutions and other products and the new interconnect solutions that we rolled out to be utilized in the earphones associated with such smartphone products launched in September 2016. The increase in revenue in 2016 was also due to the further integration and growth of the optical modules business from Avago which was acquired in December 2015.

Our gross profit decreased from US$477.6 million in 2014 to US$435.2 million in 2015 and our gross profit margin decreased from 19.2% in 2014 to 18.7% in 2015. The decrease in our gross profit and gross profit margin during the Track Record Period was due to the rate of the decrease in our revenue exceeding that of the decrease in our cost of sales as a result of the maturity of product portfolio and pricing pressure as discussed above, while certain components of our cost of sales remained relatively fixed. Our gross profit increased from US$435.2 million in 2015 to US$490.4 million in 2016 but the gross profit margin decreased from 18.7% in 2015 to 17.0% in 2016. The increase in our gross profit was primarily due to the increase in revenue. The decrease in our gross profit margin was primarily due to the increase in raw material and component costs as a result of the ramp-up production of interconnect solutions and other products utilized in the new products launched by one of our brand company customers in September 2016. The decrease was also due to an increasing pricing pressure.

Our profit for the year decreased from US$187.0 million in 2014 to US$177.0 million in 2015 and further decreased to US$168.6 million in 2016. The decrease in our profit from 2014 to 2015 was generally in line with the decrease of our sales during the same periods. The decrease in our profit for the year from 2015 to 2016 was also attributable to increases in our distribution costs and selling expenses, administrative expenses and research and development expenses as we continued to expand our operations, including in part to accommodate the new optical modules business we acquired from Avago, and to strengthen our research and development efforts in the mobile and wireless devices, computer and consumer electronics and communications infrastructure end markets during the period. See "Financial Information – Period to Period Comparison of Results of Operations" and "Financial Information – Year to Year Comparison of Results of Operations" for detailed analysis by end market.

We operate in various locations and most of our sales, purchases or other transactions are denominated in U.S. dollar, NT dollar and Renminbi. Foreign exchange fluctuations may have a significant positive or negative effect on our results of operations. In 2014, 2015 and 2016, we had foreign exchange gains of US$11.4 million, US$43.8 million and US$34.9 million, respectively, primarily due to an appreciation in the U.S. dollar against the functional currencies of many of our subsidiaries, such as Renminbi and NT dollar during the same periods, and the fluctuations in currency translation of the U.S. dollar-denominated monetary assets of our PRC subsidiaries. See "Financial Information – Factors Affecting Our Results of Operations – Fluctuations in Foreign Currency Exchange Rates" for further details.

Summary Consolidated Balance Sheets

The table below sets forth a summary of our consolidated balance sheets as of the dates indicated:

	As of December 31,		
	2014	2015	2016
	(in US$ thousands)		
Non-current assets	800,915	735,221	771,380
Current assets	1,704,452	1,531,175	1,843,319
Current liabilities	1,448,022	1,077,260	1,329,368
Net current assets	256,430	453,915	513,951
Non-current liabilities	3,432	2,579	1,347
Total equity	1,053,913	1,186,557	1,283,984

See "Financial Information – Net Current Assets" for detailed analysis.

Summary Cash Flow Analysis

The following table sets forth our summary cash flow statements for the periods indicated:

	Year Ended December 31,		
	2014	2015	2016
	(in US$ thousands)		
Net cash generated from/(used in) operating activities	(56,440)	439,350	240,534
Net cash used in investing activities	(88,476)	(275,080)	(212,287)
Net cash generated from / (used in) financing activities	370,121	(248,594)	(6,588)
Net increase / (decrease) in cash and cash equivalents	**225,205**	**(84,324)**	**21,659**
Cash and cash equivalents at beginning of the year	285,535	514,124	409,239
Exchange gains / (losses) on cash and cash equivalents	3,384	(20,561)	(15,999)
Cash and cash equivalents at end of the year	**514,124**	**409,239**	**414,899**

In 2015 and 2016, we recorded net cash inflows from operating activities of US$439.4 million and US$240.5 million, respectively. We recorded a net cash outflow from operating activities of US$56.4 million in 2014, primarily due to the impact of our Reorganization. See "Financial Information – Liquidity and Capital Resources – Cash Flow Analysis" for further details.

Major Financial Ratios

The following table sets forth certain of our key financial ratios for the period or as of the dates indicated.

	Year Ended / As of December 31,		
	2014	2015	2016
Rates of return:			
ROA(1)	8.3%	7.4%	6.9%
ROE(2)	24.8%	15.8%	13.6%
Liquidity:			
Current ratio(3)	1.18x	1.42x	1.39x
Quick ratio(4)	1.01x	1.20x	1.11x

Notes:

(1) Calculated using profit for the year divided by average total assets. Average total assets for the year is calculated as the sum of beginning and ending balances of total assets for the year divided by two.

(2) Calculated using profit for the year divided by average total equity. Average total equity for the year is calculated as the sum of beginning and ending balances of total equity for the year divided by two.

(3) Calculated using current assets as of the end of year divided by current liabilities as of the end of year.

(4) Calculated using the balance of current assets less inventories as at the end of year divided by current liabilities as of the end of year.

Our return on assets ratio decreased from 8.3% in 2014 to 7.4% in 2015, primarily due to (i) decrease in our profit in 2015 and (ii) the acquisition of optical modules business of Avago in December 2015 that increased our total assets while we did not record revenue from such optical modules business in 2015. Return on assets ratio further decreased to 6.9% in 2016, primarily due to an increase in our total assets, mainly resulting from increased trade and other receivables and inventories. The decreased return on assets ratio was also due to the decrease in profit.

Our return on equity ratio decreased from 24.8% in 2014 to 15.8% in 2015 and further decreased to 13.6% in 2016, primarily due to a decrease in our profit. For information as to our results of operations, including decrease in our profit, during the Track Record Period, see "Financial Information – Period to Period Comparison of Results of Operations."

Our current ratio increased from 1.18 times as of December 31, 2014 to 1.42 times as of December 31, 2015, primarily due to decreases in our trade and other payables and our borrowings. Our current ratio decreased slightly to 1.39 times as of December 31, 2016. See "Financial Information – Working Capital" for reasons for the movement for the balances of these accounts.

Our quick ratio increased from 1.01 times as of December 31, 2014 to 1.20 times as of December 31, 2015, primarily due to decreases in our trade and other payables and our borrowings. Our quick ratio decreased from 1.20 times as of December 31, 2015 to 1.11 times as of December 31, 2016, primarily due to the increases in our inventories, our trade and other payables, and borrowings. See "Financial Information – Working Capital" for reasons for the movement for the balances of these accounts.

OUR SHAREHOLDING STRUCTURE

Immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), Foxconn Far East Hong Kong will be entitled to exercise voting rights in respect of approximately 78.65% of the issued share capital of our Company. Foxconn Far East Hong Kong is wholly owned by Foxconn Far East Cayman, which in turn is wholly owned by Hon Hai. Accordingly, Hon Hai, Foxconn Far East Cayman and Foxconn Far East Hong Kong are our Controlling Shareholders.

Two of our Controlling Shareholders, Foxconn Far East Cayman and Foxconn Far East Hong Kong, are investment holding companies with no substantive business operations. The other Controlling Shareholder, Hon Hai, is the world's largest provider of end-to-end product and solutions for all aspects of global electronics contract manufacturing.

In addition, a group of employees of our Company (including three of our Directors) and of Hon Hai, a distributor of our Company and an independent third party will together own 6.31% of our issued share capital following completion of the Global Offering.

As an incentive measure, the Board approved and adopted the Share Grant Scheme by a resolution of the Board on January 5, 2015. For details, principal terms and vesting schedule of the Share Grant Scheme, see "Statutory and General Information – D. Share Grant Scheme" in Appendix IV to this prospectus.

GLOBAL OFFERING STATISTICS

	Based on an Offer Price of HK$2.38 per Share	**Based on an Offer Price of HK$3.08 per Share**
Market capitalization of our Shares(1)(2)	HK$15,673 million	HK$20,283 million
Unaudited pro forma adjusted net tangible asset value per Share(3)	HK$1.86 (equivalent to approximately US$0.2396)	HK$1.96 (equivalent to approximately US$0.2529)

Notes:

(1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued under the Share Grant Scheme.

(2) The calculation of market capitalization is based on 990,060,000 Shares expected to be issued under the Global Offering, and assuming that 6,585,345,888 Shares are issued and outstanding immediately following the completion of the Global Offering.

(3) The unaudited pro forma adjusted consolidated net tangible asset per Share is calculated after making the adjustments referred to in Appendix II "– Unaudited Pro Forma Financial Information" to this prospectus and on the basis that 6,585,345,888 Shares are issued and outstanding immediately following the completion of the Global Offering on December 31, 2016 but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be granted and issued by the Company pursuant to the Share Grant Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the General Mandate and the Repurchase Mandate.

USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$2.73 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$2,569 million, after deduction of underwriting fees and commissions (excluding the incentive fees) and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised. We intend to use the net proceeds of the Global Offering for the following purposes:

Amount	**Approximate % of total estimated net proceeds**	**Intended use**
Approximately HK$642 million	25%	Investment in the communications infrastructure end market, including: (i) approximately 22% of the net proceeds (approximately HK$565 million) being applied towards the research and business development of advanced optical

Amount	Approximate % of total estimated net proceeds	Intended use
		transmission solutions and other interconnect solutions and technology for use in advanced data centers for big data, cloud computing and similar applications, including but not limited to the recruitment of research and development personnel, the purchase of laboratory equipment and raw materials and consumables; and (ii) approximately 3% of the net proceeds (approximately HK$77 million) being applied towards the enhancement of production facility for high-speed optical transceivers and the establishment of additional facilities focused on the production expansion of advanced optical modules, including but not limited to the purchase of automated production equipment and upgrades to existing production and quality testing equipment.
Approximately HK$514 million	20%	New product development in the mobile and wireless devices end market, including: (i) approximately 15% of the net proceeds (approximately HK$385 million) being applied towards the research and business development of other products, including but not limited to the expansion of our production capability by purchasing new production equipment for mobile batteries, wireless power chargers and connectivity solutions; and (ii) approximately 5% of the net proceeds (approximately HK$128 million) being applied towards the research and development of new acoustics products and technologies, including but not limited to the establishment of additional and improvement of existing research and development facilities, potential strategic investments in new acoustic technologies and complementary assets, which may include but are not limited to intellectual properties and production facilities, machinery and equipment, cooperation opportunities with complementary strategic partners and the purchase of raw materials and consumables.
Approximately HK$385 million	15%	Business expansion in the automotive, industrial and medical end markets and other opportunities for emerging applications of our interconnect solutions and other products, including: (i) approximately 7.5% of the net proceeds (approximately HK$193 million) being applied towards investment in new

Amount	Approximate % of total estimated net proceeds	Intended use
		interconnect technologies and solutions for car camera modules, an essential part of advanced driver-assistance systems, and for automotive electronics; and (ii) approximately 7.5% of the net proceeds (approximately HK$193 million) being applied towards investment in new interconnect technologies and solutions for batteries for electric vehicles and for electronic vehicle connectivity solutions.
Approximately HK$642 million	25%	To selectively pursue acquisitions of assets and businesses which are complementary to our business and are in line with our growth strategies. See "Business – Business Strategies – Pursue Strategic Acquisitions, Investments and Business Cooperation Opportunities."
Approximately HK$128 million	5%	To establish an enhanced management information technology platform including purchase of enterprise resource planning systems and modules, as well as implementation.
Approximately HK$257 million	not more than 10%	Working capital and other general corporate purposes.

See "Future Plans and Use of Proceeds – Use of Proceeds" starting on page 297 of this prospectus for further details.

DIVIDENDS

We may distribute dividends by way of cash or by other means that we consider appropriate. We paid cash dividends of nil, US$41.7 million and US$44.2 million to our Shareholders in 2014, 2015 and 2016, respectively. We currently do not have a fixed dividend payout ratio. Any future determination to declare and pay any dividends will be at the discretion of our Board and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our Board deems relevant. In addition, any final dividends for a financial year will be subject to the Shareholders' approval.

Dividends may be paid only out of our distributable profits as permitted under the relevant laws. To the extent profits are distributed as dividends, such portion of profits may not be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set forth in any plan to our Board or at all. Furthermore, if we or any of our subsidiaries incur debt on our or its own behalf in the future, the instruments governing the debt may restrict our ability to pay dividends. The past dividend distribution record may not be used as a reference or basis in determining the level of dividends that may be declared or paid by us in the future.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission (excluding the incentive fees) and fees incurred in connection with the Listing and the Global Offering. Listing expenses to be borne by us are estimated to be US$17.3 million (HK$134.3 million) (assuming an Offer Price of HK$2.73 per Offer Share, being the mid-point of the Offer Price range stated in this prospectus and that the Over-allotment Option is not exercised), of which US$7.6 million (HK$59.2 million) is directly attributable to the issue of new Shares to the public and to be capitalized and to be accounted for as a deduction from equity, and US$9.7 million (HK$75.1 million) has been or is expected to be reflected in our consolidated income statement. US$6.9 million (HK$53.5 million) of the listing expenses in relation to services already performed has been reflected in our consolidated income statement during the Track Record Period, and the remaining amount of US$2.8 million (HK$21.6 million) is expected to be reflected in our consolidated income statement for the year ending December 31, 2017. Our Directors do not expect such expenses to materially impact our results of operations for the year ending December 31, 2017.

RECENT DEVELOPMENTS

Set forth below are certain material developments on our business and results of operations after December 31, 2016, which is the end of the Track Record Period.

We are in constant discussion with potential partners, including our connected persons, as to collaboration in the development of interconnect solutions and other products that can be utilized in a wide variety of applications in the automotive industry. We have recently acquired XingFox Group, which specializes in the research and development and manufacturing of batteries, especially for pouch cell batteries that can be utilized in a wide variety of applications, in the mobile and wireless devices end market. We expect XingFox Group to complement our existing interconnect solutions and other products and enhance our comprehensive solutions offered to customers.

For the three months ended March 31, 2017, our unaudited revenue amounted to US$718.0 million, representing a 37.0% increase from US$524.0 million for the corresponding period in 2016. The increase was primarily due to the increasing sales of interconnect solutions utilized in the new smartphone products released by one of our brand company customers as well as in the earphones associated with such smartphone products, and partially due to an increase in the revenue derived from the communications infrastructure end market, resulting from the integration and growth of the optical modules business we acquired from Avago. In addition, for the three months ended March 31, 2017, our unaudited gross profit increased by 44.0% to US$127.3 million from US$88.4 million for the corresponding period in 2016, and our unaudited gross profit margin improved to 17.7% for the three months ended March 31, 2017 from 16.9% for the corresponding period in 2016. The increase was primarily due to the increasing economies of scale in the production of the new interconnect solutions utilized in earphones. Our unaudited revenue and gross profit continued to improve in April 2017, as compared to the corresponding period in 2016. However, interim results may not be indicative of the results that may be expected for the full year 2017. See "Risk Factors – Risks Related to Our Business and Industry – Seasonality may cause fluctuations in our revenue and operating results" and "Financial Information – Significant Factors Affecting Our Results of Operations – Seasonality."

The financial information for the three months ended March 31, 2017 as mentioned above is extracted from our interim financial information for the three months ended March 31, 2017, which has been reviewed by our Reporting Accountants in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

After due and careful consideration, our Directors confirm that, up to the date of this prospectus, other than as set forth above, there has been no material adverse change in our financial and trading position or prospects since December 31, 2016, and there is no event since December 31, 2016 which would materially affect the information shown in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

"Anya Huai'an"	Huai'an Anya Trading Company Limited (淮安安亞貿易有限公司), a company established in the PRC on November 25, 2016 and an indirect wholly-owned subsidiary of our Company
"Anya Kunshan"	Kunshan Anyahong Trading Company Limited (昆山安亞鴻貿易有限公司), a company established in the PRC on August 9, 2016 and an indirect wholly-owned subsidiary of our Company
"Anya Shenzhen"	Shenzhen Anya Trading Company Limited (深圳安亞貿易有限公司), a company established in the PRC on November 30, 2016 and an indirect wholly-owned subsidiary of our Company
"**APAC**"	the Asia Pacific region. For the purposes of this prospectus, the geographical reference to **APAC** covers Asia and Oceania.
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them
"Articles" or "Articles of Association"	the Articles of Association of our Company (as amended from time to time), conditionally adopted on November 3, 2016, with effect from the Listing Date a summary of which is set out in Appendix III
"Avago"	Broadcom Limited, formerly known as Avago Technologies Wireless (U.S.A.) Manufacturing Inc., a company incorporated in the State of Delaware, United States on September 22, 2005, and an independent third party
"Board" or "Board of Directors"	the board of directors of our Company
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate

"Cayman Companies Law" or "Companies Law"	the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended or supplemented or otherwise modified from time to time
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan
"Chongqing Hongteng"	Chongqing Hongteng Technology Company Limited (重慶市鴻騰科技有限公司), a limited liability company established in the PRC on September 17, 2014, and an indirect wholly-owned subsidiary of our Company
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
"connected person"	has the meaning ascribed thereto in the Listing Rules
"Controlling Shareholders", and each, a "Controlling Shareholder"	Foxconn Far East Hong Kong, Foxconn Far East Cayman and Hon Hai
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company

"FIT Cayman", "Company", "our Company"	Foxconn Interconnect Technology Limited (鴻騰精密科技股份有限公司), formerly known as New Wing International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on April 8, 2013, carrying on business in Hong Kong as "FIT Hon Teng Limited (鴻騰六零八八精密科技股份有限公司)" and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance under the English corporate name approved pursuant to section 782 of the Companies Ordinance as FIT Hon Teng Limited and Chinese corporate name as 鴻騰六零八八精密科技股份有限公司 (as a result of being served a notice by the Registrar of Companies pursuant to section 780 under the Companies Ordinance) and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries
"FIT Electronics"	FIT Electronics, Inc., a limited liability company established in the State of California, United States on December 20, 2013, and a direct wholly-owned subsidiary of our Company
"FIT Japan"	Foxconn Interconnect Technology Japan Co., Ltd., a limited liability company established in Japan on September 17, 2014, and an indirect wholly-owned subsidiary of our Company
"FIT Mexico"	FIT Optoelectrónica de México, formerly known as Lucent Technologies Optoelectrónica, Agere Systems de México, TriQuint de México, CyOptics de México, a limited liability company established in Mexico on August 18, 2000, and an indirect wholly-owned subsidiary of our Company
"FIT Singapore"	Foxconn Interconnect Technology Singapore Pte. Ltd., formerly known as Nwing Pte. Ltd., a limited liability company established in Singapore on June 17, 2013, and a direct wholly-owned subsidiary of our Company
"FIT USA"	Foxconn Interconnect Technology (USA), Inc., a corporation established in the State of Texas, United States on July 12, 2013, and a direct wholly-owned subsidiary of our Company
"FOCT"	Foxconn Optical Component Technologies Inc., a limited liability company established in the State of Texas, United

	States on August 27, 2015, an indirect wholly-owned subsidiary of our Company and subsequently dissolved on April 6, 2017
"FOIT Singapore"	Foxconn Optical Interconnect Technologies Singapore Pte. Ltd., a limited liability company established in Singapore on August 25, 2015, and a direct wholly-owned subsidiary of our Company
"FOIT USA"	Foxconn Optical Interconnect Technologies Inc., a limited liability company established in the State of California, United States on August 25, 2015, and an indirect wholly-owned subsidiary of our Company
"Foxconn Electronics Kunshan"	Foxconn Electronics Industrial Development (Kunshan) Company Limited (富士康電子工業發展(昆山)有限公司), a limited liability company established in the PRC on November 29, 1995, and an indirect wholly-owned subsidiary of our Company
"Foxconn Far East Cayman"	Foxconn (Far East) Limited, an exempted company incorporated in the Cayman Islands with limited liability on January 25, 1996 which is a 100% shareholder of Foxconn Far East Hong Kong and a Controlling Shareholder
"Foxconn Far East Hong Kong"	Foxconn (Far East) Limited, a limited liability company incorporated in Hong Kong on December 29, 1988 which is a Controlling Shareholder
"Foxconn Kunshan Connectors"	Foxconn (Kunshan) Computer Connectors Company Limited (富士康(昆山)電腦接插件有限公司), formerly known as Kunshan Foxconn Computer Connectors Company Limited (昆山富士康電腦接插件有限公司), a limited liability company established in the PRC on January 20, 1993, and an indirect wholly-owned subsidiary of our Company
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the industry consultant
"Fuding Shenzhen"	Fuding Precision Components (Shenzhen) Company Limited (富頂精密組件(深圳)有限公司), a limited liability company established in the PRC on December 7, 1995, and an indirect wholly-owned subsidiary of our Company

"Fuding Zhengzhou"	Fuding Precision Industrial (Zhengzhou) Company Limited (富鼎精密工業(鄭州)有限公司), a limited liability company established in the PRC on September 2, 2010, and an indirect wholly-owned subsidiary of our Company
"Fumeng Heze"	Fumeng Electronics Technology (Heze) Company Limited (富盟電子科技(菏澤)有限公司), a limited liability company established in the PRC on December 23, 2014, and an indirect wholly-owned subsidiary of our Company
"Fuyu Huai'an"	Fuyu Electronics Technology (Huai'an) Company Limited (富譽電子科技(淮安)有限公司), a limited liability company established in the PRC on December 6, 2006, and an indirect wholly-owned subsidiary of our Company
"GBP"	Great British Pounds, the lawful currency of the United Kingdom
"Global Offering"	the Hong Kong Public Offering and the International Placing
"Greater China"	China, Hong Kong, Macau and Taiwan
"GREEN Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider
"Group", "our Group", "we", "our" or "us"	our Company and our subsidiaries or, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"HK$" or "Hong Kong dollars" or "HK dollars" or "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSIR"	Hong Kong Standard on Investment Circular Reporting Engagements
"Hon Hai"	Hon Hai Precision Industry Co., Ltd. (鴻海精密工業股份有限公司), a limited liability company established in Taiwan on February 20, 1974 and listed on the Taiwan Stock

	Exchange (Stock Code: 2317), which is our ultimate parent company and a Controlling Shareholder
"Hon Hai Group"	Hon Hai and its subsidiaries and 30%-controlled entities and, for the purposes of this prospectus, excluding our Group
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 99,006,000 Shares being initially offered for subscription in the Hong Kong Public Offering, subject to reallocation
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on the terms and conditions described in this prospectus and the Application Forms
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting – Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated June 28, 2017, relating to the Hong Kong Public Offering and entered into by, among others, the Joint Global Coordinators, the Hong Kong Underwriters, Foxconn Far East Hong Kong and our Company as further described in the section headed "Underwriting – Underwriting Agreement and Expenses" in this prospectus
"Huai'an Fulitong Trading"	Huai'an City Fulitong Trading Company Limited (淮安市富利通貿易有限公司), a limited liability company established in the PRC on July 12, 2007, and an indirect wholly-owned subsidiary of our Company
"Huai'an Fuqi"	Huai'an Fuqi Electronics Technology Company Limited (淮安富啟電子科技有限公司), a limited liability company established in the PRC on October 17, 2015, and an indirect wholly-owned subsidiary of our Company
"Huai'an Hongyu"	Huai'an Hongyu Electronics Technology Company Limited (淮安鴻裕電子科技有限公司), formerly known as Huai'an Futaitong Electronics Technology Company Limited (淮安富泰通電子科技有限公司) and Huai'an Futaitong Logistics Company Limited (淮安富泰通物流有限公司), a

	limited liability company established in the PRC on September 25, 2010, and an indirect wholly-owned subsidiary of our Company
"Huai'an Tengyue Information Technology"	Huai'an Tengyue Information Technology Company Limited (淮安騰躍信息科技有限公司), a limited liability company established in the PRC on April 30, 2014, and an indirect non-wholly owned subsidiary of our Company which is owned as to 80% by Fuyu Huai'an and 20% by Huai'an Jingkai Venture Capital Company Limited (淮安經開創業投資有限公司), an independent third party
"IASB"	International Accounting Standards Board
"IFRS"	International Accounting Standards and International Financial Reporting Standards, which include the related standards, amendments and interpretations issued by the International Accounting Standards Board
"independent third party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company or our connected persons as defined under the Listing Rules
"International Placing"	the offer of the International Placing Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in reliance on Regulation S and in the United States to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act, as further described in "Structure of the Global Offering"
"International Placing Shares"	the 891,054,000 Shares being initially offered in the International Placing together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, subject to adjustments as described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the group of underwriters that is expected to enter into the International Underwriting Agreement to underwrite the International Placing

"International Underwriting Agreement"	the international underwriting agreement relating to the International Placing, which is expected to be entered into by, among others, the Joint Global Coordinators, the International Underwriters, Foxconn Far East Hong Kong and our Company, as further described in the section headed "Underwriting – International Placing" in this prospectus
"Joint Bookrunners"	China International Capital Corporation Hong Kong Securities Limited, Credit Suisse (Hong Kong) Limited, Merrill Lynch International, UBS AG Hong Kong Branch (foregoing in alphabetical order), CCB International Capital Limited, China Merchants Securities (HK) Co., Limited, DBS Asia Capital Limited and Nomura International (Hong Kong) Limited (foregoing in alphabetical order)
"Joint Global Coordinators"	China International Capital Corporation Hong Kong Securities Limited, Credit Suisse (Hong Kong) Limited, Merrill Lynch International and UBS AG Hong Kong Branch (in alphabetical order)
"Joint Lead Managers"	China International Capital Corporation Hong Kong Securities Limited, Credit Suisse (Hong Kong) Limited, Merrill Lynch Far East Limited (in relation to the Hong Kong Public Offering only), Merrill Lynch International (in relation to the International Placing only), UBS AG Hong Kong Branch (foregoing in alphabetical order), CCB International Capital Limited, China Merchants Securities (HK) Co., Limited, DBS Asia Capital Limited and Nomura International (Hong Kong) Limited (foregoing in alphabetical order)
"Joint Sponsors"	China International Capital Corporation Hong Kong Securities Limited, Credit Suisse (Hong Kong) Limited and Merrill Lynch Far East Limited (in alphabetical order)
"Latest Practicable Date"	June 22, 2017, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange

"Listing Date"	the date, expected to be on or about July 13, 2017, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"manufacturing vendors"	manufacturers that we purchase semi-finished goods and assembled products from who have the expertise to manage a large workforce, to whom we provide certain raw materials and components for their production of such semi-finished goods and assembled products
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company (as amended from time to time), adopted on November 3, 2016 with immediate effect
"Mexico"	the United Mexican States
"MXN" or "MX$"	Mexico Peso, the lawful currency of Mexico
"New Wing Interconnect Technology"	New Wing Interconnect Technology (Bac Giang) Co., Ltd., a limited liability company established in Vietnam on January 30, 2015, and an indirect wholly-owned subsidiary of our Company
"New Wing Interconnection Business Group" or "NWInG"	a former business unit division of Hon Hai through which Hon Hai operated its interconnect technology business prior to the separation from Hon Hai in October 2013, and our predecessor
"NT dollars", "NTD" or "NT$"	New Taiwan dollars, the lawful currency of Taiwan
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$3.08

	and expected to be not less than HK$2.38, at which Hong Kong Offer Shares are to be subscribed and to be determined in the manner further described in the section headed "Structure of the Global Offering – Pricing and Allocation" in this prospectus
"Offer Share(s)"	the Hong Kong Offer Shares and the International Placing Shares together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 148,509,000 additional Shares at the Offer Price to cover over-allocations in the International Placing, if any, further details of which are described in the section headed "Structure of the Global Offering" in this Prospectus
"Patent Valuer"	Taiwan Development & Research Academia of Economic & Technology, an independent patent valuer
"PBOC"	People's Bank of China (中國人民銀行)
"PRC Civil Procedures Law"	Civil Procedure Law of the People's Republic of China, as adopted at the Fourth Session of the Seventh National People's Congress on April 9, 1991, and amended on October 28, 2007 and August 31, 2012
"PRC Government" or "State"	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
"PRC Legal Adviser"	Tian Yuan Law Firm, the legal adviser to our Company as to the laws of the PRC
"Price Determination Agreement"	the agreement to be entered into by the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price

"Price Determination Date"	the date, expected to be on or about Thursday, July 6, 2017, on which the Offer Price will be determined, or such later time as the Joint Bookrunners (on behalf of the Hong Kong Underwriters) and our Company may agree, but in any event, not later than Tuesday, July 11, 2017
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"QIB"	a qualified institutional buyer as defined in Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganization"	the reorganization of the Group, details of which are set out in the section headed "Our History and Development" in this prospectus
"RMB"	Renminbi, the lawful currency of the PRC
"ROC" or "Taiwan"	the islands of Taiwan and other areas under the effective control of the government of the Republic of China
"ROC Legal Adviser"	Baker & McKenzie, Taipei Office, the legal adviser to our Company as to the laws of Taiwan
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share Grant"	a share grant awarded to a participant under the Share Grant Scheme
"Share Grant Scheme"	the share grant scheme of our Company approved and adopted by our Board on January 5, 2015, and our Board further adopted the rules and interpretations thereof on November 4, 2016, the principal terms of which are set out in the section headed "Statutory and General Information - D. Share Grant Scheme" in Appendix IV

"Share Subscription Scheme"	our employment related share scheme, pursuant to which certain employees of our Group and that of Hon Hai Group as well as a distributor and a service provider of our Group may subscribe our ordinary Shares in 2014 and 2015
"Shareholder(s)"	holder(s) of Shares
"Shares"	ordinary shares in the capital of our Company with nominal value of US$0.01953125 each
"sq.m."	square meter
"Stabilizing Manager"	Credit Suisse (Hong Kong) Limited
"State Council"	the PRC State Council (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"sub-contracting manufacturers"	manufacturers in which we sub-contract production to primarily for labor-intensive processes in the production of our interconnect solutions and other products
"Track Record Period"	the period comprising the three financial years ended December 31, 2016
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S." or "United States"	the United States of America
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"US$", "USD" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"Vietnam"	the Socialist Republic of Vietnam
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** **www.eipo.com.hk**

"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"XingFox Acquisition"	the issuance by XingFox Cayman of 2,477,291 new shares of US$1.00 each in its share capital, representing 99.99996% of the enlarged issued share capital of XingFox Cayman, to our Company on May 22, 2017, as agreed between our Company and XingFox Cayman in March 2017
"XingFox Cayman"	XingFox Energy (Cayman) Technology Co., Ltd., a company incorporated in the Cayman Islands on November 11, 2015, founded and wholly owned by an employee of Hon Hai immediately prior to the completion of the XingFox Acquisition, and currently a direct wholly-owned subsidiary of our Company
"XingFox Group"	XingFox Cayman and XingFox Taiwan
"XingFox Taiwan"	XingFox Energy Technology Co., Ltd., a company incorporated in Taiwan on February 5, 2016, which is a wholly owned subsidiary of XingFox Cayman and currently an indirect wholly-owned subsidiary of our Company
"Yellow Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS
"%"	per cent.

In this prospectus, the terms "associate", "close associate", "connected person", "connected transaction", "core connected person", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

If there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC or Taiwan mentioned in this prospectus and their English translations, the Chinese names (as appropriate) shall prevail. The English translations of the Chinese names of such PRC or Taiwanese entities or enterprises are provided for identification purposes only.

"3C applications"	computers, communication and consumer electronics
"3D coplanar"	three dimension coplanar, a set of points using length, width and depth to determine the accurate positioning of components within a device
"AC adapter"	alternating current adapter, a device that changes AC power from an electrical outlet into the type of power or voltage an electronic device that needs to work
"antennas"	a device by which electromagnetic waves are sent out or received
"AOCs"	active optical cables, a specialized optical cable that uses electrical-to-optical and optical-to-electrical conversion on the cable ends to improve speed and distance performance of the cable without sacrificing compatibility, with standard electrical interfaces
"BTB"	board to board
"chip-on-board process"	a technology or technique which a chip is mounted directly on a printed-circuit board
"clock speed"	the speed at which a microprocessor executes instructions, measured by MHz
"cloud computing"	a form of internet-based computing in which large groups of remote servers are networked so as to allow sharing of data-processing tasks, centralized data storage, and online access to computer services or resources
"connector"	an electro-mechanical device for joining electrical circuits as an interface using a mechanical assembly, allowing an optical or electrical signal to pass between two separate elements for electronic products
"CPU"	central processing unit, the central unit in a computer containing the logic circuitry that performs the instructions of a computer program
"data center"	a centralized repository, either physical or virtual, for the storage, management, and dissemination of data and information organized around a particular body of knowledge or pertaining to a particular business
"DC"	direct current

"DDR3"	double data rate three, a type of dynamic random-access memory with clock speed of 400MHz up to 1066MHz
"DDR4"	double data rate four, a type of system memory known as SDRAM, released as successor to DDR3 with clock speed of 800MHz up to 1600MHz
"D-sub"	d-subminiature
"EDGE"	enhanced data GSM environment, a high-speed 3G technology that was built upon the GSM standard
"eDP"	embedded DisplayPort
"EICC" or "Electronic Industry Citizenship Coalition"	founded in 2004 by a group of leading electronics companies, the EICC is a nonprofit coalition of electronics companies committed to supporting the rights and wellbeing of workers and communities worldwide affected by the global electronics supply chain.
"eSATA"	external serial advanced technology attachment
"electronics manufacturing services"	a term used for companies that design, test, manufacture, distribute, and provide return/repair services for electronic components and assemblies for original equipment manufacturers
"Ethernet"	a system for connecting a number of computer systems to form a local area network, with protocols to control the passing of information and to avoid simultaneous transmission by two or more systems
"Fiber Channel"	a form of network technology for transmitting data between computer devices
"Fiber Optic"	the medium and technology associated with the transmission of information as light impulses along a glass or plastic wire of fiber
"FPC"	Flexible Printed Circuits
"FTTB"	Fiber to the Building
"FTTdP"	fiber to the distribution point

"FTTH"	Fiber to the Home
"FTTx"	fiber-to-the-x, any broadband network architecture using optical fiber to provide all or part of the fiver broadband service to the customer. X represents the configuration to the last mile, whether FTTH, FTTB, or FTTN
"Fronthaul"	connection between a new network architecture of centralized baseband controllers and remote standalone radio heads at cell sites
"G"	generation, mobile phone mobile communication technology standards
"GB"	gigabyte, a measure of computer data storage capacity that is roughly equivalent to 1 billion bytes
"Gbps"	Gigabits per second, means billions of bits per second and is a measure of bandwidth on a digital data transmission medium such as optical fiber
"GFA"	gross floor area
"gold salts"	positively charged gold particles used in semiconductor production to increase electrolyte conductivity
"green cars"	a road motor vehicle that produces less harmful impacts to the environment than comparable conventional internal combustion engine vehicles running on gasoline or diesel, or one that uses certain alternative fuels
"GSM"	global system for mobile communications, the most widely used cell phone technology in the world
"HDD"	hard disk drive, a non-volatile memory hardware device that permanently stores and retrieves information
"HDMI"	high definition multimedia interface
"HPC"	high performance computing, the use of parallel processing for running advanced application programs efficiently, reliably and quickly

"IEEE"	Institute of Electrical and Electronic Engineers
"IIDM"	Integrated Innovative Design Manufacturer
"InfiniBand"	an input/output architecture and high performance specification for data transmission between high speed, low latency and highly scalable central processing units, processors and storage
"IoT" or "Internet of Things"	a proposed development of the Internet in which everyday objects have network connectivity, allowing them to send and receive data
"LAN" or "local area network"	a group of computers and associated devices that share a common communications line or wireless link to a server
"LED"	light-emitting diode
"LVDS"	low-voltage differential signaling
"MAN" or "metropolitan area network"	a metropolitan area network is a network that interconnects users with computer resources in a geographic area or region larger than that covered by even a large LAN but smaller than the area covered by a WAN
"Mbit/s"	megabit per second
"metro Ethernet"	the use of carrier Ethernet technology in metropolitan networks. Metro Ethernet connects business level local area networks (LAN) and end users to wide area networks (WAN) or the Internet
"MHz"	megahertz, a unit of alternating current or electromagnetic wave frequency equal to one million hertz
"milliamps"	a unit used to measure electrical current and is equal to one one-thousandth of an ampere
"molding"	the process whereby materials such as polymers are heated until liquid and pressure is used to force the liquid into a mold
"multimode fiber"	optical fiber designed to carry multiple light rays or modes concurrently, each at a slightly different reflection angle within the optical fiber core

"NIC"	network interface card, a circuit board or card that is installed in a computer so that it can be connected to a network
"OC-192"	a network line with transmission speeds of up to 9953.28 Mbit/s
"ODM"	original design manufacturer, a company which designs and manufactures a product specified and eventually branded by another firm for sale
"OEM"	original equipment manufacturer, a company that manufactures a product in accordance with its customer's designs which ultimately will be branded by its customer for sale
"Optical interconnect"	a way of communication by optical cables. Compared to traditional cables, optical fibers are capable of a much higher bandwidth
"onion router"	a network node which when formed of multiple layers or series, allows encrypted data to be transmitted. Each layer uncovers the data's next generation. The data arrives at its destination when the final onion router, or layer, is decrypted.
"optical modules"	the small interfaces that connect fiber to the traditional copper network, repeater module and most of the end points in optical networks
"OTN" or "Optical Transport Network"	optical transport network, a set of optical network elements connected by optical fiber links, able to provide functionality of transport, multiplexing, switching, management, supervision and survivability of optical channels carrying client signals
"OTU2"	an OTN standardized line rate that can transport an OC-192 STM-64 or WAN physical layer for 10 Gb Ethernet
"PA"	polyamide
"PAM-4"	4-level pulse amplitude modulation technique whereby 4 distinct pulse amplitudes are used to convey the information. Amplitude levels 1, 2, 3, and 4 are represented by two bits 00, 01, 11, and 10, respectively
"PBT" or "Polybutylene Terephthalate"	a heat sensitive engineering polymer that is used as an insulator in the electrical and electronics industries

"PCB"	the board base for physically supporting and wiring the surface-mounted and socketed components in most electronics
"plug-in hybrid electric vehicles"	a motor vehicle that can be recharged from an external source of electricity, such as wall sockets
"QSFP+"	Quad Small Form-factor Pluggable Plus, which is a compact, hot-pluggable transceiver used for data communications applications designed to support above 10Gb/s data rates per SFF-8436 specifications
"RF"	radio frequency
"SAN" or "storage area network"	a dedicated high-speed network that interconnects and presents shared pools of storage devices and multiple servers
"SAS connectors"	serial attached SCSI connectors, a connector designed to move data to and from computer storage devices such as hard drives and tape drives
"SATA"	serial advanced technology attachment
"SD card"	secure digital card
"SFF connector"	small form factor, a physically compact connector designed and developed for use in fiber optic systems
"SFP"	small form-factor pluggable, a specification for a new generation of optical transceivers. The devices are designed for use with small form factor connectors, and offer high speed and physical compactness
"SFP+"	small form-factor pluggable plus, an enhanced version of the SFP that enables transmission of data at rates of up to 10 Gbps. It supports 8 Gbps Fiber Channel, 10 Gb Ethernet and Optical Transport Network standard OTU2
"SIM"	security information management
"single mode fiber"	an optical fiber designed for the transmission of a single ray or mode of light as a carrier and is used for long-distance signal transmission
"SO-DIMM"	small outline dual in-line memory module

“transceivers”	a device comprising both a transmitter and a receiver which are combined and share common circuitry or a single housing
“Type-C”	a specification for a small 24 pin reversible plug connector for USB devices and USB cabling
“USB”	universal serial bus
“USB 3.0”	also known as SuperSpeed USB, it is 10 times faster than USB 2.0 and increases power input from 100 milliamps to 900 milliamps
“UV”	Ultraviolet
“WAN”	wide area network, a geographically dispersed telecommunications network
“Wi-Fi”	a technology that allows electronic devices to exchange data or connect to the Internet wirelessly

This prospectus contains certain forward-looking statements and information relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words "aim," "anticipate," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would" and the negative of these words and other similar expressions, as they relate to the Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- demand for our products and the products of our major brand company customers;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our ability to ramp up the production of new products;
- our ability to reduce costs;
- our dividend policy;
- outcome of any litigation or other legal proceedings involving us;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section.

In this prospectus, statements of or references to our intentions or those of the Directors are made as of the date of this prospectus. Any such information may change in light of future developments.

You should carefully consider all of the information set out in this prospectus before making an investment in the Shares, including the risks and uncertainties described below in respect of our business and our industry and the Global Offering. You should pay particular attention to the fact that we are a company incorporated in the Cayman Islands and that our principal operations are conducted in Taiwan and China and are governed by a legal and regulatory environment that in some respects differs from what prevails in other countries. Our business, financial condition, results of operations and prospects could be affected materially and adversely by any of these risks. The trading price of our Shares could also decrease significantly due to any of these risks and you may lose all or part of your investment.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

A substantial portion of our business is derived from a limited number of major customers. Our customer concentration exposes us to the risks faced by our major customers and may subject us to risks relating to significant fluctuations or declines in revenue and profitability.

We derive a significant portion of our business from a number of major customers, including both contract manufacturers and brand companies. In 2014, 2015 and 2016, our five largest customers accounted for 61.5%, 53.0% and 56.1% of our revenue, respectively, while the largest customer accounted for 43.0%, 35.7% and 23.4% of our revenue, respectively. In 2014 and 2015, our largest customer was Hon Hai and its subsidiaries, our connected persons. In 2016, our largest customer was a brand company, which is an independent third party. In addition, during the same periods, our sales made to Hon Hai Group, accounted for 43.9%, 37.0% and 23.0% of our revenue, respectively. Moreover, a significant portion of our sales made to Hon Hai Group, a contract manufacturer, during the Track Record Period were designated by a limited number of major brand companies who are considered to be the primary decision makers in connection with such sales. See "Business – Our Customers – Overview" and "Connected Transactions." In 2014, 2015 and 2016, the sales of interconnect solutions and other products designated by the top five brand companies accounted for over 50% of our sales to Hon Hai Group. These brand companies under such arrangement are not our customers that we maintain accounting records of, or have the automated management information system for, to separately and accurately track the actual amount of our sales to contract manufacturers that are designated by brand companies. Therefore, the above minimum percentage of sales designated by the top five brand companies was compiled manually based on information available and retrievable by us. As such, the actual percentage of sales designated by these brand companies could be higher than the minimum percentage of sales stated above and should not be construed as a proxy of our sales to brand companies under such arrangement.

The concentration of our sales among a limited number of major customers exposes us to a variety of risks that could have a material adverse impact on our revenue and profitability, including reductions in any major customer's demand for our interconnect solutions and other products or loss of any major customer. Also, as we have significant capital expenditures and depreciation expenses that are fixed in nature, any fluctuations in demand from our major customers could negatively affect our profitability. Furthermore, litigation and other challenges as to the products, technologies or intellectual properties of any of our major customers may also reduce the sale of our interconnect solutions and other products to such customers or in certain key markets. If any of these were to happen, our business, results of operations and financial condition could be materially and adversely affected.

We face risks associated with the diversification of our customer base and expansion into additional or new end markets or offer of new products within an end market, and if we are unable to effectively manage these risks, they could materially and adversely impact our competitive position and results of operations.

As part of our growth strategy, we plan to diversify our customer base and expand into additional or new end markets or offer of new products within an end market. To implement this strategy, we must continue to:

- engage new customers;
- develop new interconnect solutions with our customers tailored to a variety of new and existing end applications, some of which we may not be familiar with or have experience;
- strengthen our research and development efforts and be able to come up with new products that satisfy customer demand while being able to produce such products in a cost effective manner;
- maintain adequate or establish production facilities in new locations to supplement our existing operations to meet customer demand;
- adjust production lines quickly and coordinate production across our production facilities or alter production schedules in response to changes in customer demand;
- maintain average production yield while integrating new interconnect solutions and other products into our production processes;
- maintain a sufficient supply of raw materials and components to meet customer demand in a cost-effective manner;
- control expenses associated with the production of new interconnect solutions and products at our customers' request, which typically involve the design and development of customized interconnect solutions and products and the adjustment and streamlining of our production processes in order to enlarge and diversify our customer base;
- control expenses associated with our initiatives for designing and developing new interconnect solutions and other products for our entry into new end markets;
- effectively compete with existing players of new end markets that we decide to enter, who may have stronger research and development, manufacturing and financing

capabilities, and may have better relationships with their customers in such end-markets; and

- retain and attract qualified employees.

There can be no assurance that we can succeed in meeting any of these objectives. If we fail to achieve any or all of these targets, our business and future prospects may be materially and adversely impacted, and our revenue and profitability may decrease.

In addition, there can be no assurance that the new end applications we target for our interconnect solutions, such as automotive applications, industrial devices, medical devices, cloud computing and Internet of Things, will gain widespread commercial acceptance and generate sufficient demand. Furthermore, there can be no assurance that our new products being offered will enhance our overall profit margins or profitability as we expected. If new end applications on products we offer do not gain widespread commercial acceptance, generate sufficient demand or achieve our sales targets, our growth strategy may not be successful, and our business, future prospects, results of operations and financial condition may be adversely affected.

We may not be able to enhance our portfolio of interconnect solutions and other products by anticipating and adapting to technological changes and offering high quality interconnect solutions and related products and services, which could materially and adversely affect our ability to realize our growth plans.

Our growth and future success depend on our ability to enhance our portfolio of existing interconnect solutions and other products, venture into new end market applications, including for these emerging applications, retain our leading technological and design innovation and improve our market position. In addition, from time to time, a limited number of product development initiatives may contribute a large portion of our growth during a year. As the products in which our interconnect solutions are used for become mature, we face increased competition and pressure on pricing and our profitability for the production of interconnect solutions for such products, and our ability to successfully attract and retain customers will depend on our ability to anticipate and effectively respond to customers' changing demands and preferences and changes in the competitive landscape, identify novel interconnect solutions, adopt evolving production technologies and develop and upgrade our interconnect solutions and other products and services that cater to the needs of our customers. The end markets that we serve, especially in the computer and consumer electronics and mobile and wireless devices end markets, where we derived 39.1% and 39.7% of our revenues in 2015 and 28.0% and 43.0% of our revenues in 2016, respectively, tend to have shorter product lifecycles and ongoing technological upgrades and the changes in the demand for the products of brand companies in such end markets that we serve will therefore affect our results of operations. We cannot guarantee that we will be able to successfully develop and upgrade our interconnect solutions and other products that will gain market acceptance, achieve technological feasibility, or meet the standards and specifications our customers prescribe, in which case, our ability to retain customers, expand our customer base and maintain our leading market position could be adversely affected. As a result, our business, prospects, financial condition and results of operations may be materially and adversely affected.

We face pricing pressures that could adversely affect our financial performance.

We face pricing pressure in each of our product lines as a result of intense competition, the strong bargaining power and increasing cost-down requirements of certain customers, emerging technologies, products maturity or oversupply of certain products in the PRC. While we work consistently toward reducing our costs to address pricing pressure, we may not be able to achieve proportionate reductions in costs or sustain our current rate of cost reduction. We may consider changing our pricing policies in response to competition but we may still not be successful in retaining our customers and market positions. Any broad-based change as to our prices and pricing policies may reduce our profitability. We anticipate pricing pressures will continue in the future for all of our products.

We face significant competitive pressures in our business and with respect to the interconnect solutions and other products we provide. Our inability to compete effectively would be detrimental to our business and prospects for future growth.

We face significant competition in our business. Our revenue decreased in 2015 from 2014, primarily attributable to maturity of product portfolio offered by brand companies that utilize our interconnect solutions and other products, particularly in the global mobile and wireless devices end market, and an increase in pricing pressure. The industry and markets for our interconnect solutions and other products, including, among others, the computer and consumer electronics and mobile and wireless devices end markets, are characterized by factors such as rapid technological change, the development of new end products and their rapid obsolescence, evolving industry standards and significant price erosion over the life of a product. We primarily compete on the basis of the following:

- product functionality, quality and reliability;
- design, technical, research and production capabilities;
- ability to meet customers' order requirements and delivery schedules;
- patents and other intellectual properties necessary to produce the relevant products;
- customer relationships and services; and
- product price.

There can be no assurance that we will maintain our competitiveness in any of these areas with respect to any of our products or interconnect solutions. While we work consistently to offset pricing pressures, including collaborating with or integrating our services into our end customers' product development process to produce tailored made solutions for new end products, advance our technological capability or enhance our production efficiency to reduce costs, such efforts may not be successful. Also, as we plan to expand our offerings to launch products and new interconnect solutions, we may face strong competition from other players in the same markets. Many of our existing and potential competitors may seek to equal or exceed us in terms of their financial, production, sales, marketing and other resources. If we fail to compete effectively in the future, our business and prospects for future growth could be materially and adversely affected.

Our research and development efforts may not yield the benefits that we expect and we may not be able to successfully introduce interconnect solutions or related products and maintain our competitiveness.

In order to maintain our competitive position and continue to grow our business, we need to continuously develop and introduce market-leading solutions and services for existing and potential customers. The market for our interconnect solutions and other products is characterized by continuous technological developments and innovation to improve the performance of our interconnect solutions and other products and address increasingly complex and diverse market needs. Accordingly, we emphasize our research and development activities, which require considerable human resources and capital investment. Our research and development expenses in 2014, 2015 and 2016 were US$118.3 million, US$121.7 million and US$168.7 million, respectively. The continuous increases were primarily due to our strengthened research and development efforts, in particular, in the communications infrastructure and mobile and wireless devices end markets. Our research and development expenses increased in 2016 was also due to the integration of the research and development personnel from the optical module business of Avago which we acquired in late 2015. See "Financial Information – Principal Components of Consolidated Income Statements – Research and Development Expenses." In addition, researching and developing new production techniques, interconnect solutions and other products are time-consuming and costly. However, our research and development efforts may not be successful, we may be unable to attract and retain the research and development staff necessary for our efforts and our anticipated return on investment is not guaranteed.

Even if our research and development efforts are successful, we may not be able to apply each of the technologies we develop to introduce and upgrade interconnect solutions and other products that will be accepted by our customers and the broader market. We may also be unable to apply them in a timely manner to take advantage of first-mover opportunities in the market. The level of economic benefit that can be derived from newly developed technologies, products or solutions may also be affected by the ability and promptness of our competitors to replicate these technologies, products or solutions or develop more advanced or cheaper alternatives. If our technologies, products or solutions are replicated, replaced or made redundant, or if the demand for our interconnect solutions and other products developed therefrom is lower than anticipated, we may not be able to recoup the relevant research and development expenses from our revenue associated with such technologies, products or solutions. Furthermore, if we are unable to anticipate and respond to technological development trends or developments in the end products of our customers and rapidly develop new and innovative technologies, products or interconnect solutions that our customers require, we may not be able to produce sufficiently advanced products or interconnect solutions at competitive prices, which in turn may have a material and adverse impact on our business, financial position and results of operations.

Furthermore, in addition to the research and development of new interconnect solutions and other products, we are also focused on the research and development of new production techniques to enhance our production efficiency and quality while reducing our production costs. If we are not able to develop such processes or other new production techniques within our expected timetable, or if the anticipated results from new production techniques cannot be attained, our business and future prospects may be materially and adversely affected.

Our performance is dependent in part on the industries of our customers and demand for their end products.

Our customers generally engage us to design, develop and produce interconnect solutions for use in an end product, such as computer and consumer electronics, mobile and wireless devices, communications infrastructure or other emerging technologies. Accordingly, demand for our interconnect solutions and related products and services is determined in part by the demand for the end products that brand companies design, develop, produce and sell and the pace of industry acceptance and adoption of new technologies or standards, and any reduction in demand or activity in such industries could cause our customers to place fewer orders or reduce the volume of their orders, materially impacting our business, financial condition and results of operations. If we fail to anticipate the industry trends of the end markets that we serve, our prospects will be materially and adversely affected. In 2014, 2015 and 2016, we derived 41.0%, 39.1% and 28.0% of our revenue from computer and consumer electronics end market, respectively, and 39.5%, 39.7% and 43.0% of our revenue from mobile and wireless devices end market, respectively. Accordingly, a decrease in customer demand and customer orders for our interconnect solutions as a result of a general decline in the global computer and consumer electronics connector market as well as the fluctuations in orders placed by our customers in the global mobile and wireless devices end market based on their respective product introduction schedules contributed to the decreases in our revenue generated from our sales of goods during the Track Record Period. We are also subject to seasonality of the end markets we serve. See "– Seasonality may cause fluctuations in our revenue and operating results."

Our customers rely on us to produce interconnect solutions and other products to detailed specifications at scale in short timeframes. Our customers typically provide us with rolling forecasts of their production schedules before placing purchase orders with us based on their production needs. These rolling forecasts are not binding, but we usually allocate our internal resources to plan for our production and manage our inventory level in accordance with these forecasts. The short-term nature of our customers' commitments and the rapid changes in demand for the end products in which our interconnect solutions and other products are used reduce our ability to accurately estimate future requirements and increase the complexity of scheduling production, and thus may limit our ability to maximize the utilization of our production. If the demand for our interconnect solutions and other products lags significantly behind our forecasts or those of our customers, we may result in underutilizing our production capabilities or produce more interconnect solutions and other products than we can sell, which may have a material adverse effect as to our financial performance and cash flow and could increase write-offs of obsolete inventory. On the other hand, if demand for our interconnect solutions and products exceeds our forecasts, we may be unable to ramp up production to sufficient levels or on appropriate timeframes to meet such demand, and our business may be harmed as a result.

We may experience difficulty in meeting customer demands if our production operations on which we rely encounter difficulties or suffer delays. If we fail to effectively implement our production plan, or our production operations suffer unanticipated or prolonged interruption, our results of operations may be materially and adversely affected.

Our future success depends in part on our ability to meet the production and assembly schedules and requirements of our customers according to their detailed specifications demanding delivery time frames. In particular, given the relatively short lifecycles of many brand companies' products that incorporates our interconnect solutions and other products, such brand companies tend to require large volumes of our customized interconnect solutions and other products within a limited amount of time when they launch new products as they seek to take advantage of the high initial demand for such products. Therefore, our ability to meet such demands depends in part on our ability to rapidly ramp up production and commence large-scale production of technically complex products on short timeframes. This requires us to maintain and enhance our production capabilities by adjusting and streamlining our production resources and processes, outsourcing certain labor intensive low value-added production processes, hiring additional production employees to meet our customer orders during peak seasons and acquiring, expanding and upgrading our testing equipment and production facilities. There can be no assurance that we will be able to maintain and enhance our production capabilities in time or implement our production plan effectively. If we are unable to maintain or enhance our production capabilities to satisfy the demand from our customers, or our production operations suffer unanticipated or prolonged interruption, our growth prospects would be limited. In addition, we also cannot assure you that these plans will be implemented successfully on time, or at all, or will result in the anticipated benefits.

Our efforts to enhance production capabilities are subject to risks and uncertainties.

In order to achieve the economies of scale we desire in our operations to enable us to continue to rapidly increase production of novel interconnect solutions and other products in response to the needs and timelines of our customers, we intend to continue to expand our existing production capabilities. Our expansion plans and business growth require significant capital expenditure and the dedicated attention of our management. We intend to fund such purchases and expansions by using cash generated from our operations and from the proceeds of the Global Offering. Nevertheless, we may require additional financing to achieve our expansion plans and may have difficulty obtaining such financing. See "– We may need additional capital but may not be able to obtain it in a timely manner and on favorable terms or at all."

Our efforts to enhance our production capabilities are subject to other significant risks and uncertainties, including but not limited to:

- unexpected delays and cost overruns resulting from a number of factors, many of which may be beyond our control, including increases in the prices and availability of raw materials, electrical components, shortages of skilled employees, transportation constraints, disputes with customers or suppliers as well as equipment malfunctions;

- lower production efficiency and yield during the initial mass production phase of our new interconnect solutions and other products before achieving our expected economies of scale, which may have a substantial impact on our gross profit margin during a given period;

- our ability to obtain the required permits, licenses and approvals from relevant government authorities;

- availability of the necessary technology or equipment from third parties or our internal research and development;

- diversion of management attention and other resources; and

- interruptions caused by natural disasters or other unforeseen events.

In addition, our efforts to enhance our production capabilities may not achieve the expected benefits. If the demand for our interconnect solutions and other products is weaker than anticipated, we may experience problems associated with overcapacity and under-utilization of personnel and other resources, which may have an adverse effect on our business, financial condition and results of operations.

On the other hand, if we fail to accurately estimate the ramp-up time required for a new production facility or we fail to achieve the anticipated production yield of a newly launched product in a timely manner, we may incur additional cost of raw materials, outsourcing or sub-contracting expenses in order to ensure timely delivery of our products to customers. For example, due to the slower-than-expected ramp up of the earphone production and lower-than-expected improvement in the production yield of such product in our newly established Vietnam facility in late 2016, we had to increase our procurement of molding parts from Hon Hai Group, in the anticipation of the increased demand of the new interconnect solutions that rolled out to be utilized in the earphones associated with certain new smartphone products by one of our brand company customers in September 2016.

Acquisitions, strategic investments, partnerships or alliances may be difficult to integrate or identify, divert the attention of key management personnel, disrupt our business, dilute shareholder value and adversely affect our financial results, including impairment of goodwill and other intangible assets.

Acquisitions have been and continue to be an important part of our growth strategy. In December 2015, we acquired the optical modules business of Avago. We have recently acquired a company that specializes in the research and development and manufacturing of batteries. We are in constant discussion with potential partners, including our connected persons, as to collaboration in the development of interconnect solutions and other products. We expect to continue to evaluate and consider a wide array of potential strategic transactions as part of our overall business strategy, including business combinations, acquisitions and dispositions of businesses, technologies, services, solutions and other assets, as well as strategic investments and alliances. At any given time we may be engaged in discussions or negotiations with respect to one or more of these types of transactions, and may enter into such transactions following the completion of the Global Offering. However, these transactions involve significant challenges and risks, including:

- difficulties integrating into our operations the personnel, operations, solutions, services, technology, internal controls and financial reporting of companies we acquire;
- disruption of our ongoing business, distracting our management and employees and increasing our expenses;
- the loss of skilled professionals as well as established client relationships of the businesses we invest in or acquire;
- maintain business relationships with joint venture partners to the extent we enter into new end markets through joint ventures;
- for investments over which we may not obtain management and operational control, we may lack influence over a controlling partner or Shareholder, which may prevent us from achieving our strategic goals in such investment;
- uncertainties and challenges, including new regulatory requirements and compliance risks, that we become subject to as a result of acquisitions in new jurisdictions or new industries or otherwise;
- actual or alleged misconduct or non-compliance by any company we acquire or invest in (or by its affiliates) that occurred prior to our acquisition or investment, which may lead to negative publicity, government inquiries or investigations against such company or against us;
- unforeseen or hidden liabilities or costs that may adversely affect us following our acquisition of such targets;
- regulatory hurdles including in relation to anti-monopoly and competition laws, or the risk or other difficulties closing such a transaction; and
- challenges in achieving the expected benefits of synergies and growth opportunities in connection with these acquisitions and investments.

Other than the integration of Avago's optical module business which we acquired in December 2015, we do not have substantial experience in integrating major acquisitions, and any of these difficulties could hinder our ability to realize the benefit of such transactions, disrupt our ongoing business, distract our management and employees and increase our expenses, such as impairment charges and write-offs.

We may finance future transactions through debt financing, the issuance of our equity securities, the use of existing cash or a combination of the foregoing. Acquisitions financed with debt could require us to dedicate a substantial portion of our cash flow to principal and interest payments and could subject us to restrictive covenants. Acquisitions financed by the issuance of our equity securities would be dilutive to the share value and voting power of existing Shares, which could affect the market price of our Shares. Future acquisitions financed with our own cash could deplete the cash and working capital available to fund our operations adequately. Difficulty in borrowing funds, selling securities or generating sufficient cash from operations to finance our investing activities may have a material adverse effect on our results of operations.

It is also possible that we may not identify suitable acquisition, strategic investment or partnership or alliance candidates, or if we do identify suitable candidates, we may not be able to complete transactions on terms commercially acceptable to us, if at all. Our inability to identify suitable acquisition targets or strategic investments, partners or alliances, or our inability to complete such transactions, may harm our business and growth prospects.

Significant fluctuations in the prices or shortages of our major production inputs could adversely affect our business, results of operations and financial condition.

Base metal, primarily copper and aluminum, electronic components, precious metal, primary gold salts, and plastic materials are the primary materials used in our production processes. For information as to a breakdown of our raw materials and consumables used during the Track Record Period, see "Financial Information – Principal Components of Consolidated Income Statements – Cost of Sales." These inputs may be subject to significant price volatility as a result of changes in levels of global demand, supply disruptions and other factors. We manage such price risk primarily through coordinating the purchase prices for our inputs to match the price terms of our customers' purchase orders. We cannot assure you that we will be able to effectively manage input price risk at all times or pass on any increases in input prices to our customers. If we are unable to effectively manage such an increase, our business, results of operations and financial condition could be materially and adversely affected.

If our interconnect solutions and other products experience quality deficiencies, we may lose our customers and may be subject to product liabilities, and our business, results of operations and financial condition could be materially and adversely affected.

Our business depends on delivering interconnect solutions and other products of consistently high quality. Many of our interconnect solutions and products are subject to industry technical standards and we are also required to meet safety and other requirements imposed by the relevant government authorities in countries that our interconnect solutions and other products or the end products in which they are used are sold or the industry associations into which we participate. For example, some of our customers may require us to comply with the standards stipulated by the Electronic Industry Citizenship Coalition (the "**EICC**") in relation to corporate social responsibility and work safety in addition to the applicable local laws and regulations that we normally comply with. If we are unable to meet or exceed such standards, we may lose market share to our competitors. Moreover, our customers place significant emphasis on product quality and reliability in selecting us as their supplier. Although we and our sub-contractors implement stringent quality control processes, we cannot assure you that any defect or malfunction in our interconnect solutions or their failure to meet our customers' specifications will not occur, which may result in losses to our customers. We could be required to replace or repair defective products or interconnect solutions at our own cost, defend related litigation or compensate our customers and their customers for losses or damages caused by such defects. We may also have to expend resources to defend ourselves in the event that claims or legal proceedings are instituted against us. Furthermore, our reputation and brand may be materially and adversely damaged as a result of such proceedings.

In addition, the quality of our interconnect solutions and other products also depends on the quality of the raw materials and electronic components we purchase from third parties and assembled products processed by our sub-contractors. In the event that we become subject to product liability or warranty claims as a result of defective raw materials, electronic components or assembled products from third-party suppliers and our sub-contractors, we may attempt to seek compensation from the relevant suppliers pursuant to the purchase agreements between such suppliers and us. If no claim can be asserted against a supplier, or amounts that we claim cannot be recovered from the supplier, we may be required to bear customer claims or replace the interconnect solutions at our own cost and expense. Our reputation, business, financial condition and results of operations could also be materially and adversely affected in this way.

As of Latest Practicable Date, we had not purchased any liability insurance for our interconnect solutions or other products, and we believe it is not general practice in our industry to do so. Although we have not experienced any material recalls, product liability issues, reworks or repairs involving our customers during the Track Record Period, any successful product liability claim against us in the future could have a material adverse effect on our business, prospects, financial condition and results of operations.

We may not be able to protect our rights under our patents and non-patented intellectual properties.

Our success depends on our ability to obtain and maintain patents, trademarks and other intellectual property protection for our products, interconnect solutions, technologies, designs and know-how without infringing the intellectual properties of third parties, as well as our ability to successfully protect our rights under our intellectual properties. As of December 31, 2016, we had over 800 patents and 1,000 active patent applications worldwide. At such date, we also licensed exclusively approximately 6,000 patents from Hon Hai. Our patents are principally related to the technology, production processes, and designs used in our business. As of December 31, 2016, we had 70 trademarks worldwide and 16 trademarks under application. We cannot assure you the measures we have adopted to protect our rights under our patents or non-patented intellectual properties are adequate to enforce such protections or to prevent the disclosure of or any unauthorized use of our intellectual property by third parties. The validity and scope of claims relating to the design and other technologies for our interconnect solutions and other products involve complex scientific, legal and factual questions and analysis and, therefore, the validity and scope of our technology, know-how and other intellectual property may be highly uncertain. Accordingly, the existence of intellectual properties may not fully protect us from competition, as it may be challenged, invalidated or held to be unenforceable. Additionally, the existence of a patent does not provide assurance that the production, sale or use of our interconnect solutions and other products does not infringe upon others' rights.

We may be subject to claims in connection with intellectual properties.

We may be from time to time involved in intellectual property infringement claims brought by our competitors or other third parties. For example, in February 2017, J.S.T. Corporation, an independent third party and one of our competitors, initiated an investigation before the U.S. International Trade Commission ("ITC") against several parties, including us, alleging that certain interconnect solutions we manufacture and sell to one of our customers have infringed one of its patent rights. The ITC investigation is still at an early stage, and the outcome of the ITC investigation is uncertain. However, if the outcome of the ITC investigation is unfavorable to us, the ITC may issue an exclusion order which will prevent us from selling the relevant interconnect solutions in dispute to customers in the United States. Sales of the relevant interconnect solutions in dispute accounted for less than 0.5% of our total revenue in each year during the Track Record Period. J.S.T. Corporation has also filed a complaint with similar claims in the District Court for the Northern District of Illinois, which action has been stayed pending the findings and resolutions of the ITC investigation. No damages have been specified by J.S.T. Corporation in the action before the District Court for the Northern District of Illinois. See "Business – Intellectual Property" for a detailed description. The ITC investigation is still at an early stage, and the outcome of the ITC investigation is uncertain. The defense of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert the efforts and resources of our technical and management personnel. We cannot assure you that we will achieve a favorable outcome in any such litigation. If any claim is adversely determined against us in any of such potential litigation or proceedings, we could be subject to significant liability to third parties. As a result, we may be required to seek licenses from third parties, pay ongoing royalties, or redesign our products or interconnect solutions. We could further be subject to injunctions prohibiting the production or sale of our products, interconnect solutions or the use of our technologies. Protracted litigation could also result in our existing or potential customers deferring or limiting their purchase or use of our products or interconnect solutions until resolution of such litigation.

We are subject to confidentiality obligations to our customers.

Given the customized nature of the interconnect solutions and other products we provide, we are subject to confidentiality obligations to our customers during their production development, research and development and new product roll-out processes in which our personnel are involved. We may be subject to claims by, or loss of, our customers if we or our employees fail to safeguard relevant trade secrets.

Our significant international operations and sales expose us to certain economic, political and other risks and uncertainties, as well as additional compliance and regulatory requirements. We may not be able to maintain our international operations at their current level or to expand our international operations efficiently.

A significant amount of our revenue is generated from customers outside of the Greater China based on the billing address of the respective customer entities for which the invoices are rendered, irrespective of the headquarters of such customers. For example, in 2014, 2015 and 2016, our sales outside of the Greater China were approximately US$353.5 million, US$454.9 million and US$1,380.6 million, respectively, representing 14.2%, 19.5%, and 47.9% of our revenue for the same periods, respectively. In addition, we also have production facilities in Vietnam and Mexico and conduct research and development and other activities outside of Greater China, including in the United States and Singapore. We anticipate that the sale of our interconnect solutions and other products to regions outside of the Greater China will continue to represent a significant portion of our business, and we expect to further expand our production, research and development and other operations globally. As a result, we are subject to a variety of risks and uncertainties associated with international businesses, including, but not limited to:

- exposure to fluctuations in foreign exchange rates;
- political and economic instabilities (including, for example, instabilities and uncertainties following the results of referendum in the United Kingdom in relation to its exit from the European Union);
- tariffs, trade barriers and other restrictive actions taken by foreign governments;
- potentially lower or reduced protection of intellectual property;
- longer customer payment cycles and foreign taxes;
- compliance with local laws and industry standards;
- unfamiliar legal systems; and
- cultural and language differences.

We use third-party distributors in limited circumstances to market our interconnect solutions and other products and are subject to risks associated with these arrangements.

We also sell our interconnect solutions and other products through distributors in limited circumstances, primarily (i) at the specific request of certain brand companies, or (ii) for sales to certain regions, such as the United States, Singapore, Japan, the Greater China and the European Union, due to the relationships that such distributors have established in such regions. The total number of third-party distributors to which we sold in 2014, 2015 and 2016, were 10, 12 and 20, respectively. In 2014, 2015 and 2016, revenue derived from sales to third-party distributors accounted for 6.0%, 6.2% and 9.3% of our revenue, respectively. The increases in total number of our third-party distributors and the revenue derived from sales to such distributors as a percentage of our revenue in 2016 were primarily a result of the integration of the optical modules business that we acquired from Avago in December 2015 into our operations. As of December 31, 2016, we engaged six such new third-party distributors to facilitate the sales of our optical interconnect solutions and other products in the communications infrastructure end market. Our sales through third-party distributors are subject to a number of risks, including:

- the ability of our selected distributors to effectively sell our interconnect solutions and other products;
- the quality of customer service provided by distributors, which could harm our reputation or brand image;
- our ability to extend existing distributor arrangements into the future;
- a reduction in gross profit margins realized on sale of our interconnect solutions and other products; and
- a diminution of contact with end customers.

Our relationships with distributors may be characterized as seller and buyer relationships which do not grant us control over their operations or inventories, and they are free to formulate their own pricing policies and compete with one another subject to exclusivity by distribution regions or in limited cases, by specific brand companies. Our competitors may provide incentives to our distributors to favor their interconnect solutions or products which would have the effect of preventing or reducing our sales. Any significant disruption of our sales to our distributors, including as a result of the inability or unwillingness of these distributors to continue purchasing our interconnect solutions and other products, or their failure to properly manage their business with respect to the purchase of and payment for our interconnect solutions and products, could materially and adversely affect our business, results of operations, financial condition and cash flows. In addition, our failure to continue to establish or maintain successful relationships with our third-party distributors could likewise materially and adversely affect our business, results of operations and financial condition.

Moreover, we entered into a distribution agreement with one new third-party distributor, a publicly listed company, as part of the integration of the acquired optical modules business from Avago in June 2016 into our operations, pursuant to which the purchase orders for our optical interconnect solutions and products are subject to certain cancellation provisions before the product shipment date and our new interconnect solutions and products sold to such distributor are subject to certain product return provisions. See "Business – Our Customers – Sales to Distributors and Retailers." As of the Latest Practicable Date, we had not received any request from such distributor for order cancellation or product return. If this distributor requests for order cancellations and product returns in the future, our sales and production of optical interconnect solutions and products could be significantly disrupted, which would materially and adversely affect our business, results of operations and financial conditions.

Our operations and those of our customers and suppliers are vulnerable to natural disasters and other events beyond our control, the occurrence of which may have an adverse effect on the supply chain of our customers and suppliers and on our facilities, personnel and results of operations.

Our business is dependent on the continued and uninterrupted performance of our production facilities and that of our customers and suppliers. However, these facilities are subject to operating risks, including equipment failures, failures to comply with applicable regulations, disruptions in power supply, industrial accidents, labor shortages, strike, fire, earthquake or other natural calamities, and acts of sabotage. If any unanticipated or prolonged interruption of operations at any of our production facilities or that of our customers or suppliers occurs as a result of any of the foregoing or other risks or factors, we may not be able to deliver our interconnect solutions or other products to our customers in a timely manner or at all. Such events may also cause material damage to our, our customers' or suppliers' facilities or property, including work in progress, or cause significant business interruptions. In particular, we maintain limited insurance coverage, and it is unlikely that future damages or business loss from earthquakes or other natural disasters will be covered the insurance policies we maintain. Any losses that occur as a result of natural disasters or events beyond our control will likely have to be borne directly by us at our own cost and expense. Consequently, our business reputation and customer relationship may be damaged, we may be subject to compensation claims from customers and our ability to attract new businesses may be adversely affected.

If we are no longer able to benefit from our business cooperation with Hon Hai Group, our business may be adversely affected.

Our strategic partnership with Hon Hai Group uniquely positions us to work closely with Hon Hai Group for the development of solutions for brand companies and to benefit from its end market exposure and large industry footprint. See "Business – Our Customers – Overview." In 2014, 2015 and 2016, our sales made to Hon Hai Group, our connected person, accounted for 43.9%, 37.0% and 23.0% of our revenue, respectively. In addition, we currently also procure gold salts, ancillary materials and semi-finished components from Hon Hai Group. Furthermore, during the Track Record Period, we incurred payments for the shared-services expenses to Hon Hai primarily for administration-related support which were reflected in our consolidated financial information. We may continue to rely on Hon Hai to provide such shared services in the near future. If we are no longer able to benefit from such partnerships with Hon Hai Group on an arm's length basis in the future, our business operations, results of operations and financial position may be materially and adversely affected. As a result of such cooperation, any negative media coverage or publicity on Hon Hai Group may also have a negative material impact on our customers' perception of us and affect our future share price following the Listing.

We have utilized and expect to continue utilizing connected person and independent third-party sub-contractors and manufacturing vendors for certain labor-intensive production processes. If any of our sub-contractors and manufacturing vendors fails or is unwilling to meet our production criteria, quality or delivery requirements, our production plan may be adversely affected.

We from time to time sub-contract production to sub-contracting manufacturers, which include both independent third parties and connected persons. We sub-contract production primarily for labor-intensive processes in the production of our interconnect solutions and other products. We may choose to increase the use of sub-contract manufacturing in our production processes, in particular, for components, modules and accessories that we consider to be highly labor intensive or subject to less stringent technical requirements, to selected sub-contractors in the future in order to reduce our capital expenditures on production facilities and the costs and efforts associated with maintaining a large number of production personnel. Sub-contracting expenses during the Track Record Period amounted to approximately US$154.3 million, US$143.5 million and US$228.2 million in 2014, 2015 and 2016, respectively. In recent years, we also commenced purchase of semi-finished goods and assembled products from manufacturing vendors to whom we provide certain raw materials and components for their production to enhance our production efficiency and manage our production cost. Similar to our sub-contracting production, our purchases from manufacturing vendors generally involve semi-finished goods and assembled products that require labor-intensive processes. As a result, we are subject to a number of risks associated with the utilization of third-party sub-contractors and manufacturing vendors, including their failure or unwillingness to meet our production criteria, quality or delivery requirements. If we are unable to arrange for sufficient production among our sub-contractors and manufacturing vendors or if our sub-contractors and manufacturing vendors encounter production, quality, financial or other difficulties, including labor disturbances or geopolitical risks, we may encounter difficulty in meeting customer demands. Any such difficulties could have an adverse effect on our business, financial results and results of operations, which could be material.

We require various approvals, licenses, permits and certifications to operate our business, any failure to obtain or renew any of these approvals, licenses, permits or certifications could materially and adversely affect our business and results of operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our production facilities and research and development facilities worldwide. For example, in the PRC, before commencement of operation of our production facilities, we are required to obtain construction project approval or registration, construction planning permit and construction permit, among other approvals, licenses and permits. Our production facilities are also required to obtain relevant environmental protection assessments and inspection approval, and to pass a fire safety verifications or fire safety inspections. In Vietnam, we are required to register and subject high risk equipment to examination by licensed organizations prior to utilizing such equipments, among other approvals, licenses and permits. In Mexico, we are also required to obtain compatible zoning certificates, construction licenses, business licenses, environmental impact authorizations and water discharge permits for our business operations. Most of these licenses, permits and certifications are subject to examination or verification by governmental authorities and are valid only for a fixed period of time and subject to renewal and accreditation.

Complying with such laws and regulations may require substantial expense, and any non-compliance may expose us to liability. In the event of non-compliance, we may have to incur significant expenses and divert substantial management time to rectify the incidents. As of the Latest Practicable Date, we were not able to file the construction inspection and acceptance for record and did not obtain the housing ownership certificate for two production plants in Huai'an China with a total GFA of 54,978 sq.m. As advised by our PRC Legal Adviser, our maximum penalty in connection with these incidents in aggregate is estimated to be RMB500,000. There can be no assurance that we will be able to rectify these incidents and that the government authorities will not impose a fine on us. In addition, we have not obtained ownership certificates for certain of our production plants in Huai'an and Kunshan, China, while we have legal ownership for such production plants. The lack of ownership certificates of these properties would typically prevent us from selling the relevant properties, despite that we have no intention to sell either of them, and banks may refuse to accept such the relevant properties as collateral for bank loans.

In the future, if we fail to obtain all the necessary approvals, licenses, permits and certifications, we may be subject to fines or the suspension of operations of the production facilities and research and development facilities that do not have all the requisite approvals, licenses, permits and certifications, which could materially and adversely affect our business and results of operations. See "Regulatory Overview" for further details on the requisite approvals, licenses, permits and certifications for business operations. We may also experience adverse publicity arising from non-compliance with government regulations, which would negatively impact our reputation.

We cannot assure you that we will be able to fulfill all the conditions necessary to obtain the required government approvals, or that relevant government officials will always, if ever, exercise their discretion in our favor, or that we will be able to adapt to any new laws, regulations and policies. There may also be delays on the part of government authorities in reviewing our applications and granting approvals, whether due to the lack of human resources or the imposition of new rules, regulations, government policies or their implementation, interpretation and enforcement. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

We may be subject to fines due to the lack of registration of our leases.

Pursuant to the Measures for Administration of Lease of Commodity Properties (商品房屋租賃管理辦法), which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and became effective on February 1, 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of the Latest Practicable Date, we entered into 18 lease agreements in the PRC with different landlords and we have completed the registration of three of such lease agreements with the relevant government authorities. The failure to complete the lease registration for the remaining lease agreements, under which we are the lessees, was due to factors that are beyond our control, including (i) some lessors failed to provide us with sufficient documents for the lease registration, such as the property ownership certificates to the relevant properties, or (ii) certain lease agreements were deemed by the local authorities not fulfilling the local administrative practical requirements, although such agreements do not violate the relevant laws and regulations. We cannot assure you that our lessors will be cooperative and that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future. As advised by our PRC Legal Adviser, we may be required by relevant government authorities to file the lease agreements for registration and may be subject to a fine ranging from RMB1,000 to RMB10,000 if we fail to rectify within the period requested by the government authorities. As further advised by our PRC Legal Adviser, the non-registration of these lease agreements will not affect the validity of these leases.

If we lose the services of any of our key executive officers, senior management, or experienced experts or are unable to retain, recruit and hire other skilled personnel, including sales and technical staff, our ability to effectively manage and execute our operations and meet our strategic objectives could be harmed.

Our success has been, and will continue to be largely dependent upon the continued service of our key executive officers and senior management. Sidney Lu, our chief executive officer, has led our Company and NWInG for more than a decade and is recognized as an industry leader. Any loss or interruption in his services or the service of other members of our leadership could significantly affect our ability to effectively manage our operations and to meet our strategic objectives. In addition, we could incur additional expenses and devote significant time and resources to recruit and train replacement personnel, which could further disrupt our business and growth.

Our success also depends, to a significant extent, on our ability to attract, train and retain our technical experts, research and development personnel, sales and marketing personnel and customer service personnel. Recruiting and retaining capable personnel, particularly those with expertise and experience in our industry, are vital to our success. There is substantial competition for research and development personnel, qualified technical experts, sales and marketing professionals and post-sales services providers, and there can be no assurance that we will be able to continuously attract or retain these individuals to achieve our business objectives. If we fail to attract and retain valuable employees, to keep pace with our expected growth, our competitiveness, business, financial condition and results of operations may be materially and adversely affected.

Seasonality may cause fluctuations in our revenue and operating results.

Brand companies, particularly those in the computer and consumer electronics and mobile and wireless end markets, (i) typically choose to release new product offerings in the second half of each year and (ii) tend to increase their purchases in preparation of peak sales holiday seasons. As a result, we typically have higher revenues and profitability during the second half of each year. In addition, during the Lunar Chinese New Year holiday period, most of our production activities are significantly reduced and, as such, we typically increase our production activities in advance to compensate. Also, the number of our manufacturing employees may fluctuate significantly during a year due to this seasonality. As a result of this seasonality, any factors negatively affecting us during the second half of any year, including the variability of final orders made by our customers, new product launch schedules of brand companies, labor shortages during peak seasons, in particular in the PRC and Vietnam, could have a material adverse effect on our financial condition and results of operations for the entire financial year. Our interim results of operations also may fluctuate based upon other factors, including general economic conditions. Accordingly, our interim results for a certain period may not be indicative of our performance for that financial year or otherwise comparable to our results in previous periods. If our operating results in one or more periods do not meet the market's expectations, the price of our Shares could be materially adversely affected.

Hon Hai, our Controlling Shareholder, has had and will continue to have substantial influence over us. The interests of Hon Hai may not be aligned with the interests of other Shareholders.

After the Global Offering, Hon Hai will indirectly beneficially own 78.65% of the issued Shares (assuming that the Over-allotment Option is not exercised) and continue to have substantial control over our issued share capital. Hon Hai will therefore have substantial influence over the business and operations of our Company, including decisions regarding mergers, consolidations and sales of all or substantially all of its assets, election of Directors and other significant corporate actions.

However, the interests of Hon Hai may differ from the interests of other Shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could deprive the Shareholders of an opportunity to receive a premium for their Shares in a sale of our company or may reduce the market price of the Shares. We may not be able to enter into transactions that could be beneficial to our Company without Hon Hai's consent. Alternatively, we may, with Hon Hai's vote, enter into transactions despite objections from minority Shareholders.

We may be involved in legal and other disputes from time to time arising out of our operations, including any disputes with our raw material or component suppliers, third-party distributors, customers or employees, and we may face significant liabilities as a result.

We may from time to time be involved in disputes with various parties arising out of our operations, including raw material or electronic components suppliers, third-party distributors, customers or employees. These disputes may lead to protests or legal or other proceedings and may result in damage to our reputation, substantial costs and diversion of resources and management's attention from our core business activities. In addition, we may encounter compliance issues with regulatory bodies in the course of our operations, in respect of which we may face administrative proceedings or unfavorable decisions that may result in liabilities and cause delays to our production and delivery. We may be involved in other proceedings or disputes in the future that may have a material adverse effect on our business, financial condition, results of operations or cash flows.

We may experience labor shortages or incur higher labor costs, any of which could have a material adverse effect on our business, financial condition and results of operations.

During recent years, labor shortages in countries such as China have increased, and labor shortages have occurred in some areas in China, including areas where our operations are located.

While we have not experienced any significant labor shortages in the past, we cannot assure you that we will not face such problems in the future. In addition, as a result of continued increases in living standards in China, as well as corresponding changes in labor market conditions and industry practices, we may face market pressure to increase wages for our workers in order to reduce turnover among our staff or retain our skilled personnel. While we expect the wage levels of our employees and contract workers to continue to be determined according to prevailing market wage rates, we cannot assure you that prevailing market wage rates in China will not continue to increase. Any related wage increases could result in increased labor costs for us. In addition, in connection with our Vietnam facility, we have recruited, and may continue to recruit, additional production employees, including contract workers, in Vietnam. If we cannot increase our product prices to offset additional labor costs in a timely manner or in a sufficient amount, or if we cannot manage our overall production cost to achieve our desired economies of scale, or if we experience labor shortages or labor unrest, our business, results of operations and financial condition will be adversely affected.

We are subject to labor and safety regulations in the jurisdictions in which we operate.

Our operations in various countries and jurisdictions in which we operate are subject to the applicable labor laws and regulations, including among other things, minimum wage, severance payments, overtime payments and statutory employee benefits such as pensions, social insurance and housing fund. Such laws and regulations, including the amount or how the relevant benefit contribution should be calculated, vary by countries, jurisdictions and regions, many of which may be complicated or unclear. We have a significant number of manufacturing employees, and such number may fluctuate significantly within a year due to the seasonality of our business. Therefore, there is no assurance that we will be considered fully compliant with these laws and regulations at all times. If the relevant labor laws and regulations change, or if the government authorities do not agree with our labor practices, our operational costs may increase and our business operations may be interrupted as we may face difficulty in securing additional employees required at cost competitive terms.

Under the PRC Labor Law, our subsidiaries in China are prohibited from having their production employees' overtime working hours exceed an average of 36 hours per month. Due to the seasonality in the industry in which we operate, our production employees in the PRC and overseas may have to work overtime to satisfy customer demand during periods of increased production activities typically during the second half of each year and in particular, during the holiday seasons. During the Track Record Period and as of the Latest Practicable Date, we did not fully comply with the applicable PRC laws and regulations on overtime working hours. According to our PRC Legal Adviser, our failure to comply with the limitation on overtime working hours as stipulated in the PRC Labor Law may subject us to a fine that ranges from RMB100 to RMB500 per headcount by local government authorities and we may be requested to take rectification measures to reduce the overtime working hours of our production employees. Although our PRC Legal Adviser has advised us that the probability of the government authorities imposing fines or any other administrative actions against us due to such incidents is remote, we do not rule out such remote probability from happening.

In addition, despite our efforts to maintain high safety standards, our employees may have in the past suffered accidents from time to time and such accidents may occur in the future. Although we provide training to raise employees' awareness of workplace safety and we believe there are sufficient safeguards in place to prevent the reoccurrence of such incidents, we cannot assure you that such accidents will not occur in the future. In addition to the property and personal damages from these accidents, the frequency and severity of these incidents may affect our operating costs and our relationships with customers, employees and regulatory agencies. Any significant increase in the frequency or severity of these incidents, or the general level of compensation awards paid in connection with such incidents, could adversely affect our financial condition and results of operations.

Our industry is subject to extensive and evolving laws and regulations. Any failure to comply with these laws and regulations could subject us to severe penalties. Furthermore, changes to the regulatory environment in which we or our customers operate may negatively impact our business.

The industries we serve and in which we operate are required to comply with a number of laws and regulations. These laws and regulations include laws relating to wage and hour requirements, labor relations, permitting and licensing requirements for our business operations, workers' safety, the environment, employee benefits, marketing and advertising and the application, use and storage of hazardous materials. Adoption of new laws or regulations or a change in or revision of the interpretation of existing laws or regulations may also negatively affect our business prospects. Government regulators in the future may adopt regulations that impose more stringent standards on our industry, with which we must comply. In order to comply with new regulations or revisions of previously implemented regulations, we may be required to change our business plans, increase our costs or limit our ability to sell our interconnect solutions and products. If we are not able to comply with these regulations, we may be subject to various penalties, including fines and suspension or discontinuation of our operations.

In addition, our interconnect solutions and products as well as our operations are subject to compliance with quality control certifications in the PRC, Taiwan, the U.S. and other international jurisdictions. If we fail to obtain or renew such product certification on a timely basis, sales of our interconnect solutions and other products may be suspended and we may face fines or other severe penalties.

Failure to comply with applicable environmental regulations and standards could harm our business.

We are required to comply with various environmental laws and regulations in jurisdictions in which we have operations, including those requiring that the design and construction of our plants meet specified environmental protection standards. Our production operations are also subject to periodic monitoring by government environmental protection authorities. In addition, our interconnect solutions and other products must also comply with the environmental protection and safety standards of other jurisdictions. For example, our production facilities in the PRC and Vietnam are required to obtain environmental protection inspection acceptance for the completion of project construction before their operation. Moreover, if more stringent environmental protection laws and regulations and standards are introduced, we may need to utilize significant financial resources to ensure compliance, which could result in an increase in our operating costs and have an adverse effect on our profitability.

We had negative operating cash flow in 2014 and there can be no assurance that we will not have negative operating cash flow in the future.

We have funded our operations and capital requirements from cash generated from our operations and short-term bank borrowings. After the Global Offering, we expect to continue to derive our funding from cash generated from our operations and bank borrowings in addition to net proceeds from this Global Offering. In 2015 and 2016, we recorded net cash inflows from operating activities of US$439.4 million and US$240.5 million, respectively. We recorded a net cash outflow from operating activities of US$56.4 million in 2014, primarily due to the impact of our Reorganization. See "Financial Information – Liquidity and Capital Resources – Cash Flow Analysis" for further details.

Our ability to generate sufficient cash from our operating activities to finance our operations and expansion plans depends on a number of factors, including but not limited to the performance of our operations and the ability of our customers to settle their payments. If we have a negative operating cash flow in the future, we may not be able to generate sufficient funding to finance our working capital and capital expenditure requirements, and our business, results of operations and financial position may be materially and adversely affected.

Any decrease in our future profitability may have an adverse effect on our ability to recover our deferred income tax assets.

We recorded deferred income tax assets of US$12.2 million, US$17.4 million and US$18.0 million as of December 31, 2014, 2015 and 2016, respectively. As of December 31, 2016, US$13.8 million of our deferred income tax assets are to be recovered within 12 months. Deferred income tax assets relating to certain temporary differences and tax losses are recognized when we consider it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. Significant judgment is thus required to determine the amount of deferred income tax assets that can be recognized, including the timing and level of future taxable profits. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed, and the carrying amount of deferred income tax assets may be reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilized. We experienced a decrease in our profits during the Track Record Period. Any decrease in our profitability in the future may have an adverse effect on our ability to recover our deferred income tax assets, which could have an adverse effect on our results of operations.

Cyber-security incidents, including data security breaches or computer viruses, could harm our business by disrupting our delivery of services, damaging our reputation or exposing us to liability.

We receive, process, store and transmit, often electronically, the data of our clients and others, much of which is confidential. Unauthorized access to our computer systems or stored data could result in the theft or improper disclosure of confidential information, the deletion or modification of records could cause interruptions in our operations. These cyber-security risks increase when we transmit information from one location to another, including over the Internet or other electronic networks. Despite the security measures we have implemented, our facilities, systems and procedures, and those of our third-party service providers, may be vulnerable to security breaches, acts of vandalism, software viruses, misplaced or lost data, programming or human errors or other similar events which may disrupt our delivery of services or expose the confidential information of our clients and others. Any security breach involving the misappropriation, loss or other unauthorized disclosure or use of confidential information of our customers or others, whether by us or a third party, could (i) subject us to civil and criminal penalties, (ii) have a negative impact on our reputation, or (iii) expose us to liability to our clients, third parties or government authorities. Any of these developments could have a material adverse effect on our business, financial condition and results of operations.

Allegations of health risks from wireless equipment may negatively affect our results of operations.

Allegations of health risks from the electromagnetic fields generated by base stations and mobile handsets, and potential lawsuits or negative publicity relating to them, regardless of merit, could have a material adverse effect on our operations by leading consumers to reduce their use of end products made by the consumer electronics and wireless infrastructure customers that we serve. This in turn could reduce demand for certain of our products or interconnect solutions, or cause us to divert resources to address these issues.

Our insurance coverage is limited and may not be adequate to cover potential losses and liabilities. A significant uninsured loss or a loss in excess of our insurance coverage could have a material adverse effect on our results of operations and financial condition.

The insurance products available to us are limited, and the property, transit, public liability and director and officer insurance policies we have obtained may not cover all risks associated with our business. The occurrence of certain incidents including severe weather, earthquake, fire, war, power outages, flooding and the consequences resulting from them may not be covered by our insurance policies adequately, or at all. If we were subject to substantial liabilities that were not covered by our insurance, we could incur costs and losses that could materially and adversely affect our results of operations.

Foreign exchange fluctuations may adversely affect our earnings and profitability.

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

The value of the Renminbi against the U.S. dollar and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar, and the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. However, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve policy goals. During the period between July 2008 and June 2010, the exchange rate between the Renminbi and the U.S. dollar had been stable and traded within a narrow range. However, the Renminbi fluctuated significantly during that period against other freely traded currencies, in tandem with the U.S. dollar. Since June 2010, the Renminbi has started to slowly appreciate against the U.S. dollar, though there have been periods when the U.S. dollar has appreciated against the Renminbi. On August 11, 2015, the PBOC allowed the Renminbi to depreciate by approximately 2% against the U.S. dollar. It is difficult to predict how long such depreciation of Renminbi against the U.S. dollar may last and when and how the relationship between the Renminbi and the U.S. dollar may change again.

During the Track Record Period, we have entered into forward foreign exchange contracts for hedging purposes only. However, the impact of future exchange rate fluctuations among these currencies on our results of operations and financial condition cannot be accurately predicted, and there can be no assurance that our attempt to mitigate the adverse effects of exchange rate fluctuations will be successful or that such exchange rate fluctuations will not in the future have a material adverse effect on our results of operations, financial condition and prospects.

The use of our English and Chinese corporate names by our Company in this prospectus and the use of them in the course or trade of business in Hong Kong may be challenged due to passing off claims. We have adopted a different business name and approved name in Hong Kong as a result and we may not be able to benefit from our globally known brand name.

Our Company was incorporated in the Cayman Islands in April 2013 and was renamed as Foxconn Interconnect Technology Limited in June 2013. It has since been carrying on business under the name of Foxconn Interconnect Technology Limited (鴻騰精密科技股份有限公司) globally.

On June 17, 2016, we were served a notice under section 780 of the Companies Ordinance (the "Section 780 Notice") in respect of our English corporate name registered under Part 16 of the Companies Ordinance, which was, in the view of the Registrar of Companies, "the same as" or "too like" that of the English name of a local company "Foxconn Interconnect Technology Limited" already registered under the Companies Ordinance, Cap 622 or the predecessor Ordinance, Cap 32. We applied for, and the Registrar of Companies approved, "FIT Hon Teng Limited" as our English corporate name approved pursuant to section 782 of the Companies Ordinance ("**English Approved Name**"). The English Approved Name was registered with the Registrar of Companies on June 21, 2016. On August 30, 2016, we were also served a Section 780 Notice in respect of our Chinese corporate name registered under Part 16 of the Companies Ordinance, which was, in the view of the Registrar of Companies, "the same as" or "too like" that of the Chinese name of a local company "鴻騰精密科技股份有限公司" already registered under the Companies Ordinance, Cap 622 or the predecessor Ordinance, Cap 32. We applied for, and the Registrar of Companies approved, "鴻騰六零八八精密科技股份有限公司" as our Chinese corporate name approved pursuant to section 782 of the Companies Ordinance (the "**Chinese Approved Name**"). The Chinese Approved Name was registered with the Registrar of Companies on November 9, 2016. So far as our Company is aware, the local company which was incorporated in Hong Kong on September 28, 2012 under the name of Hakuto International Limited, and later changed its name to Foxconn Interconnect Technology Limited (鴻騰精密科技股份有限公司) on July 16, 2013, does not have (nor has it claimed to have) any trademark registration for Foxconn Interconnect Technology Limited (鴻騰精密科技股份有限公司). We believe that the third party local company infringed our trademark and will take legal actions to protect our corporate name in Hong Kong.

In view of the above, we have adopted the business name "FIT Hon Teng Limited (鴻騰六零八八精密科技股份有限公司)" and will trade and carry on business in Hong Kong under those business names. By adopting business names and English Approved Name and Chinese Approved Name in Hong Kong that are different from our corporate names, we may not be able to benefit from our well-known brand name around the world. Notwithstanding the adoption of a business name "FIT Hon Teng Limited (鴻騰六零八八精密科技股份有限公司)" in Hong Kong and the taking of steps to minimize the risks arising from potential trademark infringements and/or passing off claims, there is no guarantee that the third party local company will not make any claim against us. Intellectual property rights litigation can be costly and time-consuming, and could divert our management's attention from business operations. Even though we have taken various measures in good faith to mitigate the risks associated with the use of our corporate name in Hong Kong, we are not able to rule out the possibility that the third party local company may bring or threaten to take other actions during the Global Offering and/or upon our Listing. Notwithstanding the various measures taken by us in good faith to mitigate the risks associated with the use of our corporate name in Hong Kong, we are not able to exert any control or influence over how third parties, including the press and media, refer to us. In addition, should we be held liable for trademark infringement or passing off (as the case may be), our reputation as well as our business, financial condition and results of operations may be materially and adversely affected, and our Company may have to change its corporate name, English Approved name, Chinese Approved Name and/or business name (as the case may be), or apply for an approved name in relation to our corporate name, pursuant to Section 782 of the Companies Ordinance.

We may need additional capital but may not be able to obtain it in a timely manner and on favorable terms or at all.

Our production facilities are capital-intensive to construct. Consequently, our operations may require additional capital or financing from time to time in order to achieve further growth. During the Track Record Period, we had outstanding borrowings of US$446.0 million, US$339.3 million and US$384.8 million as of December 31, 2014, 2015 and 2016, respectively. We may require additional cash resources due to the future growth and development of our business. Our future capital requirements may be substantial as we seek to expand our operations, including pursuing acquisitions and significant equity investments. If our cash resources are insufficient to satisfy our cash requirements, we may seek to issue additional equity or debt securities or obtain new or expanded credit facilities or entering into additional factoring arrangements. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, cash flows and liquidity of international capital and lending markets. In addition, our loan agreements may contain financial covenants that restrict our ability to incur additional indebtedness. Any indebtedness that we may incur in the future may also contain operating and financing covenants that could further restrict our operations. There can be no assurance that financing will be available in a timely manner or in amounts or on terms acceptable to us, or at all. A large amount of bank borrowings and other debt may result in a significant increase in interest expenses while at the same time exposing us to increased interest rate risks. Equity financings could result in dilution to our Shareholders, and the securities issued in future financings may have rights, preferences and privileges that are senior to those of our Shares. Any failure to raise needed funds on terms favorable to us, or at all, could severely restrict our liquidity as well as have a material adverse effect on our business, financial condition and results of operations.

Any outbreak of severe communicable diseases may materially affect our operations and business.

In the past several years, certain Asian countries have encountered incidents of Avian Flu, Influenza A, and Zika virus and previously have encountered incidents of SARS. If any of our employees is identified as a possible source of spreading SARS, Avian Flu, Influenza A, Zika virus or any other similar epidemic of a severe communicable disease, we may be required to quarantine the employees that have been suspected of becoming infected, as well as others that have come into contact with those employees. We may also be required to disinfect our affected premises, which could cause a temporary suspension of our production operations, thus adversely affecting our operations. Even if we are not directly affected by the epidemic, an outbreak of SARS, Avian Flu, Influenza A, Zika virus or another similar epidemic, could restrict the level of economic activity generally, which could in turn adversely affect our operating results and the price for our Shares.

RISKS RELATED TO THE PRC

Economic, political, social conditions as well as government policies in the PRC could adversely affect our business, prospects, financial condition and financial results.

A majority of our business operations is currently conducted in the PRC, especially our production operations. In addition, we derived a majority of our revenue from the PRC during the Track Record Period. The PRC economy differs from the economies of most developed countries in many aspects, including:

- political structure;
- level of government involvement and control;

- growth rate and level of development;
- level and control of capital investment and reinvestment;
- control of foreign exchange; and
- allocation of resources.

The PRC economy has been transitioning from a centrally planned economy to a more market-oriented economy for approximately four decades as the PRC government has implemented economic reform measures to utilize market forces in the development of the PRC economy. We cannot predict whether changes in the economic, political and social conditions of the PRC and in its laws, regulations and policies will have any adverse effect on our current or future business, financial condition or results of operations.

More specifically, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. This refining and adjustment process may not necessarily have a positive effect on our operations and business development. These actions, as well as other actions and policies of the government of the PRC, could cause a decrease in the overall level of economic activity in the PRC and the surrounding regions and, in turn, have an adverse impact on our business and financial condition. According to the National Bureau of Statistics of the PRC, from 2014 to 2016, China experienced an economic slowdown with the annual growth of real GDP decreasing from 7.3% in 2014 to 6.9% in 2015 and to 6.7% in 2016.

Changes to and uncertainties in the legal system of the PRC may have a material adverse impact on our business, financial condition and results of operations. Legal protections available to you under the legal system of the PRC may be limited.

The PRC is still in the process of developing a comprehensive statutory framework. Since 1979, the PRC government has established a commercial law system, and significant progress has been made in promulgating laws and regulations relating to economic affairs and matters such as corporate organization and governance, foreign investment, commerce, taxation and trade. However, many of these laws and regulations are relatively new, and the implementation and interpretation of these laws and regulations remain uncertain in many areas. It may be difficult to obtain swift and equitable enforcement or to obtain enforcement of a judgment by a court of another jurisdiction. Consequently, developments and changes in PRC laws and regulations, including their interpretation and enforcement, may have a material and adverse effect on the business, financial condition and results of operations of our company. Furthermore, the legal protections available to you under the PRC legal system may be limited.

Preferential tax treatments currently available to us in the PRC could be discontinued or reduced.

The PRC government has identified eight new technology sectors that are eligible for government support in the Measures for the Administration of Designation of High and New

Technology Enterprises (《高新技術企業認定管理辦法》) (the "**Measures**") in April 2008. Two of our PRC subsidiaries, Foxconn Kunshan Connectors and Fuding Shenzhen, were recognized as "High and New Technology Enterprises" and were entitled to an enterprise income tax rate of 15% for the three years starting from 2008 and 2009, respectively. We renewed the tax qualification for Foxconn Kunshan Connectors and Fuding Shenzhen in 2014 and 2015, respectively, for another three years. The PRC government has also promulgated Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on the Taxation Policies for Deepening the Implementation of the Western Development Strategy (《財政部、海關總署、國家稅務總局關於深入實施西部大開發戰略有關稅收政策問題的通知》) (the "**Notice**") in July 2011. Pursuant to the Notice, from January 1, 2011 to December 31, 2020, enterprises located in the western regions that engage in the encouraged industries shall be subject to enterprise income tax at a reduced rate of 15%. Chongqing Hongteng was entitled to an enterprise income tax rate of 15% during the period from 2015 to 2020. However, we cannot assure you that we will be able to continue to enjoy any further preferential tax treatments after the respective expiration dates, or that we will be able to pass the required annual assessment to qualify for preferential tax treatments.

You may experience difficulties enforcing judgments against us and our management in the PRC.

Our PRC counsel has advised us that the recognition and enforcement of foreign judgments are governed by the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between the PRC and the country where the judgment is made or on reciprocity between jurisdictions, provided that the foreign judgments do not violate the basic principles of laws of the PRC or its sovereignty, security or social and public interest.

Our corporate structure may restrict our ability to receive dividends from, and transfer funds to, our PRC operating subsidiaries, which could restrict our ability to act in response to changing market conditions in a timely manner.

Our company is a Cayman Islands holding company and a certain portion of our operations are conducted through our operating subsidiaries. The ability of our operating subsidiaries to make dividend and other payments to us may be restricted by factors that include changes in applicable foreign exchange and other laws and regulations.

In particular, under PRC law, each of our PRC operating subsidiaries may only pay dividends after 10% of its net profit has been set aside as reserve funds, unless such reserves have reached at least 50% of its registered capital. In addition, the profit available for distribution from our PRC operating subsidiaries is determined in accordance with generally accepted accounting principles in China. This calculation may differ if it were performed in accordance with IFRS. As a result, we may not have sufficient distributions from our PRC operating subsidiaries to enable necessary profit distributions to our Shareholders in the future, which would be based upon our financial statements prepared under IFRS.

Distributions by our PRC operating subsidiaries to us other than as dividends may be subject to governmental approval and taxation. Any transfer of funds from our company to our PRC operating subsidiaries, either as a shareholder loan or as an increase in registered capital, is subject to registration or approval of PRC governmental authorities, including the relevant administration of foreign exchange and/or the relevant examining and approval authority. These limitations on the free flow of funds between us and our PRC subsidiaries could restrict our ability to act in response to changing market conditions in a timely manner.

Government control of foreign currency conversion may affect the value of your investment.

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local branch of the SAFE by complying with certain procedural requirements. However, approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. The restrictions on foreign exchange transactions under capital accounts could also affect the ability of our subsidiaries in the PRC to obtain foreign exchange through debt or equity financing, including by means of loans or capital contribution from us. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

RISKS RELATED TO TAIWAN

Change in relations between the ROC and the PRC could adversely affect our business and the market value of our Shares.

The headquarters of our Company and most of our senior management are located in Taiwan. Taiwan has a unique international political status. Relations between the ROC and the PRC have at times been strained. Any changes in cross-strait relationship could materially and adversely affect our business and the market value of our Shares.

ROC restrictions on increase in our investments in the PRC.

Currently, we produce interconnect solutions and other products in the PRC through certain of our wholly owned subsidiaries. In the past, ROC companies, including Hon Hai and its subsidiaries, were prohibited from investing in certain businesses in the PRC. The Act Governing Relations between the Peoples of the Taiwan Area and Mainland Area (臺灣地區與大陸地區人民關係條例) and the Reviewing Principles of Investment or Technical Cooperation with China (在大陸地區從事投資或技術合作審查原則), (the "**Reviewing Principles**") promulgated by the Ministry of Economic Affairs (the "**MOEA**") set forth a list of businesses in which Taiwanese nationals or legal persons may and may not invest or cooperate with the PRC ("**Investment List**"). The Investment List is divided into two (2) categories: the "general items" (一般類) and the "prohibited items" (禁止類). A Taiwanese individual or company is not allowed to invest in any business listed in the prohibited items in the PRC, which in turn prohibits us from investing in such businesses in the PRC. Items not identified as prohibited items are the general items in which investment is permitted with prior approval by the Investment Commission of the MOEA (the "**IC**"). Under the Regulations

Governing Permission of Investment or Technical Cooperation with China (在大陸地區從事投資或技術合作許可辦法) and the Reviewing Principles (collectively, "**Investment Regulations**"), when a Taiwanese individual or company desires to invest in the PRC or provide technology, patents and other intellectual property rights to PRC entities, it must obtain a prior approval from the IC (except in the event that the investment is made to a certain PRC enterprise with an aggregate amount of less than US$1 million, in such situation only a post-investment filing within six (6) months after the completion of investment with the IC for record is required).

The ROC government currently still restricts certain types of investments by ROC companies, including Hon Hai and its subsidiaries, in the PRC, which may in turn impose restriction on our investment in the PRC. As advised by our ROC Legal Adviser, our investment in the PRC does not involve business that is listed as prohibited items and Hon Hai, as the ultimate parent company and a Controlling Shareholder of our Company, has obtained prior approvals from the IC of the MOEA for its and our investment in Foxconn Kunshan Connectors, Fuding Zhengzhou, Fuding Shenzhen, Fuyu Huai'an, Foxconn Electronics Kunshan, Fumeng Heze and Chongqing Hongteng (collectively, the "**Level-1 PRC Subsidiaries**") pursuant to the Investment Regulations. According to the Investment Regulations, Hon Hai is not required to apply for IC Approvals for the investments by each of the Level-1 PRC Subsidiaries in another companies in PRC. However, we do not know when or if such laws and policies governing investment in the PRC will be amended, and we cannot assure you that such ROC investment laws and policies will permit Hon Hai or us to make further investments of certain types in the PRC in the future that we consider beneficial to us. Our growth prospects and profitability may be adversely affected if we are restricted from making certain additional investments in the PRC and are not able to fully capitalize on the industry growth in the PRC.

You may experience difficulties effecting service of legal process and enforcing judgments against us and our management in Taiwan.

Our ROC Legal Adviser has advised us that any final judgment obtained against us in any court other than the courts of Taiwan in respect of any legal suit or proceeding arising out of or relating to the Global Offering, will be enforced by the courts of Taiwan without further review of the merits only if the Taiwan court in which enforcement is sought is satisfied with the following:

- the court rendering the judgment has jurisdiction over the subject matter according to the laws of Taiwan;
- the judgment and the court procedures resulting in the judgment are not contrary to the public order or good morals of Taiwan;
- if the judgment was rendered by default by the court rendering the judgment, (i) we were duly served within a reasonable period of time within the jurisdiction of such court in accordance with the laws and regulations of such jurisdiction, or (ii) process was served on us with judicial assistance of Taiwan; and
- judgments of the courts of Taiwan are recognized in the jurisdiction of the court rendering the judgment on a reciprocal basis.

A party seeking to enforce a foreign judgment in Taiwan would, except under limited circumstances, be required to obtain foreign exchange approval from the Central Bank of the ROC, for the remittance out of Taiwan of any amounts recovered in respect of the judgment denominated in a currency other than NT dollars.

RISKS RELATED TO THE GLOBAL OFFERING

We will incur increased costs as a result of operating as a publicly traded company, and our management will be required to devote substantial time to new compliance initiatives.

As a publicly traded company, we will incur additional legal, accounting and other expenses that we did not previously incur. Although we are currently unable to estimate these costs with any degree of certainty, they may be material in amount. Our management and other personnel will need to devote a substantial amount of time to compliance initiatives as well as investor relations. Moreover, applicable rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly.

There is no existing market for our Shares, which may trade at a discount from the initial offer price. In addition, an active and liquid trading market for our Shares may not develop.

Prior to the Global Offering, there has been no public market for the Shares. The initial public offer price range per Share was the result of negotiations between us and the Joint Global Coordinators on behalf of the underwriters, and the Offer Price may differ significantly from the market price for the Shares following the Global Offering. We have applied to list and trade the Shares on the Stock Exchange. There is no assurance that the Global Offering will result in the development of an active, liquid public trading market for the Shares. In addition, the price and trading volumes of the Shares may be volatile. Factors such as variations in our revenue, earnings and cash flow or any other developments may affect the volume and price at which the Shares will be traded. Volatility in the price of our Shares may also be caused by factors outside our control and may be unrelated or disproportionate to our operating results.

The market price and trading volume of our Shares may be volatile, which could result in rapid and substantial losses for holders of our Shares.

The market price and trading volume of our Shares may be volatile. The market price of our Shares may fluctuate significantly and rapidly as a result of the following factors, among others, some of which are beyond our control:

- variations in our results of operations (including variations arising from foreign exchange rate fluctuations);
- loss of significant customers;
- changes in securities analysts' estimates of our financial performance;

- announcement by us of significant acquisitions, strategic alliances or joint ventures;
- addition or departure of key personnel;
- fluctuations in stock market price and volume;
- involvement in litigation;
- political and economic instabilities (including, for example, instabilities and uncertainties following the results of referendum in the United Kingdom in relation to its exit from the European Union); and
- general economic and stock market conditions.

In addition, stock markets and the shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced increasing price and volume fluctuations in recent years, some of which have been unrelated or disproportionate to the operating performance of such companies. These broad market and industry fluctuations may materially and adversely affect the market price of our Shares.

You will incur immediate and substantial dilution and may experience further dilution in the future.

The Offer Price of our Shares is higher than our net tangible asset value per Share of the outstanding Shares issued to our existing Shareholders. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in the pro forma net tangible asset value. In addition, holders of our Shares may experience a further dilution of their interest if the underwriters exercise the Over-allotment Option or if we obtain additional capital in the future through equity offerings.

Sales, or perceived sales, of substantial amounts of our Shares in the public market, including any future sale or major divestment of our Shares by our Controlling Shareholders, could materially and adversely affect the prevailing market price of our Shares. Any additional capital raised by us through the sale of equity or convertible debt securities may dilute your ownership in us and may adversely affect the market price of our common stock.

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, or the issuance of new Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price favorable to us. In addition, our Shareholders will experience dilution in their holdings upon issuance or sale of additional securities in the future. If additional funds are raised through the issuance of new equity or equity-linked securities of our company other than on a pro-rata basis to our existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced and such new securities may confer rights and privileges that take priority over those conferred by the Shares.

The future sale of a significant number of our Shares in the public market after the Global Offering, or the possibility of such sales, by our Controlling Shareholders, could materially and adversely affect the market price of our Shares and could materially impair our future ability to raise capital through offerings of our Shares. Although our Controlling Shareholders are subject to a lock-up on their Shares, any major disposal of our Shares by our Controlling Shareholders upon expiry of the relevant lock-up period (or the perception that these disposals may occur) may cause the prevailing market price of our Shares to fall which could negatively impact our ability to raise equity capital in the future.

Absent any dividend paid on our Shares, your ability to achieve a return on your investment will depend on appreciation in the price of our Shares.

We paid cash dividends of nil, US$41.7 million and US$44.2 million to our Shareholders in 2014, 2015 and 2016, respectively. We currently do not have a fixed dividend payout ratio. Any future determination to declare and pay any dividends will be at the discretion of our Board and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our Board deem relevant. In addition, any final dividends for a financial year will be subject to the Shareholders' approval. There is no guarantee that our Shares will appreciate in value or even maintain the price at which our Shareholders have purchased their Shares. Absent any dividend paid on our Shares, your ability to achieve a return on your investment will depend on appreciation in the price of our Shares.

There will be a time gap of several business days between pricing and trading of our Shares offered in the Global Offering. Holders of our Shares are subject to the risk that the trading prices of our Shares could fall during the period before trading of our Shares begins.

The range of the Offer Price of our Shares will be determined on the date of the final prospectus. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several Hong Kong business days after the pricing date. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

Certain statistics contained in this prospectus are derived from a third party report and publicly available official sources. Investors should not place undue reliance on industry and market information and statistics derived from official government publications, market data providers and other independent third party sources contained in this prospectus.

This prospectus, particularly the section headed "Industry Overview" in this prospectus, contains information and statistics, including but not limited to information and statistics relating to the connector industry and respective connector end markets. Such information and statistics have been derived from various official government and other publications and from a third party report commissioned by us. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by our company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to its accuracy. We cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, in other jurisdictions. Therefore, you should not unduly rely upon the industry facts and statistics contained in this prospectus.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as "anticipate," "believe," "could," "going forward," "intend," "plan," "project," "seek," "expect," "may," "ought to," "should," "would" or "will" and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules or other requirements of the Stock Exchange, we do not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Since substantially all of the Company's decision making and business operations take place in Taiwan and China, there is no need to appoint executive Directors based in Hong Kong. As none of our executive Directors or senior management currently reside in Hong Kong, we do not and, for the foreseeable future, will not have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and us:

(a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Mr. LU Pochin Christopher, our executive Director, and Ms. NG Sau Mei, our joint company secretary. Both of the authorized representatives: (i) are, and will be, readily contactable by telephone, facsimile and/or email to deal promptly with any enquiries which may be made by the Stock Exchange; (ii) have the means for contacting all Directors (including the independent non-executive Directors) promptly at all times, as and when the Stock Exchange wishes to contact the Directors on any matters; and (iii) are to act at all times as the principal channel of communication between the Stock Exchange and us;

(b) all the Directors who are not ordinarily residents in Hong Kong can apply for valid travel documents to visit Hong Kong and meet with the Stock Exchange within a reasonable period after requests from the Stock Exchange;

(c) China International Capital Corporation Hong Kong Securities Limited, our compliance adviser, will act as an alternative channel of communication with the Stock Exchange;

(d) a Hong Kong legal adviser will be retained by us to advise us on the application of the Listing Rules and other applicable Hong Kong laws and regulations relating to securities; and

(e) each Director has provided their respective mobile phone numbers, office phone numbers, email addresses and fax numbers to the Stock Exchange.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary of our Company must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Exchange, capable of discharging the functions of company secretary.

According to Note 1 of Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a Member of The Hong Kong Institute of Chartered Secretaries;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Cap. 159 of the Laws of Hong Kong)); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance (Cap. 50 of the Laws of Hong Kong)).

Further, under Note 2 of Rule 3.28 of the Listing Rules, the Stock Exchange will consider the following factors of the individual in assessing "relevant experience":

(a) length of employment with the issuer and other issuers and the roles he played;

(b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules (i.e. taking no less than 15 hours of relevant professional training in each financial year of the Company); and

(d) professional qualifications in other jurisdictions.

We have appointed Mr. Tsung-Han Yang as one of the joint company secretaries of the Company. Mr. Yang is experienced in financial management, as well as disclosure of information relating to the Company. Mr. Yang joined Hon Hai in October 2007 and subsequently became a deputy manager in the business management division, and joined the Group in October 2013. Mr. Yang is also a manager of the Group. He currently also holds positions in a number of the Company's subsidiaries, serving as a director in FIT Singapore (since June 2013), a supervisor in FIT Japan (since September 2014) and a director in New Beyond Maximum Industrial Limited (since June 2013). Prior to joining Hon Hai, Mr. Yang joined China Development Financial in 2004 and worked at different subsidiaries of China Development Industrial Bank between 2004 and 2007. However, Mr. Yang does not possess the qualifications as stipulated in the notes of Rule 3.28 of the Listing Rules and may not be able to solely fulfill the requirements of the Listing Rules. Nonetheless, we believe that, having regard to Mr. Yang's knowledge and past experience in handling our corporate matters, he has a thorough understanding of the operations of the Company and is able to perform his duties as a joint company secretary of the Company. Therefore, we have appointed Ms. Sau Mei Ng to act as another joint company secretary and to provide assistance to Mr. Yang for an initial period of three years from the Listing Date so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. Further, Mr. Yang undertakes to take no less than 15 hours of relevant professional training in each financial year of the Company.

Ms. Ng will work closely with Mr. Yang to jointly discharge the duties and responsibilities as joint company secretaries and assist Mr. Yang to acquire the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. In addition, we will ensure Ms. Ng has access to relevant training and support to familiarize herself with the Listing Rules and the duties required for a joint company secretary of a Cayman Islands issuer listed on the Stock Exchange.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under and in respect of Rules 3.28 and 8.17 of the Listing Rules. The waiver is valid for an initial period of three years from the Listing Date and will be revoked immediately if Ms. Ng ceases to provide assistance to Mr. Yang as our joint company secretary during the three years after the Listing Date. Before the expiry of such three-year period, we will re-evaluate the qualifications and experience of Mr. Yang to consider whether the requirements stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions that will constitute continuing connected transactions under Chapter 14A of the Listing Rules after the Listing. Details about such transactions, together with the application for a waiver from strict compliance with the relevant announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules are set out in the section headed "Connected Transactions" in this prospectus.

WAIVER FROM STRICT COMPLIANCE WITH RULES 4.04(2) AND 4.04(4) OF THE LISTING RULES

Pursuant to Rules 4.04(2) and 4.04(4) of the Listing Rules, the issuer shall include in its accountants' report the results and balance sheet of any subsidiaries and/or businesses acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited accounts of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

In March 2017, we paid XingFox Cayman approximately US$2.5 million to subscribe for 2,477,291 new shares, representing 99.99996% of the enlarged issued share capital of XingFox Cayman. XingFox Cayman in turn owns the entire issued share capital in XingFox Taiwan, a company principally engaged in the research and development and manufacturing of batteries. XingFox Cayman issued the shares to us and the XingFox Acquisition was completed on May 22, 2017, following which XingFox Cayman and XingFox Taiwan became subsidiaries of our Company. Our Company acquired the remaining 894 shares of XingFox Cayman on May 26, 2017 at US$894, following which we own the entire issued share capital of XingFox Cayman.

For details, see "Our History and Development – Post-Track Record Period Acquisition" in this prospectus.

Based on the following reasons, our Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules:

(a) **Immateriality of the XingFox Acquisition**: The scale of the existing businesses operated by XingFox Taiwan, the key operating company of the XingFox Group, as compared to that of our Group is not material. Based on the financial information of the target companies available to our Company (i.e. the unaudited management accounts of XingFox Taiwan), each of the asset ratio, revenue ratio and consideration ratio of the XingFox Acquisition by reference to the most recent financial year of the Track Record Period (i.e. the year ended December 31, 2016) is below 5%.

In addition, notwithstanding that the XingFox Acquisition represents suitable strategic acquisition target of our Group, it is expected that neither XingFox Cayman nor XingFox Taiwan will constitute a material subsidiary of our Company. As such, an exemption from compliance with the requirements under Rules 4.04(2) and 4.04(4) of the Listing Rules would not prejudice the interests of the investing public.

(b) **Undue burden to prepare audited historical financial information of the target companies to be acquired:** It will require considerable time and resources for our Company and its reporting accountant to fully familiarize with the management accounting policies of XingFox Group and compile the necessary financial information and supporting documents for disclosure in the listing document of our Company. The XingFox Acquisition was only completed on May 22, 2017. As such, it would be impracticable within the tight timeframe between the completion of the XingFox Acquisition and the Listing for our Company to disclose the audited financial information of XingFox Group as required under Rules 4.04(2) and 4.04(4) of the Listing Rules.

Accordingly, having considered the immateriality of the target companies under the XingFox Acquisition as well as the time and resources required to compile and audit such historical information in conformity with our Company's management accounting policies, it would be unduly burdensome for our Company to prepare and include the financial information of the target companies under the XingFox Acquisition in the listing document of our Company.

(c) **Disclosure of necessary information in the listing document:** With a view of allowing the potential investors to understand the XingFox Acquisition in greater details, our Company has included in this prospectus the following information in relation to the XingFox Acquisition, which is comparable to the information that is required to be included in the announcement of a discloseable transaction under Chapter 14 of the Listing Rules, including (i) a general description of the scope of principal business activities of the target companies and the seller; (ii) financial information of XingFox Taiwan; (iii) the consideration of the transaction; (iv) the basis on which the consideration is determined; (v) how the consideration was satisfied and the payment terms; and (vi) reasons for and benefits of the transaction. For details, see "Our History and Development – Post-Track Record Period Acquisition" in this prospectus.

WAIVER IN RELATION TO PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of the issuer's total issued share capital must at all times be held by the public. We expect to achieve a minimum market capitalization of at least HK$10 billion upon Listing and have applied to the Hong Kong Stock Exchange to request the Hong Kong Stock Exchange to exercise, and the Hong Kong Stock Exchange has confirmed that it will exercise its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float. The above discretion is subject to the condition that we comply with the disclosure requirements under Rule 8.08(1)(d) of the Listing Rules.

Our Company's minimum public float will be the higher of (a) 15% of the total issued share capital of the Company; (b) such percentage of Shares held by the public immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised); or (c) such percentage of Share to be held by the public after the exercise of the Over-allotment Option, of the enlarged issued share capital of the Company. We will make appropriate disclosure of the lower prescribed percentage of public float and confirm sufficiency of the public float in our successive annual reports after the Listing.

DIRECTORS' RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors and any of the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to us and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) agreeing on the Offer Price. The International Placing is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around the Price Determination Date.

If, for any reason, the Offer Price is not agreed among us and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) on or before July 11, 2017, the Global Offering will not proceed and will lapse. For full information about the Underwriters and the underwriting agreement, please see the section headed "Underwriting" in this prospectus.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

PROCEDURES FOR APPLICATION FOR THE HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set forth in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and in the Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed "Structure of the Global Offering" in this prospectus.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set forth in the section headed "Structure of the Global Offering" in this prospectus.

RESTRICTIONS ON OFFERS AND SALES OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares that may be issued under the Over-allotment Option and any Shares which may be issued under the Share Grant Scheme).

No part of our equity or debt securities is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Thursday, July 13, 2017. The Shares will be traded in board lots of 1,000 Shares each. The stock code of the Shares will be 6088.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Shares or exercising any rights attaching to the Shares. We emphasize that none of our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

REGISTER OF MEMBERS AND STAMP DUTY

Our principal register of members will be maintained by our principal share registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands, and our Hong Kong register of members will be maintained by the Hong Kong Share Registrar in Hong Kong. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

Dealings in our Shares registered on our Hong Kong register will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty of 0.1% on the higher of the consideration for or the market value of the Shares and it is charged to the purchaser on every purchase and to the seller on ever sale of the Shares. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of the Shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required).

CSRC APPROVAL AND OTHER RELEVANT PRC AUTHORITIES APPROVAL

The Listing does not require the approval of the CSRC or any other PRC government authorities under the current PRC laws, regulations and rules.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in Renminbi, Hong Kong dollars and NT dollars have been translated, for the purpose of illustration only, into U.S. dollars in this prospectus at the following exchange rates: US$1.00 : RMB6.9430, US$1.00 : HK$7.7534 and US$1.00 : NT$32.4000, each of which is the noon buying rate on December 30, 2016 as set forth in the H.10 statistical release of the Federal Reserve Board of the United States.

No representation is made that any amounts in Renminbi, Hong Kong dollars or NT dollars were or could have been or could be converted into U.S. dollars at such rates or any other exchange rates on such date or any other date.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail, provided that if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC or Taiwan mentioned in this prospectus and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such PRC or Taiwanese entities or enterprises are provided for identification purposes only.

OTHER

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
LU Sung-Ching (盧松青) (also known as Sidney Lu)	5F, No. 27 Lane 52 Section 1 Da'an Road Taipei City, Taiwan	Taiwanese
LU Pochin Christopher (盧伯卿)	No. 30, Alley 666 Shebei Highway Shanghai City China	American
GILLESPIE William Ralph	4309B Sneed Road Nashville Tennessee 37215 USA	American
Non-Executive Director		
CHEN Ga-Lane (陳杰良)	No. 239 Xixing Street Chiayi City Taiwan	Taiwanese
Independent Non-Executive Directors		
CURWEN Peter D	5519 General Jenkins Drive Mechanicsburg Pennsylvania 17050 USA	American
TANG, Kwai Chang (鄧貴彰)	21/F, Flat A Block 4, Cavendish Heights 33 Perkins Road Jardine's Lookout Hong Kong	British
CHAN, Wing Yuen Hubert (陳永源)	Flat 2,18/F Block B Parkway Court 4 Park Road Hong Kong	Chinese

Further information about the Directors and other senior management members are set out in the section headed "Directors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors (*in alphabetical order*)

China International Capital Corporation Hong Kong Securities Limited
29th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Credit Suisse (Hong Kong) Limited
Level 88, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Merrill Lynch Far East Limited
55th Floor, Cheung Kong Center
2 Queen's Road Central
Central
Hong Kong

Joint Global Coordinators (*in alphabetical order*)

China International Capital Corporation Hong Kong Securities Limited
29th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Credit Suisse (Hong Kong) Limited
Level 88, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

UBS AG Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Joint Bookrunners

(*Below in alphabetical order*)

China International Capital Corporation Hong Kong Securities Limited
29th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Credit Suisse (Hong Kong) Limited
Level 88, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

UBS AG Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

(*Below in alphabetical order*)

CCB International Capital Limited
12/F., CCB Tower
3 Connaught Road Central
Central, Hong Kong

China Merchants Securities (HK) Co., Limited
48/F, One Exchange Square
Central
Hong Kong

DBS Asia Capital Limited
17/F, The Center
99 Queen's Road Central
Hong Kong

Nomura International (Hong Kong) Limited
30/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Joint Lead Managers

(*Below in alphabetical order*)

China International Capital Corporation Hong Kong Securities Limited
29th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Credit Suisse (Hong Kong) Limited
Level 88, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Merrill Lynch Far East Limited *(in relation to the Hong Kong Public Offering only)*
55th Floor, Cheung Kong Center
2 Queen's Road Central
Central
Hong Kong

Merrill Lynch International *(in relation to the International Placing only)*
2 King Edward Street
London EC1A 1HQ
United Kingdom

UBS AG Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

(*Below in alphabetical order*)

CCB International Capital Limited
12/F., CCB Tower
3 Connaught Road Central
Central, Hong Kong

China Merchants Securities (HK) Co., Limited
48/F, One Exchange Square
Central
Hong Kong

DBS Asia Capital Limited
17/F, The Center
99 Queen's Road Central
Hong Kong

Nomura International (Hong Kong) Limited
30/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Legal Advisers to Our Company

As to Hong Kong and U.S. laws:
Simpson Thacher & Bartlett
35/F, ICBC Tower
3 Garden Road
Central
Hong Kong

As to PRC laws:
Tian Yuan Law Firm
10/F, China Pacific Insurance Plaza
28 Fengsheng Hutong
Xicheng District
Beijing
China

As to Cayman Islands laws:
Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

As to Vietnam Laws:
Vietnam International Law Firm
HCO Building
Floor 6, 44B Ly Thuong Kiet
Hoan Kuin
Hanoi
Vietnam

As to Mexico Laws:
Baker & McKenzie Abogados, S.C.
Av. Paseo Royal Country 4596
Torre Cube 2, Piso 16
Zapopan, Jalisco, 45116
Mexico

	As to Taiwan Laws: **Baker & McKenzie, Taipei Office** 15F, 168 Dunhua North Road Taipei 10548 Taiwan R.O.C.
Legal Advisers to the Joint Sponsors and the Underwriters	*As to Hong Kong and U.S. laws:* **Sullivan & Cromwell (Hong Kong) LLP** 28th Floor Nine Queen's Road Central Hong Kong
	As to PRC law: **Jingtian & Gongcheng** Suite 1202–1204 K. Wah Centre 1010 Huai Hai Road (M) Xu Hui District Shanghai 200031 China
Auditor and Reporting Accountant	**PricewaterhouseCoopers** *Certified Public Accountants* 22/F Prince's Building Central Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 1014-1018, Tower B No. 500 Yunjin Road Xuhui District Shanghai China
Patent Valuer	**Taiwan Development & Research Academia of Economic & Technology** 18th Floor No. 90 Xin Tai Wu Road, Sec.1 Xizhi District New Taipei City Taiwan

Compliance Adviser	**China International Capital Corporation Hong Kong Securities Limited** 29th Floor, One International Finance Centre 1 Harbour View Street Central Hong Kong
Receiving Bank	**Standard Chartered Bank (Hong Kong) Limited** 15/F Standard Chartered Tower 388 Kwun Tong Road Kowloon Hong Kong

Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters in Taiwan	66-1, Chungshan Road Tucheng District New Taipei City 23680 Taiwan
Principal Place of Business in Hong Kong (registered under Part 16 of the Companies Ordinance)	36/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Company's Website	http://www.fit-foxconn.com *(The information on the website does not form part of this prospectus)*
Joint Company Secretaries	YANG Tsung-Han (楊宗翰) 5/F, No. 140 Ln 108, Longquan St, Banqiao District New Taipei City 22051 Taiwan
	NG Sau Mei (伍秀薇) *(ACIS, ACS)* 36/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	LU Pochin Christopher (盧伯卿) No. 30, Alley 666 Shebeigong Road Shanghai City China
	NG Sau Mei (伍秀薇) 36/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong

Audit Committee	TANG, Kwai Chang (鄧貴彰) *(Chairman)* CURWEN Peter D CHAN, Wing Yuen Hubert (陳永源)
Remuneration Committee	CURWEN Peter D *(Chairman)* CHEN Ga-Lane (陳杰良) TANG, Kwai Chang (鄧貴彰)
Nomination Committee	CHAN, Wing Yuen Hubert (陳永源) *(Chairman)* LU Sung-Ching (盧松青) CURWEN Peter D
The Cayman Islands Principal Share Registrar and Transfer Office	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Principal Banks	**Citibank, Taiwan Limited** 16/F, No 1, Songzhi Road Taipei City 11047 Taiwan **Bank of America, Taipei Branch** 48/F, Taipei 101 Tower No 7, Xinyi Road, Sec. 5 Taipei City 11049 Taiwan

The information and statistics set forth in this section and elsewhere in this prospectus have been derived from various official and government publications, publicly available market research sources and from the market research report prepared by Frost & Sullivan, which was commissioned by us, unless otherwise indicated. We believe that the sources of such information are appropriate and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, any other party involved in the Global Offering, or any of our or their respective directors, officers, representatives, affiliates or advisers and no representation is given as to its correctness, accuracy and completeness. Certain information and statistics included, including those excerpted from official and government publications and sources in China, may not be consistent with other information and statistics compiled within or outside China by third parties.

SOURCE OF INFORMATION

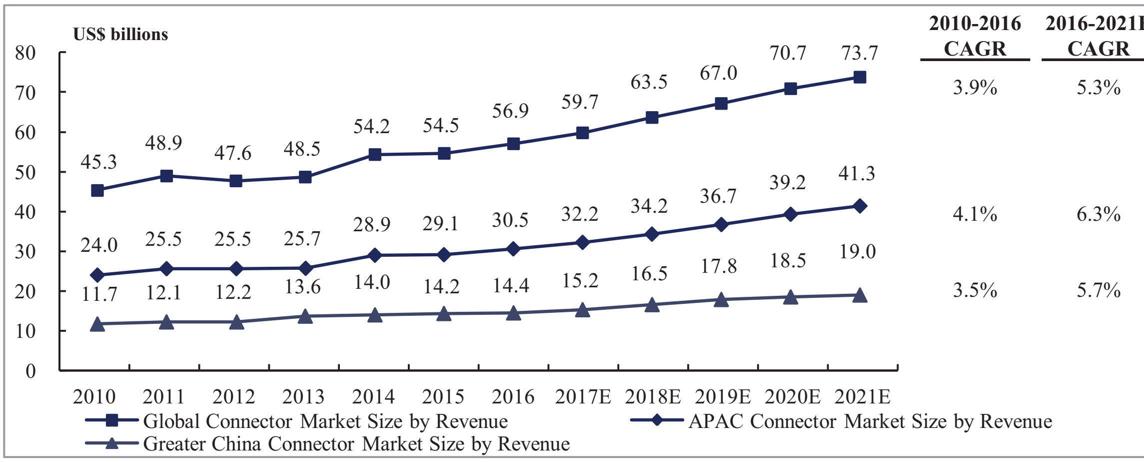
In connection with the Global Offering, we have commissioned Frost & Sullivan, an independent third party, to conduct an analysis of, and to report on the global connector market, Asian Pacific ("**APAC**") connector market and Greater China connector market from 2010. The report we commissioned, or the Frost & Sullivan Report, has been prepared by Frost & Sullivan independent of our influence. We paid Frost & Sullivan a fee of RMB1.08 million for the preparation of the report, which we consider in line with market rates. Founded in 1961, Frost & Sullivan and its affiliates have 40 global offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists. It offers industry research and market strategies and provides growth consulting and corporate training.

The Frost & Sullivan Report that we commissioned includes information on the global connector industry and economic data, which have been quoted in this prospectus. Frost & Sullivan's independent research was undertaken through both primary and secondary research obtained from various sources in the global connector industry. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has assumed that the social, economic and political environments in the relevant markets are likely to remain stable and that recovery of global economy, development of various connector application markets and other key drivers are likely to drive the connector market during the forecast period.

Except as otherwise noted, all the data and forecast in this section are derived from the Frost & Sullivan Report. Our Directors confirm that, after taking reasonable care, there is no adverse change in the market information since the date of the Frost & Sullivan Report, which may qualify, contradict or have an impact on the information as disclosed in this section.

GLOBAL CONNECTOR MARKET OVERVIEW

Connectors are playing an increasingly important role in the global electronic component industry and are generating higher historical and forecasted growth rates as compared with the global electronic component industry. The following chart sets forth the historical and forecast global connector market size, **APAC** connector market size and Greater China connector market size in terms of revenue for the periods indicated.



The main drivers for the growth of the global connector industry are:

- the increasing demand for connector content in end market devices, as a result of growing 3C applications (namely, computers, communication and consumer electronics);
- miniaturization of electronic devices; and
- an increasing number of electronic components due to increasing functionality of electronic devices.

Rapid technology advancement in the global connector industry has led to increased demand for compact and reliable electronic devices. Products that are responsive and which provide increased convenience and better connectivity are also in demand and driving the connector industry. Furthermore, the compelling trend of Internet of Things also drives strong demand for connector products. Internet of Things is the infrastructure of the information society and comprises of the network of items, embedded with electronics, software, connectors, sensors, and network connectivity, that enables these items to collect and exchange data and to interoperate within the existing Internet infrastructure, which implies market potential for connectors at every nodes of the networks. Internet of Things can apply to consumer electronics, such as wearable devices, mobile devices, vehicles, manufacturing equipment, medical devices, home automation, to large scale deployments in transportation networks and smart cities.

APAC, North America and Europe are the top three regions in terms of connector sales, based on aggregate revenue generating from sale of connectors to customers in each region, and accounted for 53.6%, 21.3% and 21.1% of the global connector market size in 2016, respectively. The following table sets forth the historical and forecast global connector market size in terms of revenue by region for the periods indicated.

Region	2010		2016		2021E		CAGR 2010 to 2016	CAGR 2016 to 2021E
	US$	% of Total	US$	% of Total	US$	% of Total		
	(in billions, except for percentages)							
APAC	24.0	53.0	30.5	53.6	41.3	56.0	4.1%	6.3%
Europe	10.0	22.1	12.0	21.1	13.8	18.7	3.1%	2.8%
North America	9.9	21.9	12.1	21.3	14.5	19.7	3.4%	3.7%
Others	1.4	3.0	2.3	4.0	4.1	5.6	8.6%	12.3%
Total	45.3	100.0	56.9	100.0	73.7	100.0	3.9%	5.3%

APAC CONNECTOR MARKET OVERVIEW

APAC is the largest connector market in terms of revenue generated from sale of connectors to customers in each region. Demand for connectors in the **APAC** region is expected to experience steady growth in the next few years as an increasing number of international companies participating in connector end markets such as consumer electronics product suppliers from North America or Europe move their plants or factories to the **APAC** region and outsource their production to electronics manufacturing services partners in the **APAC** region. In addition, the rise of consumer electronic device and mobile and wireless device companies based in the **APAC** region such as Huawei and Xiaomi from China are continuously generating demand for connector products in this region.

The mobile and wireless devices end market is one of the key major driving forces of the connector business in the **APAC** region. The development of key China-based companies is driving connector demand in the **APAC** region. In addition, the development of other end markets, such as automotive, are contributing to the development of the connector business in the **APAC** region due to the increasing affordability of vehicles and increasing popularity of green cars in the region. As of 2016, China had become the world's largest market for plug-in hybrid electric vehicles with a total sales volume of 87,500 units, accounting for 11.3% of the global plug-in hybrid electric vehicle volume of 773,600 units in 2016. Such growth is highly supported by both PRC central and local governments, providing allowances of RMB30,000 per each plug-in hybrid electric vehicle with mileage over 50 kilometers in 2016.

Within **APAC**, Greater China is the largest market for connectors in terms of revenue generated from sales of connectors to customers and is expected to remain as the strongest driving force in the global and **APAC** connector markets. With more than 1,000 companies manufacturing connectors and related products, the market size of Greater China's connector market in terms of revenue reached US$14.4 billion in 2016, accounting for 25.3% of the entire global market size. Going forward, Greater China's connector market is expected to continue to grow at a CAGR of 5.7% from 2016 to 2021.

MAJOR CONNECTOR END MARKETS OVERVIEW

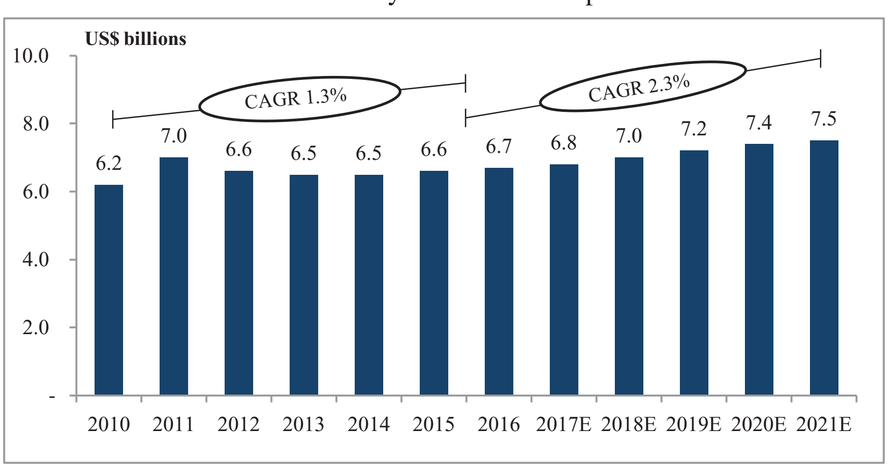
Connector products are applied to a diverse range of end markets, including computer and consumer electronics, mobile and wireless devices, communications infrastructure and other applications such as automotive, industrial and others. The following table sets forth the historical and forecast global connector market by end market in terms of revenue for the periods indicated.

End Market	2010 US$	2010 % of Total	2016 US$	2016 % of Total	2021E US$	2021E % of Total	CAGR 2010 to 2016	CAGR 2016 to 2021E
	(in billions, except for percentages)							
Computer and consumer electronics	6.2	13.7	6.7	11.8	7.5	10.2	1.3%	2.3%
Mobile and wireless devices	3.4	7.5	4.9	8.6	7.7	10.4	6.3%	9.5%
Communications infrastructure	8.6	19.0	12.1	21.3	18.3	24.8	5.9%	8.6%
Other end markets	27.1	59.8	33.2	55.9	40.2	51.3	3.4%	3.9%
Total	45.3	100.0	56.9	100.0	73.7	100.0	3.9%	5.3%

Computer and Consumer Electronics Connector End Market

Overview

The continuous upgrading of the Windows operating system as well as the popularity of 2-in-1 devices and tablets are expected to drive future growth in the global computer market, which will likely result in greater demand for connectors in this end market. For the consumer electronics market, equipment that has utilized connectors include diverse personal and entertainment electronics like radios, televisions, cameras, wearable products, video equipment, video games, major appliances and electrical housewares. With the introduction of a number of new transmission standards in consumer electronics and the trend for Internet of Things product, as well as the greatly improved quality and affordability of consumer electronic devices, consumer spending in this end market has accelerated which led to increased sales of connectors. Altogether, the steady need for various connectors in the computer and consumer electronics sector has laid a solid foundation for demand for connectors, contributing to the steady growth of connector market in the past and also underlying potential for future growth. The following chart sets forth the global computer and consumer electronics connector market size by revenue for the periods indicated.



Key Trends and Drivers

Further Technical Advances and Integration of Functionalities

The global connector industry is undergoing rapid technical development with better product functionality and higher compatibility, which enables connector products to be applied in more situations and scenarios. For example, USB Type-C connector, a type of connector with innovative functions, has been extensively applied not only to computers but also to a wide range of electronic products including televisions and displays. See "– Mobile and Wireless Devices Connector End Market – Key Trends and Drivers – Growing Demand for Mobile Phone Products." In the future, connectors that are compatible with various kinds of products across application fields are likely to become more popular in the market. Advanced market players in this field include our Company, Molex Incorporated, TE Connectivity and etc., and first movers are more likely to seize emerging market opportunities as well as to build brand awareness globally, leading to a fast expansion of market share.

Miniaturization and Functional Integration

The continued trend of device miniaturization and the popularity of wearable devices and 2-in-1 devices will likely create greater demand for miniaturized connectors and continued innovation. Since computers and other consumer electronics devices are being made smaller in size with enhanced functionality to improve user experience, components like connectors need to be similarly miniaturized but at the same time deliver enhanced performance.

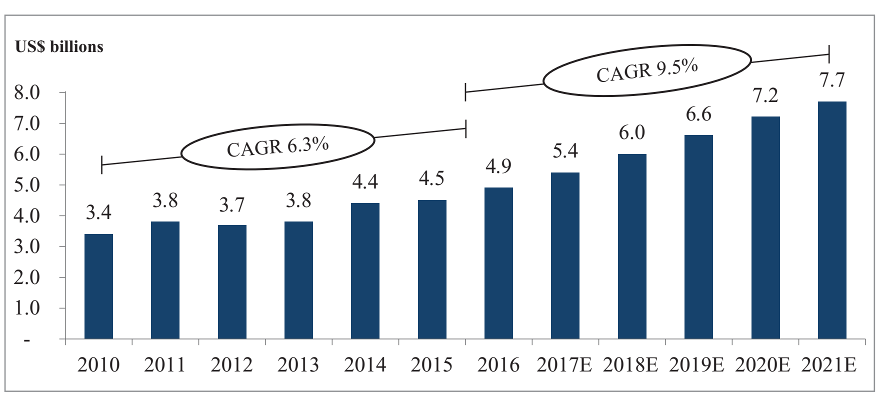
Higher Product Affordability

Sales of consumer electronics products such as digital cameras and TVs have been rising in developing countries such as China and India as a result of greater product affordability, and sales could witness greater growth in less developed regions such as Africa, which may drive substantial demand for connector products in these end markets. Per capita spending by consumers in China on computer and consumer electronics products is forecasted to grow at a CAGR of 11.9% from 2016 to 2021.

Mobile and Wireless Devices Connector End Market

Overview

Connectors are essential parts of mobile phones and wireless devices and accessories to transmit signals between interconnecting multiple circuits and linking mobile devices with other related equipment such as earphones, chargers, keyboards and etc. The following chart sets forth the global mobile and wireless devices connector market size by revenue for the periods indicated.



Key Trends and Drivers

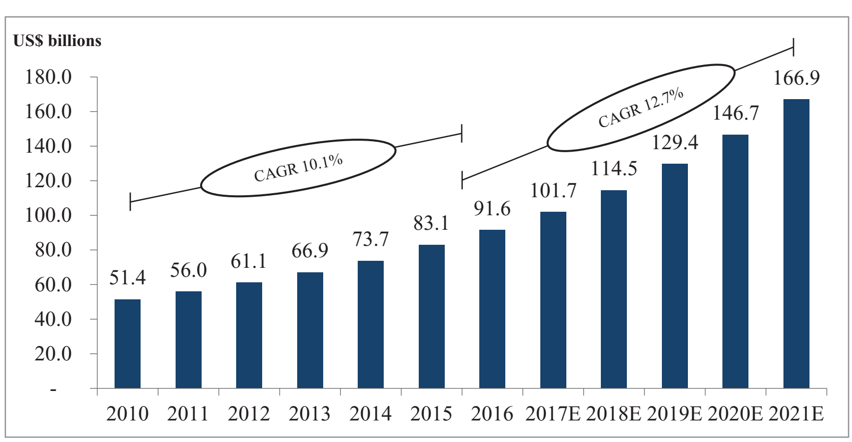
Growing Demand for Mobile Phone Products

The mobile and wireless devices connector end market has continuously expanded around the world (especially in developing countries such as China and India), attributed in large part by further availability of mobile Internet and the increasing affordability of mobile phone products, including smartphones and feature phones, as well as mobile phone accessories and related products. Global mobile phone shipments reached 1.9 billion units in 2016, and are expected to amount to 2.4 billion units in 2021, registering a CAGR of 4.5% during the period from 2016 to 2021. The growth of the global mobile phone market is driven by the popularity of smartphones, with a total shipment volume of 1.6 billion units in 2016, which account for 83.1% of the entire mobile phone market. Demand for mobile accessories, such as adapters, is also expected to increase in the near future and thereby generate further demand in the mobile and wireless devices connector market.

The proliferation of mobile phones generally, and smartphones in particular, drives demand for various accessory products such as chargers, batteries, earphones, headsets and power banks. For example, first released in August 2014, USB Type-C, a physical specification for a small 24-pin reversible-plug connector for USB devices and USB cabling, is a newer trend in the connector market has various characteristics that may make it future-proof in this end market. The slim physical design of USB Type-C enables laptops and consumer electronics to be made slimmer. USB Type-C ports and cables can transmit data at a maximum speed of 10 Gbps and deliver 100W of power. Although USB Type-C is physically incompatible with other types of USB ports and connectors, this creates a new market for adaptors during the gradual transition into the Type-C era.

Starting from early 2015, USB Type-C compatible devices has started to grow. The latest Apple MacBook and Google Chromebook have USB Type-C ports with the other laptop manufacturers such as Dell and ASUS to follow the suit. Tablets, such as Nokia's N1 Tablet and ASUS's ZenPad S8, and smartphones, such as the LeTV One and OnePlus, are also supporting USB Type-C ports. This has given a boost to USB Type-C accessories markets and their manufacturers that have released Type-C compatible products. Going forward, various USB connectors will likely be homogenized into USB Type-C. Accordingly, the market for USB Type-C connectors and compatible products is likely to witness substantial growth in the next few years as more compatible devices are released. It is estimated that approximately 15% to 20% of smartphones, laptops and tablets sold globally used USB Type-C slots by the end of 2016, which is expected to further grow to 80% by the end of 2021.

Due to product upgrades, the global mobile phone accessory market size in terms of revenue is growing rapidly from US$51.4 billion in 2010 to US$91.6 billion in 2016, at a CAGR of 10.1% and is expected to further increase to US$166.9 billion in 2021, registering a CAGR of 12.7% during the period from 2016 to 2021, where USB Type-C is a key driving force of the connector product demand. The development of the mobile phone accessory market will create substantial demand for connector products applied in this sector. The following chart sets forth the market size of the global mobile phone accessory market by revenue for the periods indicated.



Miniaturization and Wireless Charging of Mobile Phone

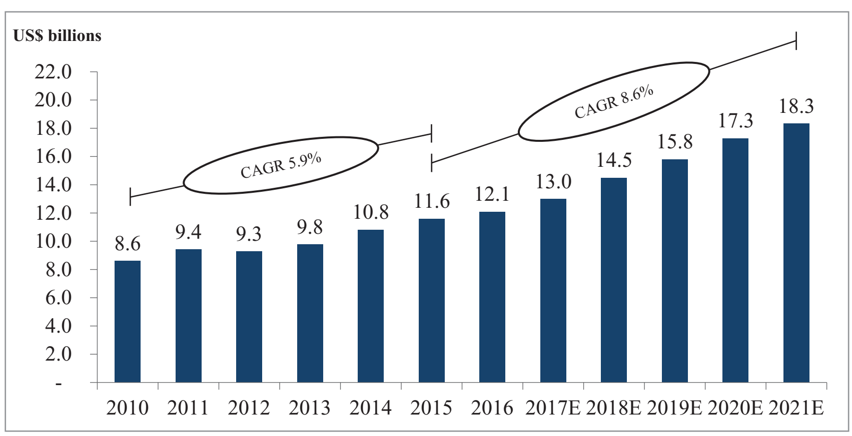
Mobile phones nowadays are being made lighter and smaller to deliver better user experience. Connectors are therefore expected to be similarly miniaturized with higher levels of precision. In addition, a few mobile phone manufacturers have already launched smartphone models with wireless charging functionality. Wireless recharging systems require special connectors to facilitate the transmission of electrical current. As more mobile phone manufacturers start to develop wireless charging technology and launch smartphones with wireless charging functionality in the near future, connector demand in this end market will likely continue to grow.

Communications Infrastructure Connector End Market

Overview

Communications infrastructure transmits massive quantities of data over great distances. For the communications infrastructure end market sector, connector products are mainly applied in data center and fiber optic transmission infrastructure scenarios, such as connectors used to facilitate cable signal transmissions. Communications infrastructure connectors are building blocks of transmitters, receivers, transceivers, transponders, routers, servers, antennas and optical cables that provide the fundamental optical-electrical interface for interconnecting the electronic equipment used in the communication networks.

Contributing to continuous communications infrastructure upgrades, connectors used in this end market have evolved as a key segment of connector applications. The following chart sets forth the global communications infrastructure connector market size by revenue for the periods indicated.



Key Trends and Drivers

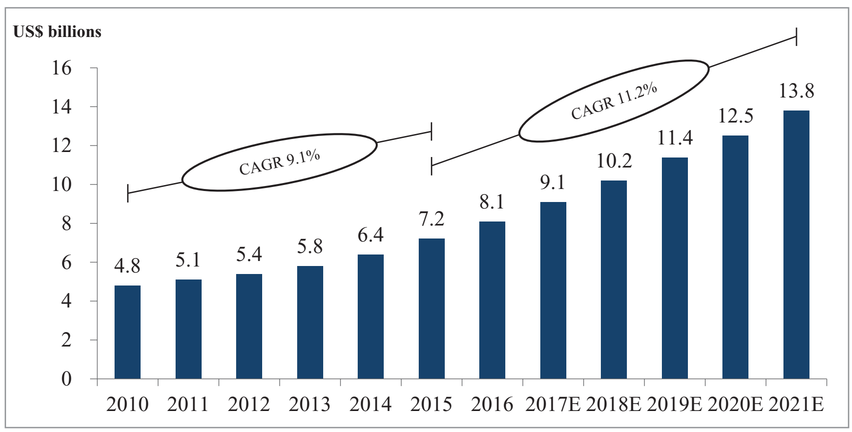
Expansion of Data Centers

Demand for communications infrastructure connectors is largely driven by the accelerating growth in data traffic and continually growing need for additional network bandwidth, which in turn results from, worldwide adoption of high-bandwidth smartphone and internet-enable devices and rich media content, for example, video downloads, online gaming and social networking. As traffic increases, more data centers capacity is being built.

Data centers require a variety of physical connectors, routers, electricity, signals and networks, which generates heavy demand for connectors. Increasing deployment of data centers help ensure continued strong demand for connectors. Large internet companies are facing challenges due to growing numbers of users. Many of them (such as Google, Amazon, Facebook, Baidu, Alibaba and Tencent) have responded by building their own data centers. Capital expenditures in the data center sector are expected to increase in next generation technologies, which will generate greater demand for innovative connector products.

Looking forward, it is estimated that data centers of small and medium-sized enterprises will upgrade their servers from 1G to 10G, using 40G in their aggregation layer, while servers of large and super large-sized enterprises may undergo a transition to 25G, using 100G in their aggregation layer. In addition, high performance computing is now entering everyday servers because of the adoption of multi-core processors for medium-sized enterprises to perform their own modeling and analytics. As supercomputing intrinsically needs quicker processor connectivity, higher bandwidth pipes must be deployed. Furthermore, as data centers grow to accommodate increasing traffic, and data transmissions within data centers thereby have to cover longer distances, it is expected that single-mode cables and technology will become increasingly prevalent due to their effectiveness in long-distance applications.

Along with advancements in information technology, global internet traffic has increased dramatically, the majority of which is generated by data centers. The following chart sets forth the market size of the global data center connector market by revenue for the periods indicated.



Broader Acceptance of Cloud Computing

Cloud computing has emerged as a major growth driver in the data center industry. Cloud computing is the practice of using a network of remote servers hosted on the Internet to store, manage, and process data, rather than a local server or a personal computer. Applications run through cloud computing are distributed across thousands of servers that are connected by a high-speed network. Nearly all consumer data applications today are delivered as cloud services, and enterprise data applications are rapidly moving to the cloud as well. By 2019, more than 80% of workloads will be processed by cloud data centers; while the rest will be processed by traditional data centers.

Cloud computing requires a variety of physical sensor connectors, routers, electricity, signals and networks, which generates heavy demand for sensor connectors and creates market potential for innovative connectors. Application of leading technologies such as big data drives enterprises to increase the volume and speed of their data centers. Depending on fiber optics to link to servers and outside networks, cloud-based services are gaining more recognition in enhancing the safety of data storage and digital communications. The advent of cloud computing operations will likely help ensure the continued strong demand for connectors from such end market.

Further Application of Fiber Optic Connectors

Data communications technology has continued to advance. While some legacy data centers still use copper cables to connect servers, newer data centers are generally designed to ensure certain minimum interconnection speeds requiring the use of fiber optic cables that transmit light signals to among servers. Recent technology trends of server upgrades and high performance computing, which is the use of parallel processing for running advanced programs in a short lapse of time, will likely lead to continued prosperity in the fiber optic connector market in the near future. The wide adoption of fiber optic connectors in the communications infrastructure end market is attributed to its advantages of low signal attenuation, high speed and noise immunity. As compared with copper connectors, fiber optic connectors are able to provide more bandwidth with better signals across greater distances and to deliver reliable data with lower interference. In 2016, the application of fiber optic connectors in the communications infrastructure end market contributed to 65.8% of total fiber optic connector revenue. Along with further utilization of regional networks, data centers and other data transmission equipment, fiber optic connectors are playing an increasingly important role in facilitating improved performance of servers and high performance computing. By 2021, demand from the communications infrastructure end market is expected to account for 62.3% of the overall fiber optic connector market.

In December 2015, we acquired the optical modules business of Avago, which, according to Frost & Sullivan, is the world's largest supplier of analog interface components for communications, industrial and consumer applications with products in end markets such as data center networking, home connectivity, broadband access, telecommunications equipment, smartphones and base stations, data center servers and storage, as well as other fields. Avago has focused on strengthening its fiber optic product portfolio for emerging 40G and 100G enterprise and data center applications, through its laser, receiver and photonics integration capacities.

Other End Markets

The following table sets forth the historical and forecast global connector market by other end markets in terms of revenue for the periods indicated.

	2010		2016		2021E			
End Market	**US$**	**% of Total**	**US$**	**% of Total**	**US$**	**% of Total**	**CAGR 2010 to 2016**	**CAGR 2016 to 2021E**
	(in US$ billions, except for percentages)							
Automotive	9.3	34.3	11.2	33.7	12.8	31.8	3.1%	2.7%
Industrial	5.4	19.9	6.4	19.3	7.5	18.7	2.9%	3.2%
Transportation	2.6	9.6	4.2	12.7	5.6	13.9	8.3%	5.9%
Military/Aerospace	3.4	12.5	3.5	10.5	4.0	10.0	0.5%	2.7%
Medical Equipment	1.6	5.9	1.9	5.7	2.7	6.7	2.9%	7.3%
Instrumentation	1.1	4.1	1.8	5.4	2.7	6.7	8.6%	8.4%
Others	3.7	13.7	4.2	12.7	4.9	12.2	2.1%	3.1%
Total	27.1	100.0	33.2	100.0	40.2	100.0	3.4%	3.9%

Automotive Connector End Market

The automotive market is the largest end market for connectors in other end markets. The below set forth the key trends and drivers for the automotive connector market:

- *Connectors Applied in Autonomous Driving.* With increasing levels of automation in vehicles, many companies are developing vehicles with autonomous driving capabilities to deliver better passenger experiences and safety. An autonomous driving system on a vehicle requires the integrated functioning of a camera, distance measuring system, steering system, oil system, braking system and more, which require connector products to facilitate signal transmission. Many companies have also developed and are manufacturing vehicles with advanced driver assistance systems to help protect drivers and passengers, and much of the enhanced safety content is driven by regulatory frameworks requiring or incentivizing its adoption.

- *Increasing Demand for Vehicles.* In 2016, the global vehicle market size in terms of sales volume reached 93.9 million units. **APAC** was the largest market with sales volume of 43.5 million units in 2016, followed by North America that generated total sales volume of 23.4 million units. With increasing living standards and improved affordability of vehicles, the global vehicle market size in terms of sales volume is expected to register steady growth in the next few years and reach 110.3 million units by 2021. Rising demand for vehicles will likely generate increased connector applications in this sector. In addition, as a growing number of countries are promoting sustainable development by saving energy and reducing emissions, green cars are increasing in popularity in many countries. In 2016, the global plug-in hybrid electric vehicle market size in terms of sales volume reached 773,600 units and is expected to grow at a CAGR of 17.1% and reach 1.7 million units in 2021. Green cars need more connector products and more sophisticated connectivity systems to facilitate power transmission. Therefore, the rising demand for vehicles (especially green cars) will likely continue to help drive the connector market. In addition, the increasing demand of electrical charging gun, a type of electric vehicle supply equipment, is also expected to greatly stimulate the growth of automotive connector market.

- *Increasing Popularity of In-vehicle Infotainment.* Electronic content is becoming increasingly prevalent in vehicles. In particular, in-vehicle information systems including TV receivers and DVD displays can satisfy passengers' entertainment needs while built-in navigation systems and warning systems can improve passenger experience and enhance safety. With the increasing automation and digitalization of vehicles, there exists greater demand for connector products used in various applications including power transmission systems, intelligent safety systems and network signal transmission systems. In addition, advanced driver assistance systems for vehicles are in high demand and vehicles with better safety ratings are generally more attractive to customers. Advanced driver assistance systems require more sophisticated mechanisms in order to facilitate the safe and efficient functioning of the vehicle, which will likely drive increased demand for connectors.

Industrial Connector End Market

The applications of connectors in the industrial end market range from heavy equipment, robotic machinery to hand-held measuring equipment. Industrial connectors that collect, process and communicate data among equipment in automated systems need to meet strict technical requirements for industrial machinery to achieve various purposes including measurement, changing chemical compounds and adjusting pressure. The broad application of connectors in contemporary industrial contexts has contributed to steady and promising developments in this sector.

Other Connector End Markets

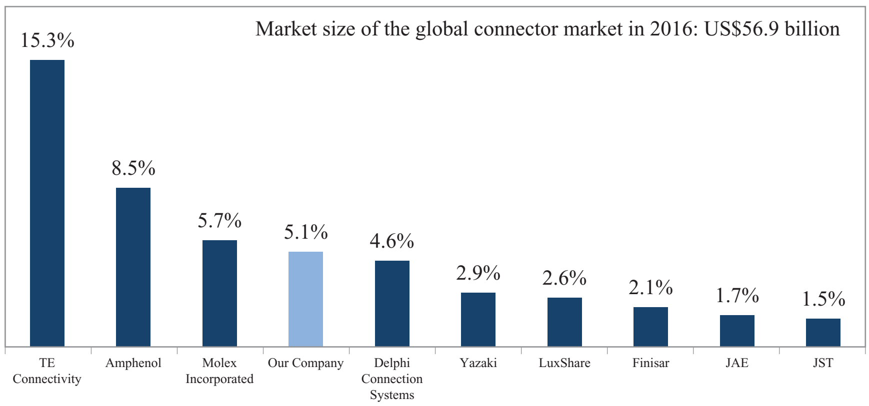
The global connector industry has seen growth in other end markets apart from the end markets discussed above. Rising healthcare standards generate demand for medical devices, which require connectors in order to function. Meanwhile, the development of automatic instrument apparatuses and improving public transportation systems will likely drive increased demand for connectors in the instrumentation and transportation end markets.

COMPETITIVE LANDSCAPE ANALYSIS

Global Connector Market Competitive Landscape

Our Company ranked fourth in the global connector market for 2016, accounting for 5.1% of the total global market share in terms of revenue. The top three players in the global connector market for 2016 were TE Connectivity, Amphenol and Molex Incorporated, accounting for 15.3%, 8.5% and 5.7% of the global market in terms of revenue, respectively. The top ten players together represented 47.3% of the global market share. The leading players in the global connector market continuously accelerate their global expansion and further market penetrations through approaches such as mergers and acquisitions.

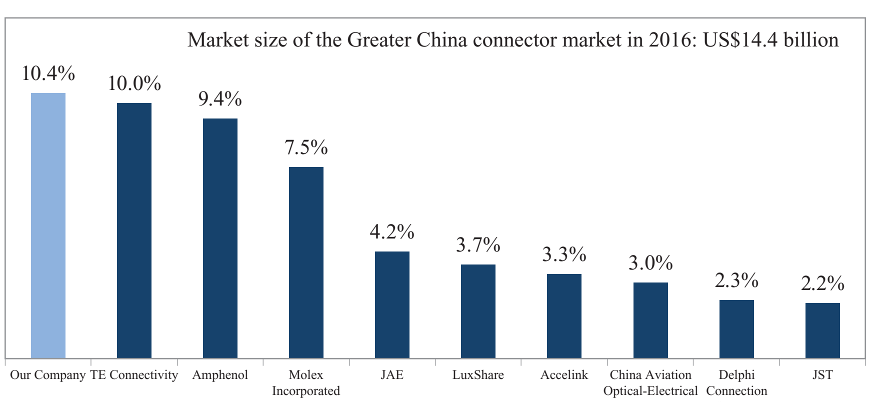
We face significant competition in our business and primarily compete with our competitors on the basis of product quality, design, technical and production capabilities, customer relationships and services and product pricing. The following chart sets forth the top 10 companies in terms of revenue in 2016 in the global connector market.



The following table sets forth the top 10 companies in terms of revenue in 2016 in the global connector market by end market in 2016.

Rank	Computer and Consumer Electronics	Mobile and Wireless Devices	Communications Infrastructure
1	Our Company	TE Connectivity	TE Connectivity
2	TE Connectivity	Our Company	Amphenol
3	Amphenol	Molex Incorporated	Finisar
4	Molex Incorporated	Amphenol	Our Company
5	LuxShare	JAE	Lumentum
6	JAE	CommScope	Molex Incorporated
7	China Aviation Optical-Electrical	JST	JAE
8	JST	LuxShare	Hirose
9	Delphi Connection Systems	Samtec	Rosenberger
10	Yazaki	Hirose	CommScope

The following table sets forth the top 10 companies in terms of revenue in 2016 in the Greater China connector market.



During the Track Record Period, we have experienced pricing pressure due to increased market competition and the maturity of certain technologies used by certain brand companies that utilize our interconnect solutions. We expect our future pricing to be continuously affected by various factors, including competition dynamics of the end markets in which we serve, new technology, solution and product launch schedules of us and that of our customers and certain brand companies, and maturity of certain existing technologies used by our customers and certain brand companies that utilize our interconnect solutions.

Entry Barriers

Ability to Provide Customized Solutions

Unlike other electronic components, connectors are inbuilt elements of electronic products and thus are required to be tailor-made for their functionality, physical conditions and appearance. Each connector solution or product has unique specifications and undergoes an independent development process. Technological competencies and research capabilities are key factors for delivering the required solutions to customers in the requisite time. Furthermore, the ability for connector manufacturers to become intimately involved in the design and development process of its end customers to provide the customized solution required including the ability to act as an IIDM such as our Company to deliver one-stop solution covering many aspects of new product development and existing product upgrades including design, molding, debugging and etc., which can enhance the efficiency of the cooperation between the connector manufacturers and brand companies, will significantly increase efficiency of the product development, resulting in lower cost and enhanced production capability for such manufacturer to meet the demand of its customers.

Operational Efficiency

Connector manufacturers are increasingly required to commence mass production shortly after confirming product design and specifications with customers, especially in light of the short product life cycle for many of the end products in which connectors are utilized, increasing the critical importance of time to market for such end products. The ability to quickly ramp up high production volumes and provide short delivery times with respect to each customized product in certain end markets, such as computer and consumer electronics and mobile and wireless end markets, require strong production capability and operational flexibility with highly efficient production lines. There are few industry players in the world likes us that can exert satisfactory quick-to-ramp capabilities. Building and developing these capabilities requires substantial investments of time, capital and technical knowhow.

Ability to Create Technological Breakthroughs in the Industry

Connector manufacturers often cooperate and conduct research with industry- and standard-setting associations, academic institutions and customers to develop new technology, such as by working with USB Implementers Forum, Inc. to establish new USB standards. Research capabilities and initiatives and reputation are key factors in determining a connector manufacturer's bargaining power with customers and industry peers.

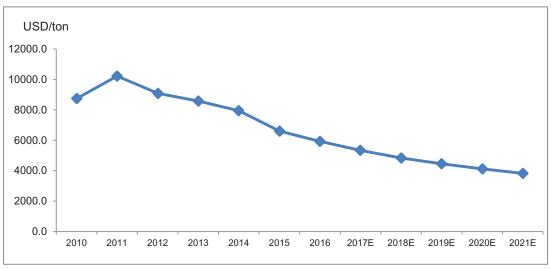
Customer and Supplier Relationships

Maintaining reliable and consistent relationships with customers and raw material suppliers alike is crucial for the long-term business development of connector manufacturers. Leading connector manufacturers have existing and proven relationships with raw materials suppliers and customers and recognized as to their experiences, capability and the products and services they offer. New market entrants will likely find it difficult to establish and build such relationships due to the small scale of their businesses, relatively unknown brands and lack of industry experience, and their market entry and subsequent growth may be hindered by these factors.

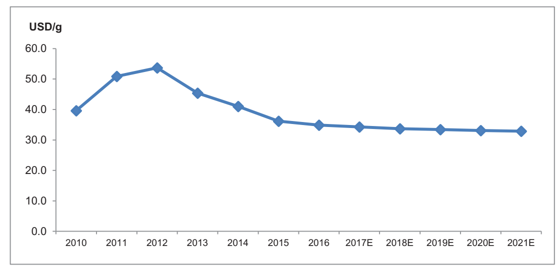
RAW MATERIAL ANALYSIS

Given the customized nature of our interconnect solutions and the wide spectrum of the interconnect components and modules we produce, we use a wide variety of raw materials in our production. We have listed below the major raw material categories and their historical price for illustration purposes only. The major raw materials for manufacturing connector products are copper, gold salts and plastics. The following chart illustrates the price of copper, gold and two major plastic materials we used for the periods indicated.

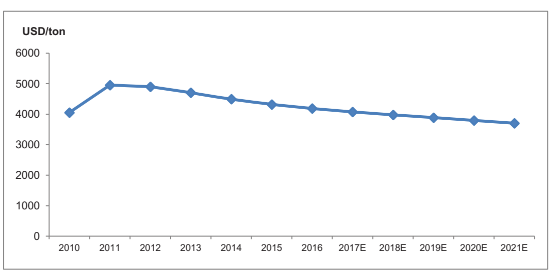
Price Curve of Copper



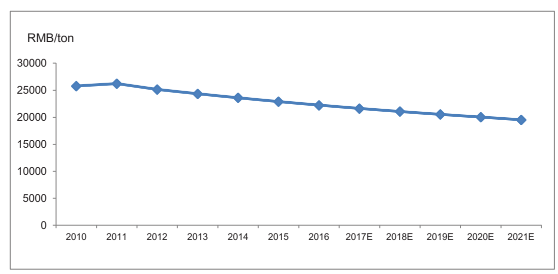
Price Curve of Gold



Price Curve of PBT



Price Curve of PA



Gold

In China, the price of gold experienced steady growth during the period from 2010 to 2012 due to a rise in demand, followed by a gradual downturn, and reached US$34.9 per gram in 2016. The price of gold in China is forecasted to continue to decline in the coming years, and is expected to reach US$32.9 per gram in 2021.

Copper

Copper is one of the key raw materials used in the manufacture of connectors. In China, the price of copper has experienced a steady decline over the past few years and reached US$5,939.6 per ton in 2016 after an increase in 2011 due to a rise in demand. General oversupply is expected to exert downward pressure on the price of copper over the next five years, and is expected to reach US$3,809.3 per ton in 2021.

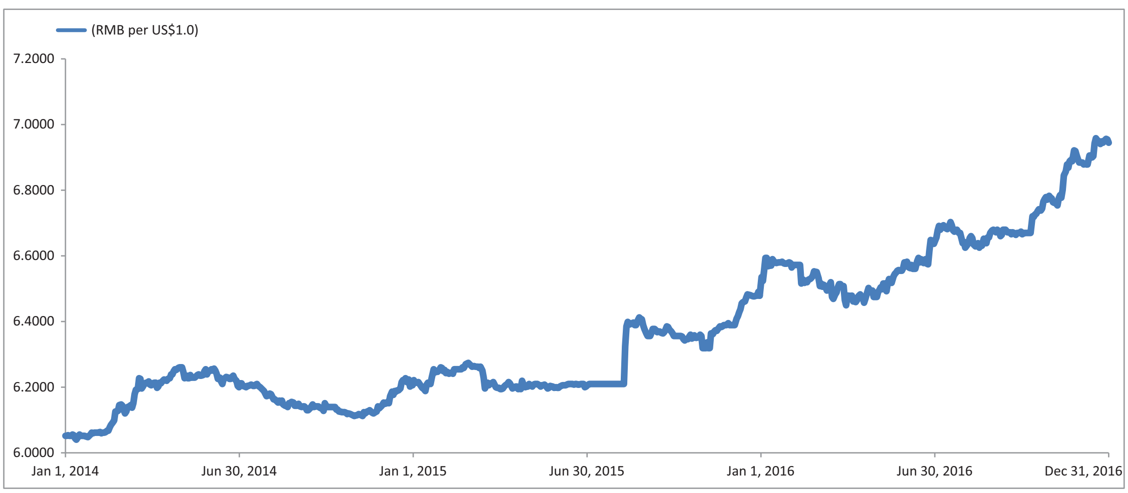
Plastic Materials

Plastic materials used in our production primarily include polybutylene terephthalate ("**PBT**"), Polyamide ("**PA**") and other plastic materials. From 2010 to 2011, the price of PBT gradually increased due to a shortage of domestic supply of 1.4-butanediol, one of the major raw materials used to make PBT. In addition, as a result of limited research and development and post processing capabilities of PRC PBT manufacturers, certain types of PBT products, such as fiber-level PBT, were highly dependent on imported supplies, which also caused the price of PBT to increase during the period. The price of PBT, however, has gradually decreased since 2012 as a result of enhanced capabilities of technological innovation and mass production of PRC manufacturers. The price of PBT is expected to continue to decline steadily going forward.

From 2010 to 2011, the price of PA experienced gradual increases due to shortage of domestic supply and price growth of major raw materials used to make PA, as a result of increasing demand of automobile, electrical equipment and other electronic products, as well as expansion of manufacturing capacities. The prices of PA, however, went down gradually since 2012, primarily attributed to the enhanced capabilities of technology innovation and mass production of PRC manufacturers. The price of PA is expected to decline steadily in the next few years.

FOREIGN EXCHANGE RATE

The foreign exchange rates in the charts below are provided solely for your convenience and are not necessarily the exchange rates that we used in this prospectus. The exchange rate data used in the charts below refers to the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board of the United States. The following chart sets forth information concerning exchange rates between the Renminbi and the U.S. dollars for the periods indicated.



The following chart sets forth information concerning exchange rates between the NT dollars and the U.S. dollars for the periods indicated.

PRC REGULATORY OVERVIEW

Incorporation, Operation and Management of Corporate Entities

The establishment, operation and management of corporate entities in China are governed by the Company Law of the PRC (中華人民共和國公司法) (the "**Company Law**"), which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) (the "**Standing Committee of the NPC**") on December 29, 1993 and became effective on July 1, 1994. It was subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013. Pursuant to the Company Law, companies are classified into categories, namely limited liability companies and limited companies by shares. The Company Law shall also apply to foreign-invested limited liability companies and companies limited by shares. According to the Company Law, the provisions otherwise prescribed by the laws on foreign investment shall prevail.

The establishment procedures, approval procedures, registered capital requirement, foreign exchange, accounting practices, taxation and labor matters of a wholly foreign-owned enterprise are regulated by the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法), which was promulgated on April 12, 1986 and amended on October 31, 2000 and September 3, 2016, and the Implementation Regulations of the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法實施細則), which was promulgated on December 12, 1990 and amended on April 12, 2001 and February 19, 2014, and the Interim Measures for Record-filing Administration of the Establishment and Change of Foreign-invested Enterprises (外商投資企業設立及變更備案管理暫行辦法), which became effective on October 8, 2016.

The establishment procedures, approval procedures, registered capital requirement, foreign exchange, accounting practices, taxation and labor matters of a Sino-Foreign equity joint venture enterprise are regulated by the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (中華人民共和國中外合資經營企業法), which was promulgated on July 8, 1979 and amended on April 4, 1990, March 15, 2001 and September 3, 2016, and the Implementation Regulations of the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (中華人民共和國中外合資經營企業法實施條例), which was promulgated on September 20, 1983 and amended on January 15, 1986, July 22, 2001 and February 19, 2014, and the Interim Measures for Record-filing Administration of the Establishment and Change of Foreign-invested Enterprises (外商投資企業設立及變更備案管理暫行辦法), which became effective on October 8, 2016.

Any investments conducted by the foreign investors and foreign enterprises in the PRC shall be subject to the Catalog for the Guidance of Foreign Investment Industries (外商投資產業指導目錄) (the "**Guidance Catalog**"), the latest version of which was promulgated by the Ministry of Commerce (商務部) and the National Development and Reform Commission (國家發展和改革委員會) on March 10, 2015 and came into effect since April 10, 2015. The Guidance Catalog was divided into the Encouraged Foreign Investment Industries, the Restricted Foreign Investment Industries and the Prohibited Foreign Investment Industries. Industries which are not listed in the Guidance Catalog shall be classified as the Permitted Foreign Investment Industries.

Laws and Regulations Relating to PRC Taxation

Enterprise Income Tax

According to the newly promulgated Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "**New Tax Law**") promulgated on March 16, 2007 and effective on January 1, 2008 and the Implementation Rules of Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) (the "**Implementation Rules**") effective on January 1, 2008, the income tax for both domestic and foreign-invested enterprises will be at the same rate of 25% effective from January 1, 2008.

Value-added Tax

All entities and individuals engaged in the sales of goods, provision of processing, repairs and replacement services, and the importation of goods within the territory of the PRC shall pay value-added tax (VAT) in accordance with the Provisional Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例) (the "**Provisional Regulations on VAT**") and its implementation rules. The Provisional Regulations on VAT was promulgated by the State Council of the PRC (國務院) which became effective on January 1, 1994 and subsequently amended on November 5, 2008 and February 6, 2016. Pursuant to the Provisional Regulations on VAT and its implementation rules, VAT payable is calculated as "output VAT" minus "input VAT". The rate of VAT is 17% or 13% in certain limited circumstances depending on the product type.

Business Tax

According to Interim Regulations of the PRC on Business Tax (中華人民共和國營業稅暫行條例) which was promulgated on December 13, 1993 and amended on November 5, 2008, businesses or individuals that provide services (including entertainment businesses), transfer intangible assets or sell immovable property are liable to business tax at a rate ranging from 3% to 20%. The amount of tax payable is calculated by multiplying the turnover with the aforesaid tax rate.

Foreign Currency Exchange and Dividend Distribution

Foreign Currency Exchange

The principal regulation governing foreign currency exchange in the PRC is the Foreign Exchange Administration Rules of the PRC (中華人民共和國外匯管理條例) (the "**Foreign Exchange Administration Rules**"). It was promulgated by the State Council of the PRC on January 29, 1996, became effective on April 1, 1996 and was amended on January 14, 1997 and August 1, 2008. Pursuant to the Foreign Exchange Administration Rules, the payment in and transfer of foreign exchange for current international transactions shall not be subject to the government control or restriction. Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments. Under the Foreign Exchange Administration Rules, foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of State Administration of Foreign Exchange (國家外匯管理局, SAFE) for paying dividends by providing certain evidencing documents (board resolutions, tax certificates, etc.), or for trade and services-related foreign exchange transactions by providing commercial documents evidencing such transactions.

While convertible for capital account items, such as capital transfer, direct investment, investment in securities, derivative products or loan are subject to registration with SAFE and approval or file with the relevant governmental authorities (if necessary).

Dividend Distribution

Pursuant to the New Tax Law, non-resident enterprises, which have not set up institutions or establishments in the PRC or institutions or establishments are set up but there is no actual relationship with the income obtained by the institutions or establishments, shall pay enterprise income tax in relation to the income originating from China at the tax rate of 20%. However, the Implementation Rules reduced the rate from 20% to 10%.

The PRC and the government of Hong Kong signed Arrangement between the Mainland of the PRC and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得稅避免雙重徵稅和防止偷漏稅的安排) (the "**Arrangement**") on August 21, 2006. According to the Arrangement, no more than 5% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident, provided that the recipient is a company that holds at least 25% of the capital of the PRC company. The Notice on Issues relating to the Administration of the Dividend Provision in Tax Treaties (關於執行稅收協定股息條款有關問題的通知) (the "**Notice 81**") was promulgated on February 20, 2009 by the State Administration of Taxation. The Notice 81 reaffirms the qualification for dividend recipient to enjoy tax preferential of being levied at 5% rate as following: (i) the recipient of the dividend must be a corporation; (ii) the recipient's ownership in the Chinese company must meet the prescribed direct ownership thresholds at all times during the 12 consecutive months preceding the receipt of the dividends; and (iii) the deal or arrangement is not mainly for the purpose of obtaining the tax preferential.

Product Quality

The principal legal provisions governing product liability are set out in the Product Quality Law of the PRC (中華人民共和國產品質量法) (the "**Product Quality Law**"), which was promulgated on February 22, 1993, became effective on September 1, 1993 and amended on July 8, 2000. The Product Quality Law is applicable to all activities of production and sale of any product within the territory of the PRC, and the producers and sellers shall be liable for product quality in accordance with the Product Quality Law.

Environmental Protection

Environmental Protection Law of the PRC (中華人民共和國環境保護法) (the "**Environmental Protection Law**") became effective on December 26, 1989 and was amended on April 24, 2014. Regulations on the Administration of Construction Project Environmental Protection

(建設項目環境保護管理條例) (the "**Administration Regulations**") was promulgated and became effective on November 29, 1998. According to the Environmental Protection Law and the Administration Regulations:

(i) enterprises, public institutions and other producers and business operators that discharge pollutants shall take measures to prevent and control the environmental pollution and harm caused by waste gas, waste water, waste residues, medical waste, dust, malodorous gases, radioactive substances, noise, vibration, optical radiation and electromagnetic radiation, etc. generated during production, construction or other activities;

(ii) A statement on environmental impact should be compiled for a construction project that may cause light impact on the environment, giving analysis or special-purpose evaluation of the pollution generated and environmental impact caused by the construction project; and a registration form should be filled out and submitted for a construction project that has slight impact on the environment and necessitates no environmental impact evaluation; and

(iii) the enterprises, public institutions and other producers and business operators shall discharge pollutants according to pollutant emission license and shall not discharge pollutants without obtaining the pollutant emission license. Where an enterprise, public institution or other producer or business operator is fined and ordered to make correction due to illegal discharge of pollutants but refuses to make correction, the administrative organ that makes the punishment decision pursuant to the law may impose the fine thereon consecutively on a daily basis according to the original amount of the fine commencing from the date immediately following the date when it is ordered to make correction. Where a enterprise, public institution or other producer or business operators discharges pollutants in excess of the pollutant emission standards or the control targets for total emission volume of major pollutants, the competent departments for environmental protection of the people's governments at or above the county level may order it to restrict production, stop production for rectification or take any other measures, or, if the circumstances are serious, may order it to stop operations or close down after such an order has been reported to the people's government with approval authority for approval.

The competent department of environmental protection of the State Council shall conduct unified supervision and administration of the environmental protection work throughout the country. The competent departments of environmental protection of the local people's governments at or above the county level shall conduct unified supervision and administration of the environmental protection work within their respective administrative regions. Different penalties shall be imposed against persons or enterprises in violation of the Environmental Protection Law depending on the individual circumstances and the extent of contamination. Such penalties include fines, the suspension of operations or shut-down or orders to close down or criminal responsibility.

Our operations are also subject to Law of the PRC on Evaluation of Environment Effects (中華人民共和國環境影響評價法), Law of the PRC on the Prevention and Control of Water Pollution

(中華人民共和國水污染防治法), Law of the PRC on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法), Law of the PRC on the Prevention and Control of Pollution From Environmental Noise (中華人民共和國環境噪聲污染防治法) and Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法). These laws and regulations govern a broad range of environmental matters, including air pollution, noise emissions and water and waste discharge. Business operations of our PRC subsidiaries should comply with laws and regulations concerning the environment protection, such as the Environmental Protection Law and the Administration Regulations, and environmental impact assessment should be done and approval shall be obtained before the project was constructed. Operations of companies shall also be under the supervisor of the environment protection bureau.

Construction Procedures

According to the Land Administration Law of the PRC (中華人民共和國土地管理法) which was promulgated by the Standing Committee of the NPC on June 25, 1986 and amended on December 29, 1988, August 29, 1998 and August 28, 2004, no units or individuals may encroach on land or illegally transfer it through buying, selling or other means. However, the right to the use of land may be transferred in accordance with law. State-owned land to be lawfully used by units or individuals shall be registered with and recorded by people's governments at or above the county level, which shall, upon verification, issue certificates to confirm their right to the use of such land. Units or individuals that illegally occupy and use land without approval shall be ordered by the land administration departments of the people's governments at or above the county level to return such land; demolish the structures and installations built on the illegally occupied land within a time limit and put the land back to its original state; or the structures and installations built on such land shall be confiscated, and the units or individuals may also be fined. The persons directly in charge of the said units and other persons directly responsible for the violations shall be given administrative sanctions in accordance with law.

According to the Law of the PRC on the Administration of the Urban Real Estate (中華人民共和國房地產管理法) which was promulgated by the Standing Committee of the NPC on July 5, 1994 and amended on August 30, 2008, where the land-use right is to be obtained by means of granting or allocation, an application for registration shall be submitted to the department of land administration under the local people's government at or above the county level. Upon verification by the department of land administration under the local people's government at or above the county level, the certificate of the land-use right shall be issued by the people's government at the corresponding level; and where a house has been built on the land for real estate development obtained pursuant to the law, an application for registration shall, on the strength of the certificate of land-use right, be submitted to the department of housing administration under the local people's government at or above the county level. The department of housing administration under the local people's government at or above the country level shall issue a certificate of the ownership of the house after verification. Accordingly, the certificates of land-use right and the certificates of the ownership of the house are evidences proving the entitlement of right holders to land-use right and house right respectively.

According to the Urban and Rural Planning Law of the PRC (中華人民共和國城鄉規劃法) (the "**Urban and Rural Law**") which was promulgated by the Standing Committee of the NPC on

October 28, 2007 and came into effect on January 1, 2008, where a construction entity without the land use permit is approved to use land, the people's government at or above the county level shall cancel the approval document; if any land has been occupied, such land shall be returned promptly; and if any damage has been caused to a party concerned, compensation shall be made according to law. If a construction project proceeds without obtaining the planning permit on construction project or by violating the provisions of the planning permit on construction project, the competent department of the urban and rural planning of the local people's government at or above the county level shall order it to stop the construction. If it is still possible for the construction entity or individual to take measures to eliminate the impact on the implementation of urban and rural planning, the department shall order it or him to correct within a certain time limit and impose a fine of not less than 5% of the construction cost but not more than 10% of the cost; if it is impossible to take measures to eliminate the impact, the department shall order the construction entity or individual to dismantle the building or structure within a certain time limit and confiscate the real objects or the illegal gain, and may also impose a fine not more than 10% of the construction cost.

According to the Construction Law of the PRC (中華人民共和國建築法) (the "**Construction Law**") which was promulgated on November 1, 1997 and amended by the Standing Committee of the NPC on April 22, 2011, before the start of construction projects, construction units shall apply to the competent construction administrative departments for construction licenses. Construction units, which act in violation of above mentioned stipulations of the Construction Law to start construction operation without construction permit or at the time when the application for construction operation has not yet been approved, shall be ordered to correct themselves. Construction units of which construction projects cannot meet the requirement for starting operation shall be ordered to stop construction operation and may be imposed fine penalties.

Provisions for Import and Export Goods

Pursuant to the Foreign Trade Law of the PRC (中華人民共和國對外貿易法) which was promulgated by the Standing Committee of the NPC on 12 May 1994 and amended on April 6, 2004, and Measures for the Archival Filing and Registration of Foreign Trade Business Operators (對外貿易經營者備案登記辦法) which was promulgated by the Ministry of Commerce on June 25, 2004 and became effective on July 1, 2004, the PRC adopted a filing and registration system for foreign trade operators engaged in imports and exports of goods, implemented by the Foreign Trade authority under the State Council or its entrusted agencies. Foreign trade operators that have not filed for registration in accordance with the provisions will be declined by the Customs to carry out the customs clearance and inspection procedures for import and export of goods.

Pursuant to the Customs Law of the PRC (中華人民共和國海關法) promulgated by the Standing Committee of the NPC on January 22, 1987 and amended on July 8, 2000, June 29, 2013 and December 28, 2013 and related regulations, the declaration of import and export goods may be made by consignees and consignors themselves, and such formalities may also be completed by their entrusted Customs brokers that have registered with the Customs. The consignees and consignors for import or export goods and the Customs brokers engaged in Customs declaration shall register with the Customs in accordance with the law. Principal regulations on the inspection of import and export commodities are set out in the Law of the People's Republic of China on Import and Export

Commodity Inspection (中華人民共和國進出口商品檢驗法) promulgated by the Standing Committee of the NPC on February 21, 1989 and amended on April 28, 2002 and June 29, 2013 and its implementation rules. According to the aforesaid relevant laws and regulations, the import and export commodities that are subject to compulsory inspection listed in the catalog compiled by the State administration shall be inspected by the commodity inspection authorities, and the import and export commodities that are not subject to statutory inspection shall be subject to random inspection. Consignees and consignors themselves or its entrusted agent may apply for inspection to the commodity inspection authorities.

Labor and Safety

According to the PRC Labor Law (中華人民共和國勞動法) promulgated on July 5, 1994 and became effective on January 1, 1995, workers are entitled to fair employment, choice of occupation, labor remuneration, leave, a safe workplace, a sanitation system, social insurance and welfare and certain other rights. The working time for workers may not exceed eight hours a day and no more than 44 hours a week on average. The employer may extend working hours due to the requirements of its production or business after consultation with the trade union, and the extended hours shall generally not exceed one hour per day. If such extension is called for due to special reasons and the employees' health is under protection, the extended hours cannot be exceeding three hours per day. However, the total overtime working hours in one month shall in no event exceed 36 hours. Employers shall establish and improve their work safety and sanitation system, educate employees on safety and sanitation and provide employees with a working environment that meets the national work safety and sanitation standards.

The PRC Labor Contract Law (中華人民共和國勞動合同法) was promulgated on June 29, 2007 and amended on December 28, 2012, and its implementation regulations were implemented on September 18, 2008. According to the Labor Contract Law, labor contracts must be executed in writing to establish labor relationships between employers and employees. Employees who fulfill certain criteria, including having worked for the same employer for 10 years or more, may demand that the employer execute a permanent labor contract. Wages paid by employers may not be lower than the local minimum wage. Both employers and employees must perform their respective obligations stipulated in the labor contracts. Where workers are provided by a dispatching service company, the dispatching service company is the employer and performs the legal obligations of an employer toward the dispatched workers, including, among others, entering into a labor contract with a fixed term of more than two years with the workers and paying remuneration for their labor. The dispatching service company must conclude a labor dispatch agreement with the entities that receive labor services. In the event of a violation of any legal provisions of the Labor Contract Law, administrative penalties may be imposed on employers by the competent PRC government authority in charge of labor administration, including warnings, rectification orders, fines, orders for payment of wages and compensation to employees, revocation of business licenses and other penalties. An entity receiving workers from a dispatching service company may be held jointly and severally liable together with the dispatching service company in case harm is done to workers as a result of the dispatching service company's violation of the Labor Contract Law.

The PRC Employment Promotion Law (中華人民共和國就業促進法), which became effective on January 1, 2008, requires that individuals have equal employment opportunities, both in hiring and in employment terms, without discrimination on the basis of ethnicity, race, gender, religious belief, communicable disease or rural residence. Under this law, enterprises are also required to provide employees with vocational training. Administrative authorities at the county level or above are responsible for implementing policies to promote employment.

Pursuant to the PRC Social Insurance Law (中華人民共和國社會保險法) promulgated on October 28, 2010, which became effective on July 1, 2011, employers in the PRC must register with the relevant social insurance authority and make contributions to the pension insurance fund, basic medical insurance fund, unemployment insurance fund, maternity insurance fund and work-related injury insurance fund. Pursuant to the PRC Social Insurance Law, pension insurance, basic medical insurance and unemployment insurance contributions must be paid by both employers and employees, while work-related injury insurance and maternity insurance contributions must be paid solely by employers. An employer must declare and make social insurance contributions in full and on time. The social insurance contributions payable by employees must be withheld and paid by employers on behalf of the employees. Employers who fail to register with the social insurance authority may be ordered to rectify the failure within a specific time period. If the employer fails to rectify the failure to register within a specified time period, a fine of one to three times the actual premium may be imposed. If the employer fails to make social insurance contributions on time and in full, the social insurance collecting agency shall order the employer to make up the shortfall within the prescribed time period and impose a late payment fee amounting to 0.05% of the unpaid amount for each day overdue. If the non-compliance continues, the employer may be subject to a fine ranging from one to three times the unpaid amount owed to the relevant administrative agency.

Pursuant to the Regulations on the Administration of Housing Provident Fund (住房公積金管理條例) effective on April 3, 1999, as amended on March 24, 2002, a unit (including a foreign investment enterprise) shall undertake the registration with the administrative center of housing provident funds and pay the funds for their staff. If an employer, in violation of the aforesaid regulations, fails to undertake registration or to open the housing provident funds account for its employees, the administrative center of housing provident funds will impose an order for completion within prescribed time limit, if such employer further fails to process within the aforesaid time limit, a fine ranging from RMB10,000 to RMB50,000 will be imposed. On the other hand, if a unit, in violation of the aforesaid regulations, fails to pay or to fully pay the housing provident funds, the administrative center of housing provident funds will impose an order for payment within a prescribed time limit if such unit further fails to make payment within the aforesaid time limit, the center shall have the right to apply for compulsory enforcement in court.

We are also subject to safety laws and regulations in the PRC including the PRC Production Safety Law (中華人民共和國安全生產法) (the "**PRC Production Safety Law**"), which became effective on November 1, 2002 and amended on August 31, 2014. The PRC Production Safety Law requires us to maintain safe production conditions as provided in it and other relevant laws, administrative regulations, national standards and industrial standards. Any entity that is not sufficiently equipped to ensure safe production may not engage in production and business operation activities. We are required to offer education and training programs to our employees regarding production safety. In order to comply with applicable national or industrial standards, the design, manufacture, installation, use, checking and maintenance of our safety equipment is required. In addition, we are required to provide our employees with labor protection equipments that meet the national or industrial standards and to supervise and educate them to wear or use such equipments according to the prescribed rules.

Intellectual Property

The products in the PRC shall be subject to intellectual property laws, which mainly include the Copyright Law of the PRC (中華人民共和國著作權法), the Patent Law of the PRC (中華人民共和國專利法) (the "**Patent Law**") and the Trademark Law of the PRC (中華人民共和國商標法) (the "**Trademark Law**"). China is also a signatory to all major intellectual property conventions, including the Paris Convention for the Protection of Industrial Property, Madrid Agreement on the International Registration of Marks and Madrid Protocol, Patent Cooperation Treaty, Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure and the Agreement on Trade-Related Aspects of Intellectual Property Rights.

According to the Patent Law promulgated on March 12, 1984 and became effective on April 1, 1985 and was amended on September 4, 1992, August 25, 2000 and December 27, 2008 and which became effective on October 1, 2009, there are three types of patents, including invention patents, design patents and utility model patents. Invention patents are valid for 20 years, while design patents and utility model patents are valid for ten years, in each case commencing on their respective application dates. Persons or entities who use patents without the consent of the patent owners, make counterfeits of patented products, or engage in activities that infringe upon patent rights are held liable to the patent owner for compensation and may be subject to fines and even criminal punishment.

The patent prosecution system in China is different in many ways from that in other countries. The patent system in China uses the "first to file" principle, which means when more than one person files a patent application for the same invention, the patent will be granted to the person who files the application first. In addition, China requires absolute novelty for an invention to be patentable. Therefore, in general, a patent will be denied if it is publicly known in or outside of China.

Furthermore, patents issued in China are not enforceable in Hong Kong, Taiwan or Macau, each of which has an independent patent system. Although patent rights are national rights, the Patent Cooperation Treaty to which China is a signatory, allows applicants in one country to seek patent protection for an invention that may simultaneously exist in a number of other member countries by filing a single international patent application. The fact that a patent application is pending is no guarantee that a patent will be granted, and even if granted, the scope of a patent may not be as broad as the subject of the initial application.

TAIWAN REGULATORY OVERVIEW

Foreign Investment

Under the Statute for Investment by Foreign Nationals (外國人投資條例), foreign investors must apply for and obtain foreign investment approval ("**FIA**") from the Investment Commission ("**IC**") of the Ministry of Economic Affairs, ROC ("**MOEA**") (經濟部投資審議委員會) through (i) establishment of a Taiwan subsidiary or joint venture company; (ii) acquisition of shares from existing Taiwanese companies (other than those shares listed in the Taiwan Stock Exchange or traded in the Taipei Exchange); (iii) increase in the amount of equity investment in aforesaid enterprises; or (iv) provision of loan(s) to aforesaid enterprises for a period exceeding one year.

Tax

Business Tax

Business Tax is a form of VAT which is levied on the value of goods and services. According to the Value-added and Non-value-added Business Tax Act (增值型及非增值型營業稅法), the current VAT is 5% on businesses generally. With very few exceptions, VAT is applied on the sale of most kinds of goods and services by a profits-seeking entity ("**PSE**") and is paid by the purchaser. The VAT rate is 0% on the export of goods and services. VAT of 5% is applied on the import of goods and services and is paid by the importer.

Income Tax

Under the Income Tax Act (所得稅法), PSE income tax applies to any type of PSE regardless of the form of business, including a company, branch and job site office of foreign legal entities (although no PSE registration is available for a job site office) but with the exception of partnerships and sole proprietorships. A PSE established offshore is subject to income tax only on Taiwan-sourced income. A branch of an offshore PSE is subject to income tax not only on Taiwan-sourced income but also offshore income booked by the branch.

Withholding Tax

According to the Income Tax Act (所得稅法) and the Standards of Withholding Rates for Various Incomes (各類所得扣繳率標準), the responsible person or accountant-in-charge of an entity (including government agencies) must withhold tax from certain payments. All payments of dividends, interest, and royalties to the foreign entity are subject to withholding tax at 20% unless there is an applicable tax treaty that offers preferential withholding rates.

Exchange Control

Exchange controls in Taiwan are governed by the Foreign Exchange Control Act (管理外匯條例), which is administered by the Central Bank of the Republic of China (Taiwan)(中央銀行) ("**CBC**"). The Regulations Governing the Declaration of Foreign Exchange

Receipts, Disbursements or Transactions (外匯收支或交易申報辦法) requires each foreign exchange remittance exceeding NT$500,000 should be declared to the CBC through the bank. The prior approval from CBC is necessary where essential remittances by a company or a firm whose annual aggregate settlement amount of foreign exchange purchased or sold has exceeded US$50 million; or essential remittances by an association or an individual whose annual aggregate settlement amount of foreign exchange purchased or sold has exceeded US$5 million.

Employment

In Taiwan, the Labor Standards Law (勞動基準法) ("**LSL**") is the fundamental law which sets up the minimum requirements and standards of employment terms and conditions, such as working hours, overtime pay, leaves and benefits, severance pay, etc. There is a requirement of minimum wage as determined by the Ministry of Labor (勞動部) ("**MOL**"). The current minimum wage is NT$21,009 per month, or NT$133 per hour. Employers must pay into the following social insurances for its employees (i) the labor pension plan (under either the LSL (the Old Pension Plan) or the Labor Pension Act (勞工退休金條例) (the New Pension Plan, described in more details below); (ii) national health insurance (under the National Health Insurance Act (全民健康保險法); (iii) employment insurance (mainly for unemployment subsidy) (under the Employment Insurance Act (就業保險法); and (iv) labor insurance (under the Labor Insurance Act (勞工保險條例)).

There are two separate statutory pension plans now operate in Taiwan - the Old Pension Plan and the New Pension Plan. The New Pension Plan is the scheme created under the Labor Pension Act (勞工退休金條例), which became effective on July 1, 2005, and applies to employees hired after July 1, 2005. Employees hired before July 1, 2005 can either elect to remain in the Old Pension Plan (a scheme under the LSL) or switch to the New Pension Plan.

Whereas the Old Pension Plan was based on centralized pension accounts, the New Pension Plan creates individual retirement accounts ("**IRA**") and is a defined contribution program: employers contribute at least 6% of employees' monthly salary to an IRA for each employees, and such IRAs follow employees when they transfer from one employer to another. Employees become eligible for benefits under their IRA upon retirement after reaching age of 60. When an employee covered by the New Pension Plan changes employment, the amount contributed by the previous employer remains in place under the same IRA. Consequently, the employment transfer has no effect on the pension fund already accrued under the New Pension Plan.

Moreover, Taiwan is protective of employees (no at-will employment). Employers cannot unilaterally terminate an employment agreement unless they can clearly prove certain statutory requirements as set forth in the LSL. In most situations, the employer is required to pay statutory severance payment to the employee upon termination.

All employees in Taiwan, including expatriates, are covered by the LSL except those who work in industries or occupations specifically excluded by the MOL. The LSL also applies to expatriates unless they are employed in limited excluded industries or occupations. A manager is covered by the LSL except that he/she has (i) signed an appointment or mandate agreement (instead of an employment agreement); (ii) been appointed by the company's board of directors to assume a manager's position under Company Act (公司法), or (iii) been registered as responsible person/ manager in the company's corporate registration form filed with the MOEA.

Fair Trade Law

The Fair Trade Law (公平交易法) ("**FTL**") targets restrictive business practices and unfair trade practices. With respect to business practices, the scope of the FTL's regulations govern the anti-competitive aspects of monopolies, mergers, concerted actions such as business cartels, and resale price maintenance. For unfair trade practices, the FTL seeks to prevent misleading advertising and labeling, misappropriation of trade secrets, copying of trade dress, and other anti-competitive practices in the field of intellectual property law. When it comes to prohibition of abuse of dominance, the FTL regulates companies with dominant positions in markets, and the prohibited activities include, for instance, preventing other players from competing by unfair means, improper pricing, preferential treatment to trading counterpart without justification, and other abusive conducts.

Intellectual Property

Intellectual property is accorded protection through laws relating to patents, trademarks and copyrights.

Patents

Under the Patent Act (專利法), protection has been given to inventions, new utility models and new designs, but it is only available to holders of patent registrations in Taiwan. Therefore, a foreign patent itself provides no protection under Taiwan law. However, the right of priority will be recognized with any country that offers reciprocity to the rights of patents filed in Taiwan.

(i) Inventions: An invention is defined under the Patent Act as "any creation of technical concepts by utilizing the rules of nature."

(ii) Utility models: The new law defines a utility model as "any creation of technical concepts by utilizing the acts of nature, in respect of the form, construction or installation of an article." An application for a utility model can be made unless one of the above listed circumstances for an invention patent exists.

(iii) Design patent: Under the Patent Act, a design is defined as "any creation made in respect of the shape, pattern, color, or combination thereof of an article through eye appeal." Besides, an associated design is defined as "a creation made by the same person, which is originated from and similar to his/her original design".

Trademark

Based on the Trademark Act (商標法), a trademark is a sign recognized by ordinary consumers and capable of distinguishing the mark owner's goods from those of another. A trademark may consist of any word, device, symbol, color, sound, three-dimensional shape or any combination thereof. The mark must be distinctive and it may not be so similar to another mark as to be confusing or misleading to the public (including unregistered well-known foreign trademarks).

Once accepted, a mark is published in the Trademark Gazette. An opposition may be filed within three (3) months. A registered mark is protected for ten (10) years from the date of registration. However, a registered mark is subject to cancellation by the trademark authority, ex officio, or upon the application of an interested party, if the mark has not been used for at least three years. An application for renewal of a trademark registration for another 10-year period must be filed up to six months before or six months after expiry of the registration.

Under the current Trademark Act, there is no need to obtain prior approval of a trademark license from the authority. However, trademark licenses must be recorded with the trademark authority. Failure to record a trademark license will result in the inability of the parties to the trademark license to raise a defense against third parties.

Copyright

Under the Copyright Act (著作權法), a "work made for hire" is a work created by one person for another person in return for compensation. A work may thus be "made for hire" by an employee for an employer, by a contractor, by an agent for a principal, or in any other situation where the work of creation is performed by one person at the request of and is paid for by another. Under the Copyright Act, unless otherwise agreed, an employee who completes a work within the scope of employment shall own the moral right to such work while the employer shall own the economic rights. Registration of works is no longer necessary to obtain copyright protection. Copyright protection will continue to be automatic upon the completion of a work, but any challenge to its validity must be determined by the courts.

The term of a copyright begins from the date of completion and exists for the life of the author plus fifty (50) years. In the case of joint works, the term of the copyright is the life of the last surviving author plus fifty (50) years. If the author is a juristic person, the copyright is valid for fifty (50) years from the time of public release.

Environment

According to the Environmental Impact Assessment Act (環境影響評估法), before engaging in development activities which may cause adverse impact on the environment, the enterprise shall conduct an environmental impact assessment and submit the environmental impact assessment statement (the "**Statement**") and environmental impact assessment report (the "**Report**") to competent authority for approval. If the competent authority deems that the development activity could cause material impact on the environment, it may request the enterprise to conduct a phase II assessment. No permission of the development activity shall be issued if the relevant Statement and/or Report is not approved. The enterprise shall also follow the content and conclusion of the Statement and Report while conducting the development activity. The competent authority may monitor and investigate such activities from time to time.

Operations of an enterprise (e.g., companies, factories, mines and quarries, substitute wastewater treatment enterprises, livestock enterprises and other enterprises designated by the central competent authority) shall also be subject to environmental laws such as Water Pollution Control Act (水污染防治法), the Air Pollution Control Act (空氣污染防治法), the Noise Control Act (噪音管制法), and Waste Disposal Act (廢棄物清理法). These laws and relevant regulations establish different standards in respect of water and waste discharge, air emissions, noise, etc., according to specially designated industry categories. An enterprise shall comply with the standards and requirements prescribed in relevant laws and regulations; otherwise, central or local government may impose a fine for violation.

Telecommunications

The Telecommunications Act (電信法) regulates the telecommunications industry in Taiwan. The Telecommunications Act creates a two-tier regulatory structure: it divides telecommunications enterprises into Type I and Type II - Type I enterprises are those who own and utilize switching, transmission and affiliated equipment for operating and providing telecommunications services, such as local and long-distance telephone services, and Type II refers to all telecommunications enterprises other than Type I. The National Communications Commission (國家通訊傳播委員會) ("**NCC**") is the competent authorities of the telecommunications industry.

When it comes to telecommunications devices, if a device is considered a radio transmitter/receiver, generally it will fall within the regulation of controlled telecommunication radio-frequency devices (電信管制射頻器材) ("**CTRFD**") and subject to the following requirements as set forth in the Administrative Regulations on the Controlled Telecommunications Radio-Frequency Devices (電信管制射頻器材管理辦法):

(i) To manufacture domestically or import the CTRFD, the domestic manufacturer or importer must first obtain an "operation license" (經營許可執照) from the NCC;

(ii) To import the CTRFD, the importer must obtain an "importation permit" (進口許可證) from the NCC for each importation shipment of the device (subject to certain exemptions). Importation permit is valid for one year, but can be extended for another year for 2 times; and

(iii) CTRFD cannot be manufactured, imported, sold, or publicly displayed unless it has received type approval (型式認證) and recognition of inspections (審驗合格).

Investment in the PRC

The Act Governing Relations between the Peoples of the Taiwan Area and Mainland Area (臺灣地區與大陸地區人民關係條例) ("**Relations Act**") covers a broad spectrum of cross-Taiwan Strait matters, including documentation, verification, employment, inheritance, communications, advertisements, business activities, and civil and criminal procedures.

On November 7, 2002, the Taiwanese government lifted several restrictions on Taiwanese trade with and investments in the PRC. In 2002, the Taiwan government also removed its prohibition of direct investments in the PRC. Prior to 2002, permissible investments in or technical cooperation with parties in the PRC had to be indirect, i.e., via a third country or territory, with an exception of investments not exceeding US$1 million.

The Relations Act authorized the MOEA to promulgate the Regulations Governing Permission of Investment or Technical Cooperation with China (在大陸地區從事投資或技術合作許可辦法), and the Reviewing Principles of Investment or Technical Cooperation with China (在大陸地區從事投資或技術合作審查原則) (collectively, "**Investment Regulations**"). Among other things, the Investment Regulations set forth a list of businesses in which Taiwanese nationals or legal persons may or may not invest or cooperate with the PRC ("**Investment List**"). Currently, the Investment List is divided into two categories: general items (一般類) and prohibited items (禁止類). "Prohibited items" are those items for which Taiwanese investment or technical cooperation is prohibited because of reasons linked to (i) international conventions, (ii) national security, (iii) major infrastructure projects, and (iv) industrial developments (such as core technologies and essential components). Items not identified as prohibited are "general items" for which investment is permitted with prior approval by the IC of the MOEA.

The Investment Regulations prescribe that any Taiwanese national, juridical person, organization, or other entity desiring to invest or engage in technical cooperation in Mainland China must first apply to the IC (except in the event that the investment is made to a certain PRC enterprise with an aggregate amount of less than US$1 million, in such situation only a post-investment filing (within six months after the investment) with the IC for record is required). As to the maximum aggregate investment, the IC's Reviewing Principles establish the following:

(i) The maximum aggregate investment in PRC by any Taiwanese individual: NT$5 million per year;

(ii) By a small and medium-sized enterprise: either (i) 60% of its net value or consolidated net value or (ii) NT$80 million, whichever is higher;

(iii) By other enterprises: 60% of its net value or consolidated net value, whichever is higher.

The abovementioned maximum aggregate investment amount or investment cap does not apply to (i) an enterprise that obtains a "Operational Headquarter Recognition Letter" (企業運總部認定函) issued by the Industrial Development Bureau, MOEA (經濟部工業局), or (ii) a Taiwan subsidiary of a multi-national corporation (跨國企業) ("**MNC**"). MNC referenced herein means an enterprise (i) whose worldwide revenues in the previous year reaches US$100 million, (ii) has subsidiaries or branches in two or more countries, (iii) the parent company/head office exercises effective control and decision-making over those subsidiaries or branches to engage in cross-border production and operation, and (iv) the parent company/head office is located outside of Taiwan, but has subsidiaries or branches of economic entities in Taiwan.

As advised by our ROC Legal Adviser, if a company incorporated in any jurisdiction other than the PRC and Taiwan in which any Taiwanese national, juridical person, organization, or other entity (each a "**Taiwanese Investor**") is a director, supervisor, executive or similar officer or holds at least 10% of total issued shares, the Taiwanese Investor must apply for a prior IC Approval or make a post-investment filing within six months after the investments with the IC for record. Hon Hai, the ultimate parent company and a Controlling Shareholder of our Company, has obtained prior approvals from the IC for its and our investment in the Level-1 PRC Subsidiaries pursuant to the Investment Regulations. According to the Investment Regulations, Hon Hai is not required to apply for IC Approvals for the investments by each of the Level-1 PRC Subsidiaries in another companies in PRC.

Any inflow of capital from PRC back into Taiwan will be deducted from the investment caps.

VIETNAM REGULATORY OVERVIEW

Set out below is a summary of certain principal laws and regulations of Vietnam in effect and to which we are subject and are materially affected as of the date of this Prospectus. This summary does not purport to be a complete review of all laws and regulations of Vietnam that are applicable to us.

Laws on Enterprises and Investment

The new investment regime (comprising of the Law on Investment 2014 and the Law on Enterprises 2014) came into effect from July 1, 2015 and replaces the Law on Investment 2005 and the Law on Enterprises 2005.

Generally, in order to invest in and establish an enterprise in Vietnam, foreign investors are required to obtain an investment registration certificate and an enterprise registration certificate from licensing authorities. During the operation, any changes to the contents of the investment registration certificate or enterprise registration certificate of the enterprise must be registered with the licensing authorities to obtain an amended certificate.

After a foreign invested enterprise has fully discharged its financial obligations to the Vietnamese Government, foreign investors are permitted to remit abroad the invested capital, proceeds from liquidation of their investment, the income derived from business investment activities, and other monies and assets lawfully owned by the investors.

Owner's Rights in One-member Limited Liability Company

Under the Law on Enterprise 2014, the incorporated owner of a one-member limited liability company has the right to decide on all material issues relating to the operation of that company, including but not limited to (i) contents of the company's charter and its amendment or supplement; (ii) the development strategy and annual business plan of the company; (iii) the structure of organization and management of the company; (iv) investment projects, sale of assets or other transactions valued at 50% or more (or a smaller threshold of prescribed by the charter) of total assets value recorded in the latest financial statement of the company; (v) increase of the charter capital or transfer of a part or the whole of the charter capital of the company to another organization or individual; (vi) use of profits after fulfilling tax and other financial obligations of the company; and (vii) re-organization, dissolution and bankruptcy of the company. The owner may authorize the Chairman to perform all the rights and obligations of the owner in relation to the company.

Restrictions on the Owner's Rights

The owner shall be entitled to withdraw the capital from the company by (i) withdrawing a part of charter capital in case the company carries out business activities continuously for more than 2 years from the date of enterprise registration (and ensuring payment of all of its debts and other property obligations); or (ii) transferring a part or the whole of the charter capital to another organization or individual. If only a part of the charter capital is transferred, the company shall have to transform into a limited liability with two or more members or a joint stock company with at least three shareholders.

The owner must not withdraw profits if the company fails to fully pay off due debts and other property liabilities.

The company may increase its charter capital by having the owner to inject more capital or by receiving capital contribution from other investors (in which case the company shall have to transform into a limited liability with two or more members or a joint stock company with at least three shareholders).

Land Law

The Land Law 2013 taking effect from July 1, 2014 sets out, among others, the regime for land management and usage, the rights and obligations of land users.

All land belongs to the people of Vietnam and is administered by the State. Private freehold ownership is not available in Vietnam but land users have legal rights to use land and are granted with land use right certificates. Land use rights are determined by reference to the category of land use purposes and the type of land user.

A foreign invested enterprise can obtain land use rights by way of:

- leasing from the State or industrial zone developers; or
- receiving land allocation from the State for residential development; or
- entering into a joint venture company with a Vietnamese party, who contributed land use rights as its capital contribution; or
- taking an assignment of a licensed development project from other investors including the land use rights assignment.

Export Processing Enterprise

A company that is qualified as an export processing enterprise shall be entitled to certain incentives and benefits under Vietnam laws.

Export processing enterprises are enterprises set up and operating in export processing zones or enterprises operating in industrial zones or economic zones and having all of their products exported. The status of an export processing enterprise must be recorded in the investment (registration) certificate. The investment certificate of New Wing Interconnect Technology records it as an export processing enterprise.

Environmental Protection

The Law on Environmental Protection 2014 came into effect from January 1, 2015 and replaces the Law on Environmental Protection 2005. New Wing Interconnect Technology's operations in Vietnam are subject to the requirements of an environmental impact assessment report ("**EIAR**"). Decision approving the EIAR is a basis for the State authority to issue a construction license for the project. An enterprise must comply with the approved EIAR during its operation. Critical changes to the approved EIAR require EIAR re-compilation.

Fire Prevention

Organizations considered as prone to fire and explosion are required to take out compulsory fire and explosion insurance for among others their construction works and equipment attached thereto.

Design of the fire prevention and fighting systems of certain establishments falling into the mandatory list must be examined and approved by the local fire prevention and fighting public security before commencement of construction or renovation.

Upon completing construction and before putting the construction works into use, the enterprise must have such fire prevention and fighting systems examined and accepted by the State authority and depending on the scale and nature of the construction works, prepare and/or submit for approval its written commitment on satisfaction of fire prevention and fighting safety conditions and a fire-fighting plan. The State authority may conduct quarterly, bi-annual, annual or ad hoc inspections on fire prevention and fire fighting systems.

Employment

The Labor Code 2012 regulates, among others, the rights, obligations and responsibilities of employees, employers.

Labor Contract

A labor contract can only be one of the following types: (i) an indefinite term labor contract, (ii) a definite term labor contract between full 12 months and 36 months, or (iii) a seasonal or specific job labor contract with a term of less than 12 months.

The signed labor contract can be terminated under the circumstances specified under the laws. In the event of unilateral termination, the terminating party is required to follow the procedures and conditions specified under the relevant laws.

Salary and Working Hours

Salary includes wage rates for the work or position plus allowances and other additional benefits. The wage rate of an employee must not be lower than the minimum wage rate stipulated by the Vietnamese Government from time to time. As at the Cut-Off Date, the minimum wage rate in Viet Yen District, Bac Giang Province is VND 2,900,000 per month. A company is required to set up its own salary scale and payroll and then notify to competent labor authority for their records.

Normal working hours must not exceed eight hours in one day and 48 hours in one week under the normal working hour regime. Employers are only allowed to require employees to work overtime with their agreements and following the mandatory conditions set out under the laws. Employees are entitled to overtime wages in accordance with the laws.

Labor Safety and Hygiene

Employers and employees are subject to various requirements on labor safety and hygiene at the work place such as periodic test of machinery, equipment and materials with strict requirements on labor safety, securing personal protective facilities for employees, training classes on labor safety and hygiene, and periodic health checks.

Statutory Insurance (Social Security)

Employers and employees must participate in statutory insurances, including social insurance, health insurance and unemployment insurance, as the case may be, and are entitled to the regimes as stipulated under the laws. In the case of employees who are ineligible to participate in statutory insurances, the employer must pay such employees, in addition to their wages for work, a sum of money equivalent to the amount of the contribution which would be paid for statutory insurances if the employee had been eligible simultaneously with wage payments.

Foreign Employees

Except for particular limited exemptions provided under the laws of Vietnam, an employee working in Vietnam and not being a Vietnamese must have work permits before he/she starts working in Vietnam. The work permit is valid for a maximum of two years.

Taxation

New Wing Interconnect Technology shall be mainly subject to the following taxes:

(i) Corporate Income Tax ("**CIT**")

CIT was imposed on New Wing Interconnect Technology's income at the rate of 22% until December 31, 2015, except for enterprises having total annual income in the immediately preceding year of no more than VND 20 billion whose CIT is 20%. Since January 1, 2016, the CIT rate has been 20%.

After New Wing Interconnect Technology fully pays CIT for its taxable incomes, the profits of New Wing Interconnect Technology to be distributed to FIT Singapore will not be subject to any tax in Vietnam.

(ii) Value Added Tax

Goods exported by New Wing Interconnect Technology are exempted from the value added tax.

(iii) Business License Tax

New Wing Interconnect Technology will pay this tax on an annual basis, currently at VND 3 million.

Foreign Exchange Control

An enterprise with foreign direct investment must open a direct investment capital account ("**DICA**") at one credit institution licensed to operate in Vietnam. Payment of investment capital, remittance of principal investment capital, profit and other lawful revenue must be conducted via this DICA. DICA will be opened in the currency that investor selects to make contribution into the foreign-invested enterprise.

Loans with offshore lender with the total term of more than one year must be registered with the State Bank of Vietnam.

MEXICO REGULATORY OVERVIEW

Foreign Investment in Mexico

The foreign investment in Mexican business organizations is regulated by the *Ley de Inversión Extranjera* and the *Reglamento de la Ley de Inversión Extranjera* (Foreign Investment Law and its Regulation). The Foreign Investment Law was promulgated by the Congress on December 27, 1993 and became effective the next day; its Regulation was enacted on May 4, 1998 and became effective 20 labor days later. Its last amendment was published October 31, 2014.

The reserve for nationals economic activities, the acquisition of real estate property, and the exploitation of mines and water, and the functioning of the National Registry of Foreign Investments are regulated by the Foreign Investment Law and its Regulation. Any investments conducted by the foreign investors and foreign organizations in Mexico shall be subject to registration with the National Registry of Foreign Investments.

Foreign Currency Exchange

The principal regulation governing foreign currency exchange in Mexico is the *Ley Monetaria* (Monetary Law), which was promulgated by the Congress on July 27, 1931 and became effective on

January 1, 1993. Its last amendment was published on January 20, 2009. Pursuant to the Monetary Law the payment in and transfer of foreign exchange for current international transactions shall not be subject to the government control or restriction. All business organizations and individuals in Mexico may purchase foreign exchange without the approval of any Authority.

While convertible for capital account items, such as capital transfer, direct investment, investment in securities, derivative products or loan are subject to registration with SAFE and approval or file with the relevant governmental authorities (if necessary).

Taxation

Income Tax

Considering that the Company is considered to be "Maquiladora" for tax purposes (a company who entered into a toll manufacturing agreement with a foreign entity for temporary importing raw materials owned by the foreign entity, in order to transform them into products using machinery and equipment provided by the same foreign entity, for ultimate exportation of such products), the Company must calculate and pay income tax at 30% rate on taxable income that must be the higher amount of 6.9% of the total value of the assets used in its operations, or 6.5% over the costs and expenses incurred by the Company. Alternatively, instead of calculating the taxable income under the above mentioned method, the Company may elect to calculate and pay its income tax by applying a 30% rate over its taxable income determined in accordance with an advanced pricing agreement executed with Mexican tax authorities.

The Company must pay the income tax by filing an annual income tax return before the 31st day of March of the following year of the fiscal year. The Company must file monthly income tax returns and shall made partial payments in account of the annual income tax.

In some day to day transactions, such as certain payments to foreign residents, payrolls, leasing of real property from individuals and receiving professional services, the Company must withhold income tax resulting from such transactions, to be paid to the tax authorities within the 17th day of the following month in which the transaction occurred.

Value Added Tax

Pursuant to Value Added Tax Law and its regulations, by general rule the Company must pay Value Added Tax at a 16% over the value of the acts or activities originating such tax. In general terms, all sales, leases, rendering of services and importing of goods and services shall generate payment of Value Added Tax. However, the Company must apply the 0% value added tax rate when exporting goods or services.

The importing of merchandise and raw materials, even on a temporary basis, is taxed with a 16% Value Added Tax, which may be paid by the Company with a credit of Value Added Tax granted to those companies who obtain a Value Added Tax certification from the tax authorities.

The Company must file monthly tax returns in which it can credit the Value Added Tax that was charged to it by third parties. In case of having a Value Added Tax balance in favor, the Company may credit the balance against the tax to be paid in the following months, or may request its refund.

Environmental Protection

The General Law of Ecological Balance and Environmental Protection (the "**Environmental Protection Law**"), enacted in 1988, and amended in 2011, is the primary Mexican environmental statute. It contains specific chapters concerning: environmental impact permitting, prevention and control of air, water and soil pollution and protection of natural resources. It also sets out enforcement procedures and other provisions concerning the respective responsibilities of the federal, state and municipal governments.

The General Law for the Prevention and Integral Management of Waste (the "**Waste Law**"), enacted in 2004, and amended in 2007, establishes guidelines for the regulation of soil pollution and waste handling, disposal and management plans. The Regulations on the Waste Law were published in 2006. In addition, all 31 Mexican states have also promulgated environmental laws. All activities conducted in Mexico must comply with federal, state and municipal laws.

The Ministry of Environment and National Resources ("**SEMARNAT**") is the federal authority entrusted with setting and overseeing national policy for environmental protection. In addition, it is responsible for enacting Official Mexican Standards ("**NOMs**") that establish: (i) pollutant limits for air emissions and wastewater discharges and (ii) criteria for designating waste as hazardous.

Environmental Impact Authorization.

Prior to initiating operations, industrial facilities must receive an environmental impact authorization ("**EIA**"). If the activity to be carried out is federally regulated pursuant to the Environmental Protection Law, the EIA must be issued by SEMARNAT.

If the activity to be carried out is not federally regulated, the EIA must come from the corresponding State or Municipal Environmental Authority (the "**Local Environmental Authority**") in accordance with the applicable municipal or state law.

The Code for the Sustainable Development of the State of Tamaulipas (the "**Sustainable Development Code**"), enacted in 2008, and last amended in 2015, has as main purpose to regulate all matters regarding the environmental protection, prevention and integral management of waste, prevention and control of air and soil pollution and water . The Sustainable Development Code also contains specific chapters regarding the state's environmental impact, emissions matter of the state, state's competence of wastewater discharge and procedures for special waste management.

There is an special regulation on environmental impact matters for the State of Tamaulipas (*Reglamento de Evaluación del Impacto Ambiental para el Estado de Tamaulipas*) enacted in September 19, 2013.

Prevention and Control of Air Pollution

Industrial facilities that emit gases, fumes or solid particles into the atmosphere are required to secure an Operating License if the stationary source is under state jurisdiction or a Consolidated Environmental License if the sources is subject to federal jurisdiction. In addition, stationary sources are required to comply with Mexican Official Standards in the area of air quality as well as with specific air emission reporting and monitoring requirements.

Water

The National Water Law (the "**Water Law**") enacted in 1992 and amended in 1998 requires that a concession be secured by the National Water Commission ("**CONAGUA**") in order to draw groundwater for industrial, commercial or service activities. Concession holders are required to pay applicable fees based on the volume of water they consume.

Parties that discharge wastewater, must secure a wastewater discharge permit from CONAGUA if the wastewater is discharged into a federal water body or into the soil. If wastewater is discharged into a municipal or urban sewage system, a discharge permit or registration must be secured from the corresponding State or Municipal water authority.

In addition, wastewater must comply with the water-quality limits established by applicable Mexican Official Standards.

Hazardous Waste Management

According to the Waste Law, a hazardous waste is defined as "any waste in any physical form which is either corrosive, reactive, explosive, toxic to the environment, flammable or biologically infectious, and which represents a hazard to the ecological balance of the environment."

Hazardous waste generators must comply with a number of reporting, handling, transportation and disposal requirements. They must register themselves before SEMARNAT and must ensure that all of their hazardous waste is collected, transported and disposed of by licensed hazardous waste disposal companies, in order to avoid liability resulting from its improper handling.

If hazardous waste is generated as a result of processing raw materials and components imported temporarily into Mexico under a specific importation regime, such hazardous waste must be exported to its country of origin. Waste that is recyclable may remain in Mexico.

Federally regulated activities include oil, petrochemical, steel, paper, sugar, mining, cement and electricity generation industries, as well as hazardous waste treatment, confinement and disposal activities.

Soil Pollution

According to the Waste Law, owners or occupiers of land that is contaminated with hazardous waste, are jointly liable for its remediation regardless of fault. In addition, parties that cause soil or groundwater contamination, may face administrative, civil and in some cases criminal liability.

To remediate a contaminated site, monitoring, sampling and remediation protocols established by the Waste Law, its Regulations and applicable Mexican Official Standards must be followed.

Intellectual Property

For the last decade, Mexico has taken a very aggressive policy towards protecting intellectual property rights ("**IPRs**"). Mexico is part of most conventions and treaties concerning IPRs and related rights. Mexico is part of the WTO and has entered into free trade agreements with the United States and Canada (NAFTA), Costa Rica, the "G-3" (Colombia and Venezuela), Bolivia, Chile, Nicaragua, Uruguay, Israel, El Salvador, Guatemala, Honduras, Switzerland, Liechtenstein, Norway, Sweden and the European Union. All these agreements include provisions for the protection and promotion of IPRs.

Following international standards, the Mexican Intellectual Property system is divided in two categories, i.e., Industrial Property and Copyrights. Industrial Property is regulated by the Mexican Industrial Property Law ("**MIPL**"), comprising patents, industrial designs, utility models, trade secrets, trademarks, trade names, slogans, appellations of origin, as well as Enforcement and Unfair Competition. Copyrights is regulated by the Federal Copyright Law ("**FCL**"). In the following paragraphs we will provide with the current relevant issues concerning these areas of Law.

The products in Mexico shall be subject to the Industrial Property Law and to the Federal Copyright Law of Mexico. Also, this country is also a signatory to all major intellectual property conventions, including the Paris Convention for the Protection of Industrial Property, Madrid Agreement on the International Registration of Marks and Madrid Protocol, Patent Cooperation Treaty, Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure, Berne Convention for the Protection of Literary and Artistic Works, Satellites Convention.

The Industrial Property Law promulgated on June 27, 1991 and became effective on June 28, 1991, there are three types of protected inventions, which include, invention patents, design patents and utility model. Invention patents are valid for 20 years, while design patents and utility model patents are valid for ten years, in each case commencing on their respective application dates. Persons or entities who use patents without the consent of the patent owners, make counterfeits of patented products, or engage in activities that infringe upon patent rights are held liable to the patent owner for compensation and may be subject to fines and even criminal punishment.

The patent prosecution system in Mexico uses as a general rule the "first to file" principle, which means when more than one person files a patent application for the same invention, the patent will be granted to the person who files the application first, but if two or more persons get together to create an invention, they will share the patent rights. In addition, México requires absolute novelty for an invention to be patentable.

Patent rights are national rights, but the Patent Cooperation Treaty to which México is a signatory, allows applicants in one country to seek patent protection for an invention that may simultaneously exist in a number of other member countries by filing a single international patent application. The fact that a patent application is pending is no guarantee that a patent will be granted, and even if granted, the scope of a patent may not be as broad as the subject of the initial application.

Likewise the Industrial Property Law provide that trademarks and other similar distinctive signs may be subject to registration at the Mexican Patent and Trademark Office. There are three major types of protection for distinctive signs un Mexico, trademarks, slogans and trade names. Registration for both trademarks and slogans provide exclusive rights to their use for renewable periods of 10 years. Using the mark locally on at least one product or service, for which it was registered, will be sufficient to prove that its use has not been interrupted for three or more consecutive years.

While the MIPL foresees the possibility of challenging the registration of a bad-faith registration through a prior overseas use nullity action, there are key issues to consider. First, the timeframe for filing this action is very limited, i.e.: three years after the registration is granted, which is non-extendable. Second, a nullity action is a litigation proceeding that has three instances, which normally translates into three or four years that a company will need to wait until engaging in commercial activities in our jurisdiction. Third, it is important to prospect early given the increase in the existence of "creative" entrepreneurs who have made a business out of these type of trademark filings.

Trademarks are registered according to the international classification of goods and services. There is no multi-class applications in our jurisdiction and as of today, there is no opposition system. However, as Mexico is part of the Madrid Protocol, which will be discussed in further detail in an upcoming section, there are ongoing discussions about the implementation of an opposition procedure.

A trademark license or assignment of trademark rights should be registered with the MPTO, for several reasons. First, it helps in the event of taking actions against counterfeiters or infringers. Second, it aids as a source of evidence in case that the registration's validity is challenged by a third party through a cancellation action based on non-use. Third, it helps in the event of tax structuring derived from the payments of royalties. The registration procedure is straightforward and user-friendly.

The Federal Copyright Law of Mexico promulgated on December 24, 1996 which became effective on March 24, 1997, aims to safeguard and promote the cultural heritage of the nation; protection of the rights of authors, performers and publishers, producers and broadcasters, in relation to their literary or artistic works in all its manifestations, their performances, their editions, their phonograms or videograms, their broadcasts, as well as other intellectual property rights.

The copyrights protected by the Copyright law in Mexico protect all literary work, music with or without lyrics, dance, drawings, cartoon and sculptural character, cinematographic and other audiovisual works, architectonic works, radio and television programs, computer programs; works of applied art, including graphic design or textile or compilation, consisting of collections of works, stories or as encyclopedias, anthologies and works or other elements or as the databases, provided that such collections, for his selection or arrangement of contents or materials, constitute an intellectual creation. In Mexico, the author is the sole and perpetual owner of the moral rights over the works created, however economic right might be assigned to a different person. All Copyrighted works will be protected for the life of the author and 100 years more after his death.

Foreign Trade and Customs

The main regulation governing foreign trade and customs transactions in Mexico is the Customs Law, which was promulgated on December 15, 1995 and thereafter amended on 9 December 2013. The Customs Law sets forth the requirements to import and export goods, the descriptions of the different customs regimes, including the temporary importation customs regime for manufacturing operations, among other customs matters related to foreign trade and customs transactions. According to the Customs Law, it is mandatory for all entities and individuals to register in the Mexican Importer's Registry to undertake the importation of goods into Mexico. The import and export transactions in Mexico may be performed directly by the importer or exporter or through customs broker licensed by the Mexican government.

The Customs Law is complemented with its own rulings published last April 20, 2015, that became effective on June 20, 2015, and with the Foreign Trade General Rules ("**FTGR**") issued by the Mexican Ministry of Finance and Public Credit that are published through the Administrative Tax Service in the Mexican Official Gazette. These two regulations set forth in detail the procedures and applicable formats and its specifications to carry out the import and export transactions in Mexico under any of the customs regimes established by the Customs Law.

In order to import goods in a temporary basis for a process of transformation or service for their following exportation, the importers must secure an IMMEX program, pursuant to the Decree for the Promotion of the Manufacturing, Maquiladora and Exportation Services Industry Decree ("**IMMEX Decree**"), promulgated last November 1, 2006 and recently amended last January 6, 2016, which became effective on February 5, 2016. The IMMEX Decree sets forth the requirements to secure the referred program, the obligations to maintain its benefits and the procedures of the customs and tax authorities to review its compliance. This program is a prior requirement to secure and maintain the Value Added Tax and Special Tax on Production and Services Certification ("**VAT/IEPS Certification**") set forth in the FTGR, which grants a credit to the importers of 100% of the Value Added Tax ("**VAT**") that must be paid[1] upon the temporary importation of goods and Machinery and Equipment ("**M&E**"). The IMMEX program and the VAT/IEPS Certification reduce the expenses in the importation of the required raw materials and the M&E necessary to manufacture goods in Mexico.

The manufacturing industry in Mexico is also required to comply with additional conditions in its manufacturing operation of exportation of products pursuant to articles 181 and 182 of the Mexican Income Tax Law ("**MITL**"). Compliance with such requirements grants protection to the foreign entity with whom the Mexican company executed a maquila agreement with, to avoid creating a permanent establishment in Mexico for tax purposes against such foreign entity. Also, if

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1 Under the Value Added Tax Law, the importation of goods is subject to a 16% VAT rate over the value of the goods to be imported (even on a temporary basis).

the conditions and requirements set forth in the referred provisions are met, the manufacturing company will be able to access to an special income tax scheme to calculate and pay the Mexican income tax.

On the other hand, the Foreign Trade Law ("**FTL**"), published last December 21, 2006 and the Foreign Trade General Rules issued by the Ministry of Economy, regulate the Non-Tariff Regulations and Restrictions, such as permits, Mexican Official Standards (NOM's), among others required for the importation and exportation of goods.

The import and export duties as per each one of the existing tariff classifications to be imported or exported, are set forth by the Mexican government in the Law of General Import and Export Duties, which was published last June 18, 2007 and recently amended on May 10, 2016. The duty rates included in this law are amended recurrently by the Mexican government.

Finally, the North America Free Trade Agreement ("**NAFTA**") was signed between the United States of America, Canada and Mexico, and became effective on January 1, 1994. As a result of the implementation of NAFTA provisions, NAFTA-originating goods are exempted from the payment of duties.

Labor and Safety

The Mexican Federal Labor Law ("**FLL**") (*Ley Federal del Trabajo*) regulates employment relationships in Mexico. The FLL applies to all employees that provide subordinated services in Mexico, regardless of nationality or the place of the worker's employment (the "Workplace"). The FLL contains detailed provisions concerning the minimum employment conditions and rights which must be afforded by the employer to its Workforce. Such provisions are not, under any circumstances, subject to waiver by employees. The FLL contemplates two general types of employment relationships: individual and collective. An individual employment relationship is created automatically upon a person rendering services in a subordinated manner (subject to the control of the employer) and receiving payment for such services, whether on a temporary basis or for an indefinite duration. Collective employment relationships are established between employees that are organized by a certified labor union and an employer.

On December 1, 2012, the FLL, was amended, particularly on provisions related to human rights at the Workplace, Human rights at the workplace, new hiring modalities, employer obligations and prohibitions, wage schemes, outsourcing and profit sharing, rescission, back wages, severance and prescription, procedural aspects and sanctions and collective aspects and unions.

The Social Security Law ("**SSL**") (*Ley del Seguro Social*) enacted on January 31, 1942, has undergone a series of amendments throughout the years, the last of which occurred on July 9, 2009. Under the SSL, the creation of an employment relationship automatically entitles the employee to various social security benefits, which are funded by contributions paid by both the employer and the employee, depending on the risk factor of the company. An employer must register its employees with the Mexican Social Security Institute ("**IMSS**"); and by doing so, the employer can relieve its responsibility for the following: (i) work related risks; (ii) health and maternity insurance; (iii) disability pension and life insurance; (iv) retirement, old age pension and old age unemployment insurance; and (v) child care and social benefits."

The National Fund Institute for the Employees Consumption Law ("**INFONACOT Law**") (*Ley del Instituto del Fondo Nacional para el Consumo de los Trabajadores*) which became effective on April 24, 2006, was created to promote the employees' savings, to grant them loans and to guarantee their access to credits for the acquisition of goods and to pay services. As of December 1, 2012, employers are obligated to get registered within the INFONACOT, which grants loans to employees for the acquisition of goods. Once registered, employers are obligated to withhold from the salaries of the employees the amounts due to INFONACOT and perform the corresponding payments of the loans.

The Worker Housing Fund Law ("**INFONAVIT Law**") (*Ley del Instituto Nacional de la Vivienda para los Trabajadores*) effective since April 24, 1972, established INFONAVIT, a federal agency entrusted with the administration of the National Housing Fund, which is a fund consisting of contributions made by all employers in an amount equal to 5 percent of the wages paid to their employees.

The Regulation of the Social Security Law on Affiliation, Classification of Companies, Collection and Fiscal Oversight ("**Regulation on Social Security Law**"), in effect since November 1, 2002 was amended July 15, 2005. It establishes the rules regarding the registry of employers and employees in the obligatory regime for Social Security purposes as well as the establishment and collection of fees, contributions, fines, surcharges and updates. It contemplates the procedure to classify companies according to their activity and subsequently determine their Occupational Hazard Premium based on said classification. Based on this regulation, the Social Security Institute verifies the compliance of employers and in the lack of thereof, the determination and imposition of fines and sanctions.

The Federal Regulation of Labor Inspections and Application of Penalties in effect since June 17, 2014, regulates the Federal Labor Law prescriptions regarding the procedure to promote and monitor the compliance with the Labor Laws as well as the imposition of sanctions for violations of the same in the workplace. Its application corresponds both to the Ministry of Labor, and the authorities of the states in the area of their respective powers.

The Federal Regulation of Safety and Health in effect since November 13, 2014, regulates the provisions on safety and health to be observed in Workplaces , in order to have the conditions that can prevent risks and guarantee workers the right to carry out their activities in environments that ensure their life and health, based on the Federal Labor Law.

The Mexican Official Standards ("**NOMS**") (Normas Oficiales Mexicanas) are technical regulations issued by the competent agencies of the Mexican Government (Ministry of Economy) which establishes the rules, specifications, guidelines, requirements or process applicable to a product, service or procedure when these processes may pose a risk to people's safety or damage the human health, animal, general and labor environment; or to preserve natural recourses.

Property and Civil Agreements

The Federal Civil Code applicable to the entire Mexican Republic, published in August 1928, with its last reform in December 2013, followed by the Civil Code for the State of Tamaulipas, specific State where the Company's operations are based in Mexico, published in January 1987, with its last reform in December 2004, both govern all matters related to (i) real estate property located in Mexico and specifically the State of Tamaulipas, and (ii) civil agreements carried out by any entity within Mexican territory (jointly, the "**Civil Codes**").

The Company currently has a leasehold interest over an industrial facility located in the Municipality of Matamoros, State of Tamaulipas. Additionally to the provisions of the applicable lease agreement, such lease relationship shall be governed by the Civil Codes, specifically pertaining to rights and obligations of the parties, potential causes for rescission, liability and indemnities that may derive from such contractual relationship.

HISTORY

Overview

Our origin can be traced back to 1981 when Hon Hai successfully developed connectors products, marking the commencement of its business of developing and producing interconnect solutions and related products. In order to streamline the group structure and as a strategy for sustainable development of the business, our Company was incorporated in the Cayman Islands as an exempted company with limited liability on April 8, 2013 as an indirect wholly-owned subsidiary of Hon Hai. Under Hon Hai's corporate plan, we took over the interconnect technology business from a business unit of Hon Hai known as New Wing Interconnection Business Group, the predecessor of our Group, and have operated independently since our establishment.

Since then, our Company has operated as a leader in the development and production of interconnect solutions and related products in terms of market share. With a view to further develop our business and support our expansion, we acquired multiple PRC entities from Hon Hai and its subsidiaries as part of the Reorganization, and have established a number of subsidiaries in countries including Singapore, Vietnam, Japan and the United States since our establishment. We currently operate our business through offices and manufacturing facilities in Asia, North America and Europe.

According to Frost & Sullivan, we ranked fourth globally in terms of market share and accounted for 5.1% of global connector market in terms of revenue in 2016. We have an especially strong presence in the computer and consumer electronics and the mobile and wireless devices end markets, where according to Frost & Sullivan we ranked first and second globally, respectively, in terms of market share based on revenue in 2016.

Business Milestones

The following table sets forth the key milestones in our history.

Year	Event
1981	• Hon Hai successfully developed connectors products, marking the commencement of its business of developing and producing interconnect solutions and related products.
1982	• Hon Hai commenced sales of cable assembly modules.
	• The first production facility for our business was set up in Taiwan for the production of copper-based components.
2001	• Became the first mass manufacturer supplying the next generation Intel CPU Socket 478.
2004	• Developed and became the mass manufacturer of the next generation fine pitch and low profile connectors.
2006	• Successfully launched DDR3 SO-DIMM socket

Year	Event
2007	• Became mass manufacturer of the first generation smartphone connectors.
2008	• Worked with industry associations in setting the specifications for USB 3.0 and new generation products.
2010	• Successfully developed earphone products
2012	• AOCs and DDR4 SO-DIMM socket were successfully developed and launched
2013	• Our Company was incorporated as part of the streamlining and strategic structuring process of Hon Hai.
2014	• Completed development of wireless charging products and components.
	• Worked with industry associations in setting the specifications for USB Type-C connectors and optical modules.
2015	• Acquired the optical modules business of Avago to further strengthen our existing position in the communications infrastructure end market.
	• The Internet-of-Things (IoT) team was established to focus on the research and development of smart home devices.
2016	• Production facilities were set up in Bac Giang Vietnam for the production of copper-based components and accessories to further reinforce our production capabilities.
	• 25G to 100G optical modules were successfully developed.

OUR SHAREHOLDERS

As of the Latest Practicable Date, our Company is owned as to 92.57% by Foxconn Far East Hong Kong, and the rest is owned by employees of our Company (including three of our Directors) and of Hon Hai and two third party investors. Foxconn Far East Hong Kong is a limited liability company incorporated in Hong Kong on December 29, 1988 and is directly and wholly owned by Foxconn Far East Cayman (a company incorporated in the Cayman Islands on January 25, 1996), which is in turn directly and wholly owned by Hon Hai. Both Foxconn Far East Hong Kong and Foxconn Far East Cayman are investment holding companies with no substantive business operations.

EVOLUTION OF OUR GROUP

Establishment and Corporate Development of our Company

Our Company was incorporated as an exempted company with limited liability on April 8, 2013 under the laws of the Cayman Islands, with an authorized share capital of US$50,000 divided into 50,000 shares of a par value of US$1.00 each. Upon establishment, one share of par value US$1.00 was transferred at par to Foxconn Far East Hong Kong. On October 1, 2013, the Company increased its authorized share capital to US$300,000,000 divided into 300,000,000 shares of par value US$1.00 each by the creation of an additional 299,950,000 shares of par value US$1.00 each. On December 2, 2013, the Company allotted and issued 49,999 shares of par value US$1.00 each to

Foxconn Far East Hong Kong. On December 30, 2013, the Company allotted and issued 101,113,240 more shares of par value US$1.00 each to Foxconn Far East Hong Kong.

Pursuant to a resolution of the sole member passed on October 15, 2014, every existing share with a par value of US$1.00 was split into 3.2 Shares with a par value of US$0.3125, and thus the number of issued and fully paid shares increased from 101,163,240 to 323,722,368.

On October 19, 2015, our Company allotted in aggregate 23,506,000 shares of par value US$0.3125 under an employee subscription plan to 427 employees of our Company, including three of our Directors. The total purchase price was US$94,024,000. On December 24, 2015, the Company allotted (i) 1,957,000 shares of par value US$0.3125 to 251 employees of Hon Hai; (ii) 400,000 shares of par value US$0.3125 to S.A.S. Investment Company Limited, the holding Company of a distributor of our Company; and (iii) 120,000 shares of par value US$0.3125 to Fulbond Venture Capital Co., Ltd. (福邦創業投資股份有限公司). The issuance and allotment of shares were completed on December 24, 2015. The total purchase price was US$14,862,000. None of these purchasers of our shares has any special rights other than shareholder rights afforded by law. As of the Latest Practicable Date, approximately 7.43% of the issued share capital of the Company is held by (i) 428 former or existing employees of the Company or their designated entities; (ii) 251 former or existing employees of Hon Hai or their designated entities; (iii) S.A.S. Investment Company Limited; and (iv) Fulbond Venture Capital Co., Ltd.

S.A.S. Investment Company Limited is wholly owned by S.A.S. Dragon Holdings Limited, a company listed on the Stock Exchange (Stock Code: 1184), in which Hon Hai ultimately owned 20% of its total issued shares as at December 31, 2015. Save for aforementioned, none of (i) the 251 employees of Hon Hai; (ii) S.A.S Investment Company Limited; and (iii) Fulbond Venture Capital Co., Ltd. is connected to a Director of our Company or a member of our senior management.

Share sub-division

In anticipation of the Global Offering, pursuant to a resolution of members passed on November 3, 2016 we have sub-divided our authorized share capital from 960,000,000 Shares of US$0.3125 each into 15,360,000,000 Shares of US$0.01953125 each, and every existing share with a par value of US$0.3125 was split into 16 Shares of par value US$0.01953125, and thus the number of issued and fully paid Shares increased from 349,705,368 to 5,595,285,888.

Adoption of the Share Grant Scheme

As an incentive measure, the Board approved and adopted the Share Grant Scheme on January 5, 2015 and further adopted the rules and interpretations thereof on November 4, 2016. For details, principal terms and vesting schedule of the Share Grant Scheme, see "Statutory and General Information – D. Share Grant Scheme" in Appendix IV to this prospectus.

Our Subsidiaries

Details of our subsidiaries during Track Record Period are set forth below.

No.	Name of Subsidiary and Date of Establishment	Place of Establishment	Equity ownership as of the Latest Practicable Date	Principal Business Activities
1.	**Best Gold Trading Limited** Established: January 8, 1999	BVI	100%	Investment holding

No.	Name of Subsidiary and Date of Establishment	Place of Establishment	Equity ownership as of the Latest Practicable Date	Principal Business Activities
2.	**FIT Electronics** Established: December 20, 2013	California, USA	100%	Sale, research and development of interconnect solutions and related products
3.	**FIT Japan** Established: September 17, 2014	Japan	100%	Sale of interconnect solutions and related products
4.	**FIT Mexico** Established: August 18, 2000	Mexico	100%	Production of interconnect solutions and related products
5.	**FIT Singapore** Established: June 17, 2013	Singapore	100%	Sale of interconnect solutions and related products
6.	**FIT USA** Established: July 12, 2013	Texas, USA	100%	Sale of interconnect solutions and related products
7.	**FOIT Singapore** Established: August 25, 2015	Singapore	100%	Sale of interconnect solutions and related products
8.	**FOIT USA** Established: August 25, 2015	California, USA	100%	Sale, research and development of interconnect solutions and related products
9.	**Foxconn Korea Limited** Established: June 25, 2010	Republic of Korea	100%	Sale of interconnect solutions and related products
10.	**Foxteq (UK) Limited** Established: November 4, 1997	UK	100%	Sale of interconnect solutions and related products
11.	**Grand Occasion International Limited** Established: June 2, 1999	BVI	100%	Investment holding

No.	Name of Subsidiary and Date of Establishment	Place of Establishment	Equity ownership as of the Latest Practicable Date	Principal Business Activities
12.	**In-Output Precision Industrial Limited** Established: August 19, 1998	BVI	100%	Consolidation and allocation of purchase orders
13.	**New Beyond Maximum Industrial Limited** Established: June 18, 2013	Independent State of Samoa	100%	Consolidation and allocation of purchase orders
14.	**New Wing Interconnect Technology** Established: January 30, 2015	Vietnam	100%	Production of interconnect solutions and related products
15.	**Anya Huai'an** Established: November 25, 2016	PRC	100%	Trading of interconnect solutions and related products
16.	**Anya Kunshan** Established: August 9, 2016	PRC	100%	Trading of interconnect solutions and related products
17.	**Anya Shenzhen** Established: November 30, 2016	PRC	100%	Trading of interconnect solutions and related products
18.	**Chongqing Hongteng** Established: September 17, 2014	PRC	100%	Production of interconnect solutions and related products
19.	**Foxconn Electronics Kunshan** Established: November 29, 1995	PRC	100%	Production of interconnect solutions and related products
20.	**Foxconn Kunshan Connectors** Established: January 20, 1993	PRC	100%	Sale and production of interconnect solutions and related products

No.	Name of Subsidiary and Date of Establishment	Place of Establishment	Equity ownership as of the Latest Practicable Date	Principal Business Activities
21.	**Fuding Shenzhen** Established: December 7, 1995	PRC	100%	Production of interconnect solutions and related products
22.	**Fuding Zhengzhou** Established: September 2, 2010	PRC	100%	Production of interconnect solutions and related products
23.	**Fumeng Heze** Established: December 23, 2014	PRC	100%	Production of interconnect solutions and related products
24.	**Fuyu Huai'an** Established: December 6, 2006	PRC	100%	Production of interconnect solutions and related products
25.	**FOCT** Established: August 27, 2015 Dissolved : April 6, 2017	Texas, USA	100%	Research and development of interconnect solutions and related products
26.	**Huai'an Fuqi** Established: October 17, 2015	PRC	100%	Production of interconnect solutions and related products (currently dormant)
27.	**Huai'an Hongyu** Established: September 25, 2010	PRC	100%	Sale of interconnect solutions and related products
28.	**Huai'an Tengyue Information Technology** Established: April 30, 2014	PRC	80%	Structure cabling, installation and maintenance of intelligent control system
29.	**Huai'an Fulitong Trading** Established: July 12, 2007	PRC	100%	Sale of interconnect solutions and related products

Corporate Development of our Subsidiaries

We describe below the changes in the equity capital of our subsidiaries which were material to the performance of our Group, in each case during the start of the Track Record Period up to the start of the Reorganization.

Non-PRC Subsidiaries

Best Gold Trading Limited

Best Gold Trading Limited was established in the BVI on January 8, 1999. On January 27, 1999, one ordinary share with a par value of US$1.00 was issued to Foxconn (Far East) Holdings Limited. After several transfers, such share was transferred to Foxconn Far East Hong Kong in April 2000 which has been holding 100% of Best Gold Trading Limited since then, with more ordinary shares issued to it respectively in May 2000, July 2001, December 2006, June 2013, and September 2013. As of September 2013, Foxconn Far East Hong Kong held a total of 55,588,000 ordinary shares.

In February 2014, Foxconn Far East Hong Kong transferred its 100% interest in Best Gold Trading Limited to FIT Singapore for a consideration of US$55,588,000 (based on the then share capital of Best Gold Trading Limited).

FIT Electronics

FIT Electronics was incorporated in the State of California, United States on December 20, 2013. As at the date of incorporation, FIT Electronics was authorized to issue 10,000,000 shares of common stock of a single class. In June 2014, 500,000 shares of the common stock were issued to FIT Cayman for a consideration of US$500,000 (US$1.00 per share).

FIT Japan

FIT Japan was established in Japan on September 17, 2014 by FIT Singapore (99.5%) and Yasuda Takehiro (安田建弘) (0.5%) with a registered capital of Japanese Yen 10,000,000, fully paid in November 12, 2014. Upon incorporation, Yasuda Takehiro transferred the 0.5% interest in FIT Japan to FIT Singapore for nil consideration.

FIT Mexico

FIT Mexico was established in Mexico on August 18, 2000. Upon incorporation, Lucent Technologies, Inc. was assigned one quota of MX$2,999 and Lucent Technologies International, Inc. was assigned one quota of MX$1. Following a capital increase in December 2002 and several re-assignments of quotas in January 2001, January 2003, and April 2005, immediately prior to December 2015, CyOptics International Holding, Co. held one quota of MX$2,999 and CyOptics International Holding, LLC. held one quota of MX$1.

In December 2015, as a result of quotas being re-assigned, FOIT Singapore was assigned one quota of MX$2,999 (with its variable value being MX$10,092,895) and FIT Singapore was assigned one quota of MX$1, following which FOIT Singapore and FIT Singapore owned 99.99999% and 0.00001% of the capital of FIT Mexico, respectively.

FIT Singapore

FIT Singapore was established in Singapore on June 17, 2013. Upon incorporation, the share capital of FIT Singapore was US$1.00, with one ordinary share issued to our Company (fully paid). In September 2013, 999,999 ordinary shares of US$1.00 each were allotted and issued to our Company (fully paid). In September 2014, 707,792,682 ordinary shares of US$1.00 each were allotted and issued to our Company (fully paid). In January 2015, 142,347,279 ordinary shares of US$1.00 each were allotted and issued to our Company (fully paid). In July 2016, 21,250,000 ordinary shares of US$1.00 each were allotted and issued to our Company (fully paid). As a result, as of the Latest Practicable Date, both the issued share capital and paid-in capital of FIT Singapore were US$872,389,961, with our Company holding 100% of the shares.

FIT USA

FIT USA was established in the State of Texas, United States on July 12, 2013. As at the date of incorporation, FIT USA was authorized to issue 1,000 shares of common stock of a single class and is wholly owned by our Company.

FOCT

FOCT was established in the State of Texas, United States on August 27, 2015. As at the date of incorporation, FOCT was authorized to issue 1,000,000 shares of common stock with no par value. Since FOCT's incorporation and up until its dissolution, FOIT Singapore has been holding 100% of the interest in FOCT. On April 6, 2017, FOCT was dissolved.

FOIT Singapore

FOIT Singapore was established in Singapore on August 25, 2015. Upon incorporation, the share capital was US$1.00, with one ordinary share issued to our Company. On May 13, 2016, 87,999,999 ordinary shares of US$1 each were allotted and issued to our Company (fully paid). As a result, as of the Latest Practicable Date, both the issued share capital and paid-in capital of FOIT Singapore were US$88,000,000, with our Company holding 100% of the shares.

FOIT USA

FOIT USA was established in the State of California, United States on August 25, 2015. As at the date of incorporation, FOIT USA was authorized to issue 1,000,000 shares of common stock of a single class and is wholly owned by FIT Singapore.

Foxconn Korea Limited

Foxconn Korea Limited was established in the Republic of Korea on June 25, 2010 by Foxconn Singapore Pte. Ltd. (100%) with a registered capital of US$780,000. In October 2014, Foxconn Singapore Pte. Ltd. transferred its 100% interest in Foxconn Korea Limited to FIT Singapore for a consideration of South Korean Won 861,115,692 (based on an appraisal report).

Foxteq (UK) Limited

Foxteq (UK) Limited was established in the United Kingdom on November 4, 1997. On November 4, 1997, Foxteq (UK) Limited issued one subscriber share to Jordans (Scotland) Limited, an independent third party, and one subscriber share to Oswalds of Edinburgh Limited, an independent third party. On February 17, 1998, both Jordans (Scotland) Limited and Oswalds of Edinburgh Limited transferred their shares to Foxteq Integration Inc., for a consideration of GBP2, being GBP1 per share. On May 25, 1998, Foxteq Integration Inc., transferred its two shares to Foxteq Holdings Inc. for a consideration of GBP2. Subsequently, 199,998, 350,000 and 250,000 shares at a nominal value of GBP1 per share, were allotted and transferred to Foxteq Holdings Inc. on April 14, 1998, May 28, 1998 and June 12, 1998, respectively. Following the transfer and share allotments, Foxteq Holdings Inc. held a total of 800,000 ordinary shares.

In May 2014, the issued share capital of Foxteq (UK) Limited was reduced from GBP800,000 (divided into 800,000 ordinary shares of GBP1 each) to GBP100,000 (divided into 100,000 ordinary shares of GBP1 each). In August 2014, Foxteq Holdings Inc. transferred its 100% interest in Foxteq (UK) Limited to FIT Singapore for a consideration of GBP108,554.53 (based on net asset value).

Grand Occasion International Limited

Grand Occasion International Limited was established in the BVI on June 2, 1999. On June 21, 1999, one ordinary share with a par value of US$1.00 was issued to Tripleheads International Limited. In December 1999, such share was transferred to Foxconn Far East Hong Kong for US$1.00 and since then Foxconn Far East Hong Kong has been holding 100% of the interest in Grand Occasion International Limited, with more ordinary shares issued to it respectively in May 2005, December 2005, June 2013, and September 2013. As of June 2013, Foxconn Far East Hong Kong held a total of 35,554,000 ordinary shares.

In June 2013, 5,929,280 more ordinary shares were allotted and issued to Foxconn Far East Hong Kong for a consideration of US$5,929,280. In September 2013, 23,717,120 more ordinary shares were allotted and issued to Foxconn Far East Hong Kong for a consideration of US$23,717,120. As a result, Foxconn Far East Hong Kong held a total of 65,200,400 ordinary shares.

In February 2014, Foxconn Far East Hong Kong transferred its 100% interest in Grand Occasion International Limited to FIT Singapore for a consideration of US$65,200,400 (based on the then share capital of Grand Occasion International Limited).

In-Output Precision Industrial Limited

In-Output Precision Industrial Limited was established in the BVI on August 19, 1998 under the name of Success Rise Enterprises Limited, which was changed to its current name in January 2000. On September 1, 1998, one ordinary share with a par value of US$1.00 was issued to Foxconn (Far East) Holdings Limited. In November 2013, Foxconn (Far East) Holdings Limited transferred its 100% interest in In-Output Precision Industrial Limited to our Company for a consideration of US$50,559 (based on net asset value).

New Beyond Maximum Industrial Limited

New Beyond Maximum Industrial Limited was established in the Independent State of Samoa on June 18, 2013 with an authorized capital of US$1,000,000, made up of one class and one series of shares divided into 1,000,000 shares (each with a par value of US$1.00). Upon incorporation, one ordinary share was subscribed for by Offshore Incorporations (Samoa) Limited. This share was transferred to our Company for a consideration of US$1.00 on the same day.

New Wing Interconnect Technology

New Wing Interconnect Technology was incorporated in Vietnam on January 30, 2015. Since incorporation, FIT Singapore has been holding 100% of the equity interest in New Wing Interconnect Technology. Upon incorporation, the registered capital as provided in the charter of New Wing Interconnect Technology was Vietnamese Dong 212,460,000,000, which was increased to Vietnamese Dong 225,400,000,000 in December 2015 and further increased to Vietnamese Dong 676,200,000,000 in May 2016.

PRC Subsidiaries

Anya Huai'an

Anya Huai'an was established in the PRC on November 25, 2016 by Foxconn Kunshan Connectors, with a registered capital of RMB1,000,000, to be fully paid up by September 25, 2036, pursuant to the articles of association of Anya Huai'an.

Anya Kunshan

Anya Kunshan was established in the PRC on August 9, 2016 by Foxconn Kunshan Connectors, with a registered capital of RMB1,000,000, to be fully paid up by December 2021 pursuant to the articles of association of Anya Kunshan.

Anya Shenzhen

Anya Shenzhen was established in the PRC on November 30, 2016 by Fuding Shenzhen (100%), with a registered capital of RMB1,000,000, to be fully paid up by January 2021 pursuant to the articles of association of Anya Shenzhen.

Chongqing Hongteng

Chongqing Hongteng was established in the PRC on September 17, 2014 by FIT Singapore (100%) with a registered capital of US$3,000,000, fully paid up on November 13, 2014.

Foxconn Electronics Kunshan

Foxconn Electronics Kunshan was established in the PRC on November 29, 1995 by Foxconn Far East Hong Kong (100%) with a registered capital of US$12,000,000, fully paid in December 19, 2000.

On March 7, 2000, Foxconn Far East Hong Kong transferred its 100% equity interest in Foxconn Electronics Kunshan to Grand Occasion International Limited for a consideration of US$12,000,000 (based on the then registered capital). On August 8, 2005, the registered capital was increased to US$36,000,000 by way of capital injection by the shareholder.

On December 28, 2007, Fuhong Precision Components (Kunshan) Company Limited merged with Foxconn Electronics Kunshan, with Foxconn Electronics Kunshan being the surviving entity. Following the merger, the registered capital of Foxconn Electronics Kunshan was increased to US$68,000,000, and Grand Occasion International Limited and Best Gold Trading Limited owned 52.94% and 47.06% of Foxconn Electronics Kunshan, respectively.

On December 22, 2008, Grand Occasion International Limited and Best Gold Trading Limited transferred their interests in Foxconn Electronics Kunshan to Foxconn Far East Hong Kong for considerations of US$35,999,200 and US$32,000,800 (based on the then registered capital), respectively, following which Foxconn Far East Hong Kong owned 100% of Foxconn Electronics Kunshan. On May 13, 2010, Foxconn Far East Hong Kong transferred a 52.94% interest in Foxconn Electronics Kunshan to Grand Occasion International Limited for a consideration of US$36,000,000 (based on the then registered capital), and the other 47.06% interest in Foxconn Electronics Kunshan to Best Gold Trading Limited for a consideration of US$32,000,000 (based on the then registered capital).

On May 2, 2013, the registered capital of Foxconn Electronics Kunshan was increased to US$124,000,000 by way of capital injections by the shareholders in proportion to their respective shareholdings.

Foxconn Kunshan Connectors

Foxconn Kunshan Connectors was established in the PRC on January 20, 1993 by Foxconn Far East Hong Kong (100%) with a registered capital of US$2,500,000, fully paid up on May 17, 1994. Foxconn Kunshan Connectors underwent several capital increases by way of capital injections by the shareholder on May 5, 1994, July 12, 1995, April 29, 1998, December 27, 1999, June 13, 2006, and November 20, 2007, respectively, following which the registered capital was increased to US$44,600,000.

On December 30, 2013, Foxconn Far East Hong Kong transferred its 100% interest in Foxconn Kunshan Connectors to our Company for a consideration of US$198,926,748 (based on net asset value). On January 10, 2014, our Company transferred its 100% interest in Foxconn Kunshan Connectors to FIT Singapore for a consideration of US$198,926,748 (based on net asset value).

Fuding Shenzhen

Fuding Shenzhen was established in the PRC on December 7, 1995 by Foxconn Far East Hong Kong (100%) with a registered capital of US$4,800,000, fully paid up in September 2015. Fuding Shenzhen underwent several capital increases by way of capital injections by the shareholder on April 29, 1996, June 29, 2000, December 20, 2007, and January 11, 2011, respectively, following which the registered capital was increased to US$48,000,000.

On January 2, 2014, Foxconn Far East Hong Kong transferred its 100% interest in Fuding Shenzhen to FIT Cayman for a consideration of US$165,251,625 (based on net asset value). On February 28, 2014, FIT Cayman transferred its 100% interest in Fuding Shenzhen to FIT Singapore for a consideration of US$165,251,625 (based on net asset value).

Fuding Zhengzhou

Fuding Zhengzhou was established in the PRC on September 2, 2010 by China Galaxy Enterprises Limited (100%), an indirect wholly-owned subsidiary of Hon Hai, with a registered capital of US$10,000,000, fully paid up on March 2, 2011.

On August 11, 2011, the registered capital of Fuding Zhengzhou was increased to US$40,000,000 by way of capital injection by Foxconn Kunshan Connectors, following which Foxconn Kunshan Connectors and China Galaxy Enterprises Limited owned 75% and 25% of Fuding Zhengzhou, respectively.

On October 30, 2014, China Galaxy Enterprises Limited transferred its 25% interest in Fuding Zhengzhou to FIT Singapore for a consideration of US$7,413,829 (based on net asset value).

Fumeng Heze

Fumeng Heze was established in the PRC on December 23, 2014 by Foxconn Kunshan Connectors (75%) and FIT Singapore (25%) with a registered capital of US$5,000,000, fully paid up on September 23, 2015.

Fuyu Huai'an

Fuyu Huai'an was established in the PRC on December 6, 2006 by Foxconn Far East Hong Kong (100%) with a registered capital of US$33,000,000, fully paid up in August 2007. Fuyu Huai'an underwent several capital increases by way of capital injections by the shareholder on December 14, 2007, January 14, 2009, July 1, 2010, November 3, 2011, and January 10, 2013, respectively, following which the registered capital was increased to US$296,200,000, to be fully paid up by June 30, 2046, pursuant to the articles of association of Fuyu Huai'an.

On January 21, 2014, Foxconn Far East Hong Kong transferred its 100% interest in Fuyu Huai'an to our Company for a consideration of US$343,614,309 (based on net asset value), and on January 28, 2014 our Company transferred its 100% interest in Fuyu Huai'an to FIT Singapore for a consideration of US$343,614,309 (based on net asset value).

Huai'an Fuqi

Huai'an Fuqi was established in the PRC on October 17, 2015 by Foxconn Kunshan Connectors (100%) with a registered capital of RMB10,000,000, to be paid before September 30, 2035 pursuant to the articles and associations of Huai'an Fuqi.

Huai'an Hongyu

Huai'an Hongyu was established in the PRC on September 25, 2010 by Fuyu Huai'an (100%) with a registered capital of RMB10,000,000, fully paid up on September 14, 2010.

Huai'an Tengyue Information Technology

Huai'an Tengyue Information Technology was established in the PRC on April 30, 2014 by Fuyu Huai'an (80%) and Huai'an Jingkai Venture Capital Company Limited (20%), an independent third party, with a registered capital of RMB1,000,000, fully paid up on September 5, 2014.

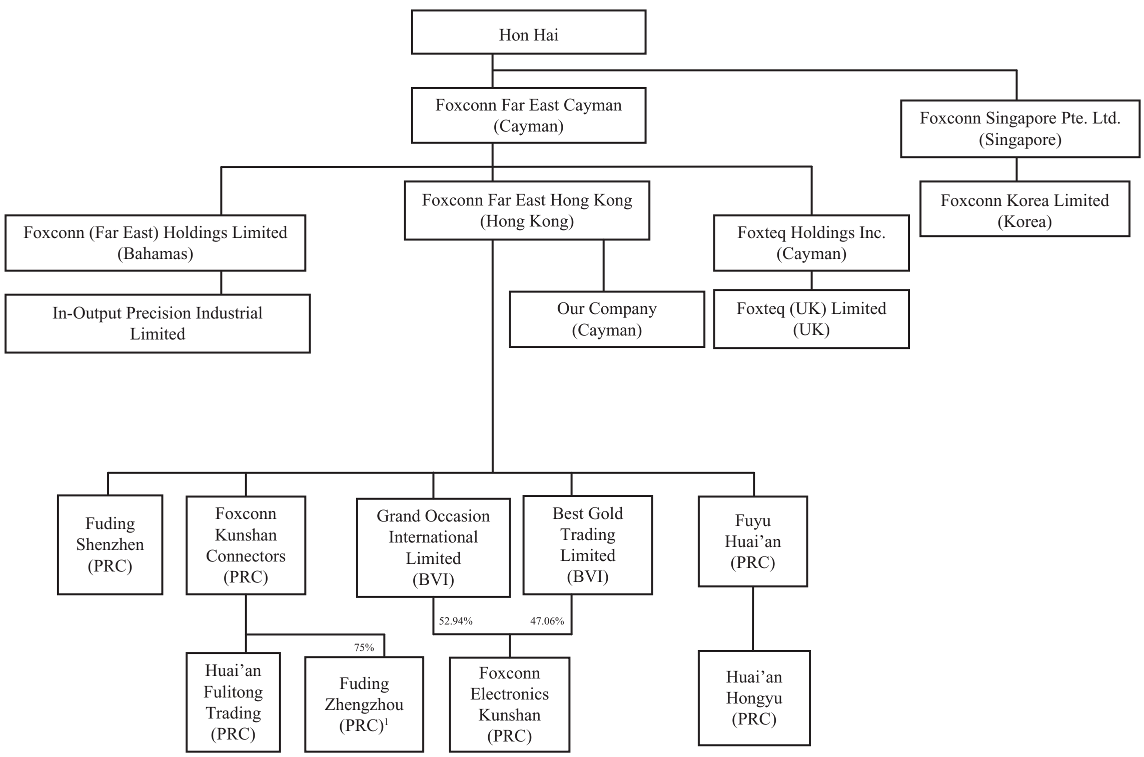
Huai'an Fulitong Trading

Huai'an Fulitong Trading was established in the PRC on July 12, 2007 by Foxconn Kunshan Connectors (100%) with a registered capital of RMB500,000, fully paid up on July 9, 2007. Huai'an Fulitong Trading underwent two capital increases by way of capital injections by the shareholder on March 26, 2009 and August 27, 2012, respectively, following which the registered capital was increased to RMB30,000,000.

Our PRC Legal Adviser has confirmed that all the share transfers and changes in the registered capital in respect of our PRC operating subsidiaries throughout its corporate development as described above have been approved by and/or filed with the relevant PRC government authorities and the procedures involved are in accordance with PRC law and regulations.

REORGANIZATION

In order to implement Hon Hai's plan for us to independently operate the interconnect technology business formerly operated by a business unit of Hon Hai, we commenced the Reorganization with the establishment of our Company in April 2013 and implemented a corporate structure under which our Company became the holding company of our Group. Set forth below is our corporate structure immediately upon the establishment of our Company and the commencement of the Reorganization. Unless otherwise specified, each subsidiary was 100% owned by its holding company.



Note:

1. *The remaining 25% interest in Fuding Zhengzhou was owned by China Galaxy Enterprises Limited, an indirect wholly-owned subsidiary of Hon Hai.*

Phase 1 of the Reorganization

Establishment of our Company as the Holding Company and the Subsidiaries Engaged in the Sale of Interconnect Solutions and Related Products

Our Company was established in April 2013 when we started to implement Hon Hai's plan for us to independently operate the interconnect technology business formerly operated by a business unit of Hon Hai. Subsequently, in order to extend our geographical reach and provide better local services, FIT Singapore, FIT Electronics, and FIT USA were incorporated by our Company in 2013 as subsidiaries which are engaged in the sale of interconnect solutions and related products in the region in which they are located. In September 2014, FIT Japan was incorporated by FIT Singapore based on the same rationale.

Restructuring of the Subsidiaries Engaged in the Production of Interconnect Solutions and Related Products

A series of transfers were implemented from October 2013 to consolidate our PRC entities engaged in the production of interconnect solutions and related products under the ownership of FIT Singapore, a direct wholly-owned subsidiary of our Company. In line with the corporate strategy to consolidate all the entities engaged in the production of interconnect solutions and related products into our Group, another transfer took place in October 2014 to acquire minority interests in Fuding Zhengzhou from China Galaxy Enterprises Limited, an indirect wholly-owned subsidiary of Hon Hai. The consideration payable to Hon Hai and its subsidiaries in connection with these transfers totaled US$835,994,911. The following table sets forth the details of these transfers:

PRC subsidiary transferred	Transferor	Transferee	Interest acquired / disposed of	Consideration	Basis of consideration
Fuding Shenzhen(1)	Foxconn Far East Hong Kong	FIT Singapore	100%	US$165,251,625	Net asset value
Foxconn Kunshan Connectors(2)	Foxconn Far East Hong Kong	FIT Singapore	100%	US$198,926,748	Net asset value
Fuyu Huai'an(3)	Foxconn Far East Hong Kong	FIT Singapore	100%	US$343,614,309	Net asset value
Best Gold Trading Limited(4)	Foxconn Far East Hong Kong	FIT Singapore	100%	US$55,588,000	Registered capital
Grand Occasion International Limited(4)	Foxconn Far East Hong Kong	FIT Singapore	100%	US$65,200,400	Registered capital
Fuding Zhengzhou(5)	China Galaxy Enterprises Limited	FIT Singapore	25%	US$7,413,829	Net asset value
			Total:	US$835,994,911	

Notes:

(1) Two steps were involved in the effective transfer of the relevant shares: (1) Foxconn Far East Hong Kong transferred its 100% interests in Fuding Shenzhen to our Company at a consideration of US$165,251,625, satisfied by an issuance of 165,251,625 consideration shares of our Company (par value of US$1.00 per share) to Foxconn Far East Hong Kong; and (2) our Company transferred the 100% interests in Fuding Shenzhen to FIT Singapore at the same consideration as step (1), satisfied by an issuance of 165,251,625 consideration shares of FIT Singapore (par value of US$1.00 per share) to our Company.

(2) Two steps were involved in the effective transfer of the relevant shares: (1) Foxconn Far East Hong Kong transferred its 100% interests in Foxconn Kunshan Connectors to our Company at a consideration of US$198,926,748, satisfied

by an issuance of 198,926,748 consideration shares of our Company (par value of US$1.00 per share) to Foxconn Far East Hong Kong; and (2) our Company transferred the 100% interests in Foxconn Kunshan Connectors to FIT Singapore at the same consideration as step (1), satisfied by an issuance of 198,926,748 consideration shares of FIT Singapore (par value of US$1.00 per share) to our Company.

The subsidiaries of Foxconn Kunshan Connectors, namely Fuding Zhengzhou (owned as to 75% by Foxconn Kunshan Connectors) and Huai'an Fulitong Trading (wholly owned by Foxconn Kunshan Connectors), were also transferred.

(3) Two steps were involved in the effective transfer of the relevant shares: (1) Foxconn Far East Hong Kong transferred its 100% interests in Fuyu Huai'an to our Company at a consideration of US$343,614,309, satisfied by an issuance of 343,614,309 consideration shares of our Company (par value of US$1.00 per share) to Foxconn Far East Hong Kong; and (2) our Company transferred the 100% interests in Fuyu Huai'an to FIT Singapore at the same consideration as step (1), satisfied by an issuance of 343,614,309 consideration shares of FIT Singapore (par value of US$1.00 per share) to our Company.

Fuyu Huai'an's wholly-owned subsidiary, namely Huai'an Hongyu, was also transferred.

(4) Upon completion of the transfers, Foxconn Electronics Kunshan was owned as to 52.94% by Grand Occasion International Limited and 47.06% by Best Gold Trading Limited and became an indirect wholly-owned subsidiary of FIT Singapore.

(5) The remaining 75% interest in Fuding Zhengzhou was owned by Foxconn Kunshan Connectors, and therefore, upon completion of the transfer, Fuding Zhengzhou became an indirect wholly-owned subsidiary of our Company.

The consideration for all the equity transfers involving our PRC subsidiaries as mentioned above has been fully paid or satisfied by issuance of consideration shares, as the case may be. Our PRC Legal Adviser has confirmed that all the transfers involving our PRC subsidiaries in connection with the Reorganization as described above have been approved by and/or filed with the relevant PRC government authorities and the procedures involved are compliant with PRC law and regulations.

Inclusion of Subsidiaries Engaged in the Consolidation and Allocation of Purchase Orders

For the long-term development of our Group, two subsidiaries which are primarily engaged in the consolidation and allocation of purchase orders were included in our Group in 2013:

1. New Beyond Maximum Industrial Limited was incorporated by our Company on June 18, 2013 as our direct wholly-owned subsidiary.

2. In-Output Precision Industrial Limited became our direct wholly-owned subsidiary in November 2013 as a result of Foxconn (Far East) Holdings Limited transferring its 100% interest in In-Output Precision Industrial Limited to our Company for a consideration of US$50,559 (based on net asset value).

Phase 2 of the Reorganization

Restructuring of the Subsidiaries Engaged in the Sale of Interconnect Solutions and Related Products

In 2014, with a view to support our expansion, we acquired equity interests retained by other entities under Hon Hai in subsidiaries engaged in the sale of interconnect solutions and related products. The following table sets forth the details of these transfers:

Non-PRC subsidiary transferred	Transferor	Transferee	Interest acquired / disposed of	Consideration	Basis of consideration
Foxteq (UK) Limited	Foxteq Holdings Inc.	FIT Singapore	100%	GBP108,554.53	Net asset value
Foxconn Korea Limited	Foxconn Singapore Pte. Ltd.	FIT Singapore	100%	South Korean Won 861,115,692	Appraisal report

Phase 3 of the Reorganization

Incorporation of Huai'an Tengyue Information Technology

To develop new business and expand our business scope, Huai'an Tengyue Information Technology was incorporated in 2014 to operate the structure cabling business and provide relevant services.

Incorporation of Subsidiaries Engaged in the Production of Interconnect Solutions and Related Products

In 2014 and 2015, to further expand our markets and develop our global network, additional subsidiaries including Chongqing Hongteng (in China), Fumeng Heze (in China), Huai'an Fuqi (in China), and New Wing Interconnect Technology (in Vietnam) were incorporated to ensure the production in our manufacturing facilities worldwide is able to meet the demand.

ACQUISITION OF OPTICAL MODULES BUSINESS OF AVAGO

In December 2015, we acquired the optical modules business of Avago to supplement our existing expertise and to address the needs of more customers. As part of the acquisition, an entity which was formerly wholly owned by Avago was transferred to become an indirect wholly-owned subsidiary of our Company and was renamed FIT Mexico. Additionally, FOCT, FOIT USA, and FOIT Singapore were incorporated to operate the business we acquired from Avago.

POST-TRACK RECORD PERIOD ACQUISITION

In March 2017, we paid XingFox Cayman approximately US$2.5 million to subscribe for 2,477,291 new shares of US$1.00 each in the share capital of XingFox Cayman (the "**Subscription**

Shares"), representing 99.99996% of the issued share capital of XingFox Cayman as enlarged by the issue of the Subscription Shares. Xingfox Cayman is a company incorporated under the laws of the Cayman Islands and is an investment holding company. XingFox Cayman in turn owns the entire issued share capital in XingFox Taiwan, a company incorporated under the laws of Taiwan and is principally engaged in the research and development and manufacturing of batteries. XingFox Cayman was founded and owned by an employee of Hon Hai immediately prior to the completion of the XingFox Acquisition. The ultimate beneficial owner of XingFox Cayman immediately prior to the completion of the XingFox Acquisition was not a connected person of the Company and, save as being an employee of Hon Hai, was independent of the Company and its connected persons, to the best knowledge and information of the Company.

Since mid-2016, we started to collaborate with XingFox Taiwan to conduct certain research and development activities related to batteries, especially for pouch cell batteries that can be utilized in a wide variety of applications in the mobile and wireless devices end markets, as part of our efforts to explore products and technologies that are complementary to our existing portfolio of interconnect solutions and other products. In early 2017, after assessing the research and development capability of XingFox Taiwan and the potential opportunities for batteries and their ability to enhance our overall solutions offered to customers, we decided to carry out the XingFox Acquisition.

According to the unaudited management accounts of XingFox Taiwan, its total assets amounted to approximately NT$32.7 million (equivalent to US$1.0 million) as of December 31, 2016, and its total revenue amounted to approximately NT$19.0 million (equivalent to US$0.6 million) for the year ended December 31, 2016. It recorded a net loss before tax and after tax of approximately NT$98.6 million (equivalent to US$3.0 million) for the year ended December 31, 2016.

XingFox Cayman issued the Subscription Shares and the XingFox Acquisition was completed on May 22, 2017, following which XingFox Cayman and XingFox Taiwan became subsidiaries of our Company. Prior to the completion of the XingFox Acquisition, XingFox Taiwan leased certain production equipment and premise from Hon Hai Group, and made certain sales to Hon Hai Group. It is expected that these transactions may continue and constitute continuing connected transactions of our Group. The respective estimated transaction amounts have been taken into account in setting the annual caps for the continuing connected transactions set out in "Connected Transactions" in this prospectus.

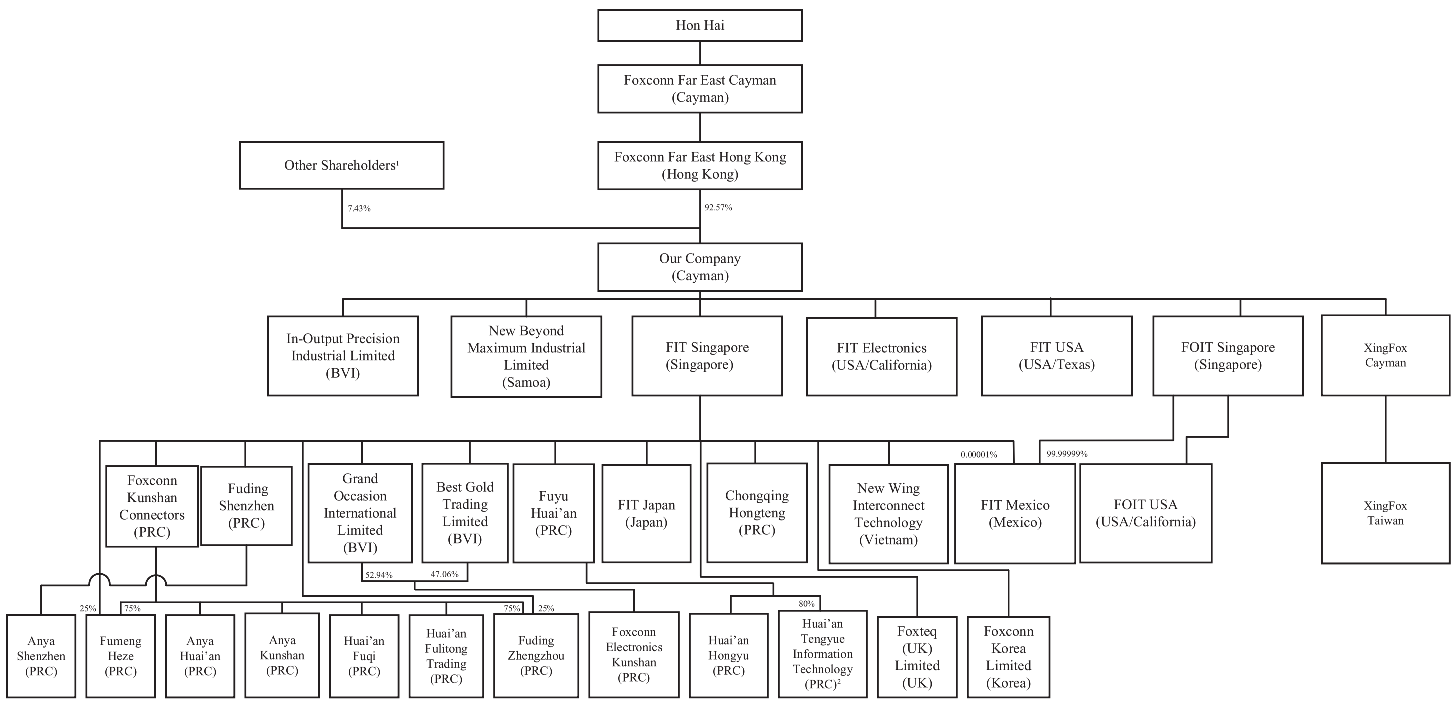
The total consideration for the Subscription Shares, which was paid in full by our Company in cash, was determined mainly with reference to the invested capital as well as the asset value of XingFox Taiwan. A portion of the consideration for the Subscription Shares will be used to repay the loans provided by the founder and existing shareholder of XingFox Cayman in the amount of NT$33.0 million (equivalent to US$1.0 million). Our Company acquired the remaining 894 shares of XingFox Cayman on May 26, 2017 at US$894, following which we own the entire issued share capital of XingFox Cayman.

The Directors believe that the terms of the transaction are fair and reasonable and in the interests of the Shareholders as a whole.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in relation to the XingFox Acquisition. For details, see "Waivers from Strict Compliance with the Listing Rules – Waiver from Strict Compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules" in this prospectus.

CORPORATE STRUCTURE

Set forth below is our corporate structure as of the Latest Practicable Date. Unless otherwise specified, each subsidiary is 100% owned by its holding company.

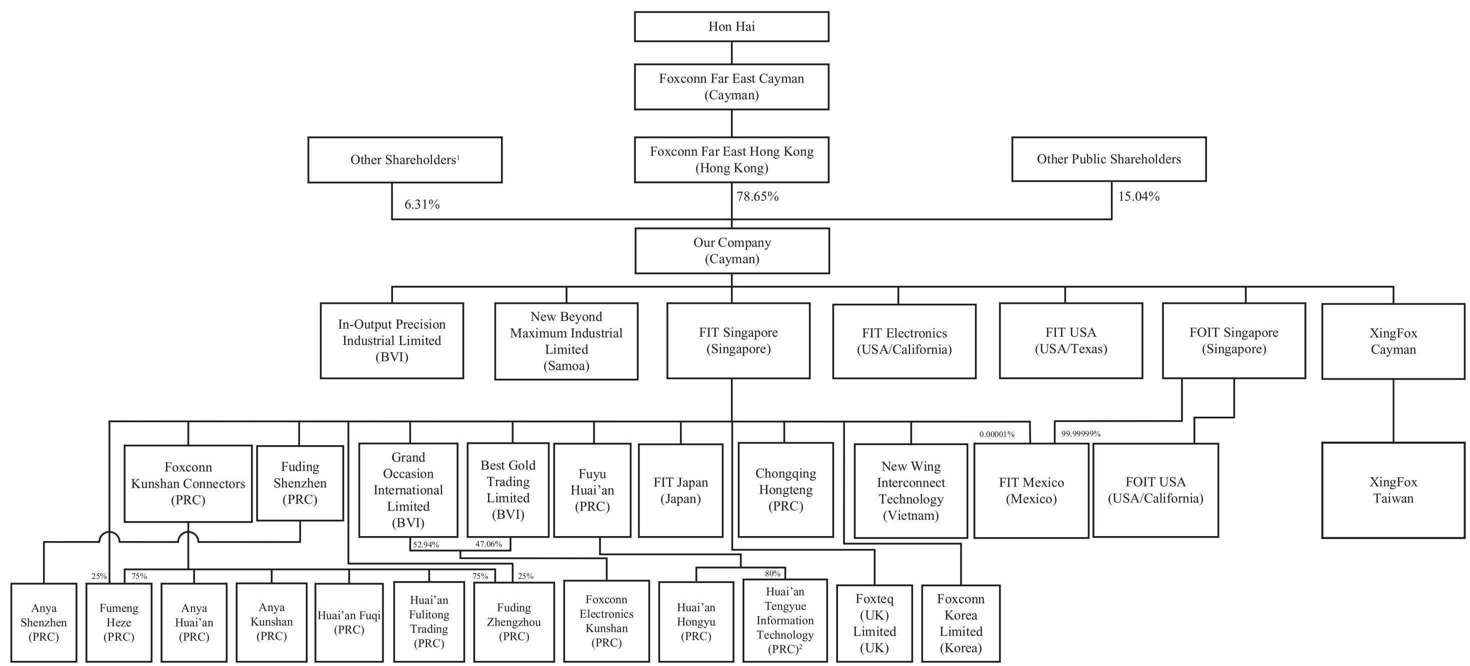


Notes:

1. *The Other Shareholders are: (i) a total of 251 former or existing senior management and employees of Hon Hai, 428 former or existing senior management and employees of our Company (including three of our Directors) or their designated entities; (ii) S.A.S. Investment Company Limited; and (iii) Fulbond Venture Capital Co., Ltd. (福邦創業投資股份有限公司). As at the Latest Practicable Date, S.A.S. Investment Company Limited is wholly owned by S.A.S. Dragon Holdings Limited, in which Hon Hai ultimately owns 20% of its total issued shares. Fulbond Venture Capital Co., Ltd. is an independent third party. They are independent in exercising their shareholders' rights.*

2. *The remaining 20% interest in Huai'an Tengyue Information Technology is owned by Huai'an Jingkai Venture Capital Company Limited, an independent third party.*

Set forth below is our corporate structure immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised). Unless otherwise specified, each subsidiary is 100% owned by its holding company.



Notes:

1. *The Other Shareholders are: (i) a total of 251 former or existing senior management and employees of Hon Hai, 428 former or existing senior management and employees of our Company (including three of our Directors) or their designated entities; (ii) S.A.S. Investment Company Limited; and (iii) Fulbond Venture Capital Co., Ltd. (*福邦創業投資股份有限公司*). As at the Latest Practicable Date, S.A.S. Investment Company Limited is wholly owned by S.A.S. Dragon Holdings Limited, in which Hon Hai ultimately owns 20% of its total issued shares. Fulbond Venture Capital Co., Ltd. is an independent third party. They are independent in exercising their shareholders' rights.*

2. *The remaining 20% interest in Huai'an Tengyue Information Technology is owned by Huai'an Jingkai Venture Capital Company Limited, an independent third party.*

COMPLIANCE WITH PRC LAWS

As confirmed by our PRC Legal Adviser, it is not necessary for us to obtain any approvals or permits from the CSRC, the Ministry of Commerce of the PRC, or any other PRC regulatory authorities for the Listing and trading of our Shares on the Stock Exchange.

OVERVIEW

We are a leader in the development and production of interconnect solutions and related products in terms of market share, ranking fourth globally and first in Greater China in terms of revenue in 2016, according to Frost & Sullivan. Our products and interconnect solutions facilitate the transmission of data and electrical power via wire, fiber or wireless connectivity. We design, develop, produce and sell interconnect solutions that provide critical functionality to computer and consumer electronics, mobile and wireless devices, communications infrastructure, including cloud computing, and other end markets such as automotive, industrial and medical.

According to Frost & Sullivan, we ranked fourth globally in terms of market share and accounted for 5.1% of global connector market in terms of revenue in 2016. We have an especially strong presence in the computer and consumer electronics and the mobile and wireless devices end markets globally, where according to Frost & Sullivan we ranked first and second, respectively, in terms of market share based on revenue in 2016. We also ranked first in terms of market share in the connector market in Greater China, accounting for 10.4% of the connector market in Greater China in terms of revenue in 2016 according to the same source. Greater China has been one of the fastest growing markets worldwide from 2010 to 2016 and accounted for 25.3% of the global connector market based on revenue in 2016, according to Frost & Sullivan. Additionally, in December 2015, we acquired the optical modules business of Avago and its leading technologies to supplement our existing expertise in optical interconnect solutions and related products for wired networking applications for use in the communications infrastructure end market for data communications and telecommunication markets.

We work closely with global industry leaders in the computing and consumer electronics, mobile and wireless device and communications infrastructure industries to address challenges encountered in their design processes. Customers of our interconnect solutions primarily include leading contract manufacturers, including Hon Hai, and its subsidiaries, and many global leading brand companies. See "– Our Customers." Our interconnect solutions are used in various consumer devices of many leading brands, including smartphones, tablet devices, notebooks, desktop computers, game consoles, televisions and cameras. By integrating ourselves into the design, development and production processes of our customers and responsively coordinating production, we enable them to be more responsive to consumer demand for new interconnect solutions and products, which promotes long-term business relationships that we believe have contributed to our past success and will continue to drive future growth. In addition to these industries, we are pursuing opportunities in applications for our interconnect solutions in industries such as automotive (both electric and traditional vehicles).

Our production process is designed to ensure high standards of quality while delivering the ability to rapidly ramp up production of technically complex interconnect solutions on short timeframes to meet our customers' needs. Our optimized production processes reflect our more than 30 years of industry experience that allows us to accelerate pace of production ramp up, implement design modifications more quickly and maintain low defect rates. This combination of competencies is crucial to our customers and enables us to be a long-term strategic partner for them and is particularly valued in the consumer electronics industry.

We believe our research and development capabilities allow us to provide interconnect solutions that incorporate the latest technologies. We position ourselves as an IIDM so as to collaborate with our customers in crafting advanced interconnect solutions and to accentuate our role in the design and development process. To most of our customers, connectors are customized products, as many of which requires development of a specialized mold, and our research and development teams work together with customers to develop ideas for new products, craft customized designs to meet their specifications and execute on their orders to commercialize novel products to the market using our quick-to-ramp production capabilities. Notably, a high level of technical expertise is required in order to develop a custom-made precision mold for a novel design while meeting the timelines our customers demand. Further, through early participation in key customers' product development cycle, we provide design analytics, simulation and testing services and lock in business opportunities for subsequent customized production. In this way we endeavor to solidify our customer relationships by providing a high level of service at each stage of the production process.

Many industry leaders collaborate with us during the early stages of their product development cycle to produce custom-made prototypes for use in their products. Our research and development efforts have produced a number of technical achievements and also have a proven track record of generating a large amount of intellectual property and industry know-how that we use in the production of our interconnect solutions. Since our Reorganization, we have accumulated an intellectual property portfolio of more than 800 patents worldwide, with over 1,000 additional patents under application and other technologies protected by trade secrets. In some cases, the design or technology we develop may ultimately become the industry standard. For example, we are one of the key contributors for the development of the USB 3.0 connector standard and we have retained many of the intellectual property rights necessary for the production of USB 3.0, which we license to other parties. We believe our research and development capabilities and our deep collaboration with leading customers serve as barriers to entry and differentiate us from our competitors.

Our strategic partnership with Hon Hai Group, a leading global electronics manufacturing service provider, uniquely positions us to participate in Hon Hai Group's customized solutions and to benefit from its end market exposure and large industry footprint. This collaboration enables us to further enhance our ability to integrate into our customers' products at a fundamental level. We also gain greater visibility of the industry product life cycle and product demand and are able to more accurately make production decisions and manage inventories. In addition, we will be able to leverage our relationships with Hon Hai Group to market our solutions to leading customers in a broader range of applications.

We are actively evaluating technologies, intellectual properties, business and cooperation opportunities that complement our existing business operations and product portfolio and provide pathways to future growth. For example, we are in constant discussion with potential partners, including our connected persons, as to collaboration in the development of interconnect solutions and other products that can be utilized in a wide variety of applications in the automotive industry. We have recently acquired XingFox Cayman, which specializes in the research and development and manufacturing of batteries, especially for pouch cell batteries that can be utilized in a wide variety of applications, in the mobile and wireless devices end market. We expect to complement our existing interconnect solutions and other products and enhance our overall solutions offered to customers.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our business growth and will continue to drive our success.

A Leading Global Interconnect Solutions Provider

We are a leading global interconnect solutions provider and one of the few global interconnect solutions providers whose offerings span wire-based, fiber-based and wireless interconnect solutions. Our precision interconnect solutions include cables, connectors, transceivers, wireless antennas and wireless power chargers and are usually customized to address the needs of our customers. Our products generally provide critical functionality to the end products in which they are used, transmitting data or power internally within such products or among various devices, such as computers, mobile phones, or servers. We ranked fourth globally in terms of market share and accounted for 5.1% of the global connector market in terms of revenue in 2016. We have an especially strong presence in the computer and consumer electronics and mobile and wireless devices end markets, where according to Frost & Sullivan we ranked first and second globally, respectively, in terms of market share based on revenue in 2016. We also ranked first in terms of market share in the connector market in Greater China and accounted for 10.4% of the connector market in Greater China in terms of revenue in 2016 according to the same source. Greater China has been one of the fastest growing markets worldwide from 2010 to 2016 and accounted for 25.3% of the global connector market based on revenue in 2016, according to Frost & Sullivan.

Our acquisition of Avago's optical modules business in December 2015 served to further strengthen our existing position in the communications infrastructure end market, especially in data centers driven by the fast growth for cloud computing. According to Frost & Sullivan, driven by the demand for data transmission, communications infrastructure, specifically data center applications, will become significant contributor driving future growth for the global connector industry. According to Frost & Sullivan, growth in global data center connector market is expected to experience a CAGR of 11.2% in terms of revenue from 2016 to 2021, outpacing the overall growth rate of the industry. Such growth will in large part be driven by the global cloud computing industry, which according to Frost & Sullivan, is expected to experience a CAGR of 26.3% in terms of revenue from 2016 to 2021. We believe we now possess the leading suite of optical module products on the market and 100G optical transceiver production capability. Strengthening our optical interconnect solutions was an important step in our efforts to broaden our leadership position beyond the computer and consumer electronics and the mobile and wireless solutions end markets by diversifying our exposures from such end markets, while enabling us to expand into new end markets.

Our leading position in providing interconnect solutions also provides us with significant additional market opportunities globally, especially in the automotive end market. The automotive end market has been and is expected to continue to be an important part of the global connector industry going forward. According to Frost & Sullivan, the global plug-in hybrid electric vehicle market is expected to experience a CAGR of 17.1% in terms of sales volumes from 2016 to 2021. We are well positioned to capture growth in this end market, by leveraging our leading technology and intellectual property as well as our existing relationships with leading brand companies to further develop novel technologies customized for use in such applications.

Quick-to-ramp, High-volume and Flexible Production Capabilities

We possess quick-to-ramp and high-volume production capabilities, playing an important role in the supply strategies of many leading global brand companies in the end markets we serve. Our customers value our ability to rapidly ramp up production and commence large-scale production of technically complex products on short timeframes. In addition, our customers typically implement stringent approval processes in the selection of their suppliers, and our ability to be a key supplier and establish strategic relationships with many of our customers demonstrate our strong production capability and quality. This ability enables us to optimize our allocation of resources to quickly ramp up large-scale production. We believe our production capabilities, including the amount of capital and technology investment, operational expertise and industry knowledge accumulated to deliver our interconnect solutions, constitute a high barrier to entry that is difficult for other companies to emulate.

In addition to our production speed and scale, our ability to rapidly implement design or manufacturing process improvements grants us the flexibility to optimize the use of our production lines. We are able to adjust production lines quickly, coordinate production across our production facilities or alter production schedules in response to changes in demand. This is particularly important for mobile and consumer electronic products such as personal computers, mobile phones and tablets for which have short product lifecycles and time to market. For instance, we rolled out new interconnect solutions utilized in the earphones associated with the new smartphone products released by one of our brand company customers in late 2016 and were able to timely ramp up the production to meet associated demand, which contributed to the increase in our revenue in 2016. Our production competence encompasses in-house design capabilities, tooling fabrication, as well as verification competencies, which contribute to our efficiency and stringent quality control. In addition, our production capabilities enable effective control over quality, production costs, product development and supply chain management, further empowering us to service customer requests in an efficient manner, while better manage our production and administrative costs.

We are focused on continuing to enhance our production capabilities. We design, customize and integrate automation technologies into our production processes, many of which are developed internally. Integration of such automation technologies provide us with additional production flexibility, further enhance our quick-to-ramp large-scale production capabilities and maintain our cost competitiveness. We believe such capability provide us with a leading edge over other companies that do not possess such ability.

Collaborative Relationships with Industry-leading Customers that Integrate Our Solutions into Their Design, Development and Production Processes

We pride ourselves on our customer-oriented focus and believe we are able to stay at the forefront of technological development and market trends through our collaborative relationships. Our involvement in our customers' design, development and production processes allows us to identify and take advantage of new industry trends. We believe this also ensures we gain early access to and knowledge in emerging technologies and products and adapt our production and research and development efforts in line with new trends. We further leverage such enhanced knowledge across our products and further contribute to our customers' strategic planning and industry-wide standard-setting processes at the early stages of product development which enable our products to meet the evolving product specifications of our customers. We are also able to better anticipate and fulfill customer needs based on these relationships and in turn develop tailored technical solutions.

We have built close collaboration and trust with industry leading contractor manufacturers and brand companies. We are also developing initiatives with new customers, including a leading manufacturer of electric vehicles. We position ourselves as an IIDM so as to collaborate with our customers in crafting advanced solutions and to accentuate our role in the design and development process of new products. Many such industry leaders collaborate with us during the early stages of their product development cycle to produce custom-made prototypes for use in their products. For example, in line with our customers' pioneering innovations, we have co-developed CPU socket technology and active optical connectors with our customers.

Our customer relationships are further cemented by our knowledge of our customers' businesses and technical designs and by our research and development expertise. To most of our customers, connectors are a customized product, as many product requires development of a specialized mold, and our research and development teams work together with customers to develop ideas for new products, craft customized designs to meet their specifications and execute on their orders to commercialize novel products to the market using our quick-to-ramp production capabilities. Notably, a high level of technical expertise is required in order to develop a custom-made precision mold for a novel design while meeting the timelines our customers demand. Further, through early participation in key customers' product development cycle, we provide design analytics, simulation and testing services and lock in subsequent customized production business opportunities. In this way we endeavor to solidify our customer relationships by providing a high level of service at each stage of the production process.

Proven Track Record of Product Innovation and Intellectual Property Generation

Our research and development efforts are critical to providing solutions to our customers and reaching new markets and are an important driver of our organic growth from existing applications. We possess strong research and development capabilities, with principal research facilities in Taipei in Taiwan, Singapore, Brea and San Jose in California and Harrisburg in Pennsylvania in the United States. We also carry out research and development activities in many of our production facilities, including in China. A key aspect of our research efforts is our ability to be at the forefront of technological trends and therefore be able to react quickly to changes in trends. We believe this allows us to direct our research efforts to areas that are more likely to result in commercially viable applications. In addition, our research and development personnel coordinate with our production staff to ensure that new products and technologies are quickly and reliably turned into manufacturing processes that allow us to produce with scale.

Our research and development efforts have produced a number of technical achievements. Since our Reorganization, we have accumulated an intellectual property portfolio of more than 800 patents worldwide, with over 1,000 additional patents under application and other technologies protected by trade secrets. We have developed single-mode high-speed transceivers using advanced 40G, 100G and 400G optical transceiver technology, which was further enhanced after the acquisition of Avago's optical modules business. In some cases, the design or technology we develop may ultimately become the industry standard. For example, we are one of the key contributors for the development the USB 3.0 connector standard and we have retained many of the intellectual property rights necessary for the production of USB 3.0, which we license to other parties.

In addition to ensuring our leading role in the interconnect industry, our research and development capabilities, in particular our role in setting industry standards and our deep collaboration with leading customers in the design and development of their products, serve as barriers to entry and differentiate us from our competitors. Furthermore, we believe our customers especially value our capabilities as they seek to enter nascent markets where the competitive environment is fragmented and industry standards have yet to be established.

Hon Hai Group Ecosystem Provides a Unique Competitive Advantage and Reduces Our Business Risk

Our strategic partnership with Hon Hai Group uniquely positions us to leverage the Hon Hai Group ecosystem, which refers to Hon Hai Group and its customers and suppliers that enable us to benefit from its end market exposure and large industry footprint and gain greater visibility of industry product life cycle and product demand. We believe such ecosystem provides an advantage in increasing our production efficiencies and sales and procurement effectiveness. We work closely with established points of coordinated contacts within Hon Hai Group for the development of solutions for brand companies. This collaboration enables us to further enhance our ability to integrate into our customers' products at a fundamental level and make production decisions and manage inventories more accurately. In addition, we will be able to leverage our relationships with Hon Hai Group to market our solutions to leading customers in a broader range of applications. We believe Hon Hai Group also leverages our quality control measures, quick-to-ramp capabilities, production flexibilities and research and development abilities in providing solutions to customers. We are a recognized preferred partner for the provision of connectors to Hon Hai Group. Our longstanding cooperation means that we have relationships and insights and are better able to integrate into Hon Hai Group's processes that are difficult for other competitors, most of which are standalone interconnect companies, to replicate. Our production facilities often are in proximity to those of Hon Hai Group within the same regions which shorten product delivery time and facilitate communication on solution and product development. We believe our customers value our collaboration with Hon Hai Group which help shorten development and production lead times and provide cost advantages for brand companies in the end markets we serve. As a result, we are the designated and approved supplier of many brand companies as to their purchases of assembled products from Hon Hai Group for better quality control and better compliance with confidentiality requirements.

Experienced and Committed Management Team

Our success has been, and will continue to be, dependent on our management team. Our senior management has an average of more than 20 years of experience in the interconnect industry and possesses an extensive network of customer relationships and a deep understanding of our broad product mix operations, pricing strategies, business development and industry trends of end applications. Sidney Lu, our chief executive officer, has led our Company and NWInG, the interconnect technology business and the entities now comprising our Group, for more than a decade and is recognized as an industry leader. Other members of senior management team also have extensive industry experiences in their respective fields. We also have a strong record of continuity and stability in our senior management team, with most of them having spent on average 15 years with us. Under the leadership of our dynamic and visionary management team, we believe we are well positioned to execute our strategies in the ever-changing connectors industry, including most recently our focus in the growth of solutions for data center applications driven by cloud computing through the acquisition and integration of Avago's optical modules business.

BUSINESS STRATEGIES

We believe the following strategies will help solidify our market position and drive our future growth.

Deepen Customer Relationships and Diversify Customer Base through Technology Cooperation and Innovation and Production Capability Enhancement

Our collaborative relationships with our customers, many of which are leading companies in their respective fields, are crucial to our success. We intend to further our collaboration with these and other customers and integrate our solutions into their design processes and product offerings. We will continue to position ourselves as an IIDM solution partner to accentuate our role in the design and development process of new interconnect solutions, including high-speed wireless transfer solutions, wireless charging solutions and fine pitch and low profile mobile solutions to enable further size reduction and connecting the Internet of Things. Furthermore, our efforts to develop next generation technology to enable the high speed transmission of data, such as high-speed USB Type-C connectors and next generation server CPU socket, as well as 200G/400G QSFP-DD active copper cable and active optical cable using PAM-4 technologies to ensure advantages in space, power, cost and simplified cabling and our collaborative relationships will provide opportunities for further cooperation as nascent technologies are adopted and replace existing industry standards. In addition, deepening customer relationships creates opportunities in providing interconnect solutions for accessories of our customers' products, such as acoustics products, including earphones, headsets and speakers, cables and power adapters. The development of these new interconnect solutions and other products entails enhancements and expansion of our production facilities and capabilities. Our newly established Vietnam facility, which has commenced mass production since late 2016, focuses on the production of acoustics products, further strengthening our value proposition to our existing and potential customers. By deepening our relationships with our existing and potential customers, we will also be able to integrate our solutions into greater number of products of our customers, enabling us to enhance the revenue contributed by each customer.

Pioneer Leading Technologies to Expand Our Presence in the Communications Infrastructure End Market

We aim to continue to capture business opportunities in the communications infrastructure end markets by strengthening our optical modules offering, including further leveraging the optical modules business acquired from Avago. We currently have one of the broadest portfolios of transceivers, cages/connectors, directly attached copper and active optical cables on the market, including single-mode high-speed transceivers using advanced 40G, 100G and 400G optical transceiver technology that we developed, which was further enhanced after the acquisition of Avago's optical modules business. We plan to continue to invest in the research and development of advanced optical transmission solutions, such as for fiber to the home applications, and technology for use in advanced data centers for big data, cloud computing and similar applications. We will also enhance the production facility to optimize its productivity and efficiency and in particular to advance our production capability for 100G optical transceivers. As 100G technology continues to be deployed in the communications infrastructure end markets, we also plan to establish additional facility focused on the production of 100G optical transceivers in line with the roll out of such technology to meet the continued demand for large volume high-speed data transmission.

Strategically Pursue Opportunities in Automotive and Other Emerging Applications for Our Interconnect Solutions and Other Products

We will continue to strategically pursue opportunities in emerging applications for our interconnect solutions and other products, especially in the automotive industry (including for both electric and traditional vehicles). We aim to enter into such industry by, among others, invest in research and development, pursuing acquisition and investment opportunities as to technologies, intellectual properties and businesses, and building close partnerships with market leaders to jointly develop next-generation products and industry standards. We are in constant discussion with potential partners, including our connected persons, as to collaboration in the development of interconnect solutions and other products that can be utilized in a wide variety of applications in the automotive industry, such as car camera modules for the application in advanced driver-assistance systems and batteries for electric vehicles. We also aim to expand our offering of electric charging guns and their capability, which are typically used in electric vehicle applications. We may also explore opportunities in other end markets, new products and applications, and green technologies that may be complementary to our existing business.

Enhance Production Efficiency and Flexibility

We intend to continue increasing our production efficiency and flexibility through optimizing our production processes, including through automation. We aim to identify opportunities to implement production improvements, and dedicate research and development resources to enhance our production processes. Our adoption of automated production technology is based on cost and customer service considerations, with a view to equipping ourselves with the optimal production capability to enable us to provide the speedy ramp-up times and reliable and high volume production on which our customers rely. Specifically, we will focus our automation effort for the production of highly technical components, modules or products or those that require precision manufacturing processes, such as for the production of pluggable transceiver modules and embedded optical modules. The trend of device miniaturization will likely create greater demand for miniaturization of connectors, and we will also focus on the automation of production processes for fine pitch and low profile connectors.

Pursue Strategic Acquisitions, Investments and Business Cooperation Opportunities

Acquisitions and investments have formed a part of our business strategy, and we may undertake such transactions in response to market dynamics and changing consumer demands. In addition, the end markets we serve are also experiencing transformations which may be best served via acquisitions or other investments. For example, there has been a gradual shift toward the consumption of media using mobile devices, which has led to new opportunities to deliver the connectivity consumers demand in the computing and consumer electronics market. Additionally, the increased availability of large data sets and the requisite computing power to process them has increased the demand for big data applications. In this context, we believe that there continues to be significant opportunities for strategic acquisitions, investment and business cooperation in the interconnect industry. We are actively evaluating technologies, intellectual properties, businesses and cooperation opportunities that complement our existing business operations and product portfolio and provide pathways to future growth. We have recently acquired XingFox Group, which specializes in the research and development and manufacturing of batteries, especially for pouch cell batteries that can be utilized in a wide variety of applications, in the mobile and wireless devices end market. We expect XingFox Group to complement our existing interconnect solutions and other products and enhance our overall solutions offered to customers. Other than these contemplated opportunities mentioned above, we currently do not have any other specific acquisition plans or targets and have not entered into any definitive agreements with any potential targets. We will carefully evaluate suitable and complementary acquisition, investment and business cooperation opportunities that can provide long-term value to our Shareholders.

OUR CUSTOMERS

Overview

Customers of our interconnect solutions and other products primarily consist of various participants within the value-chain of the end markets that we serve, which are typically contract manufacturers, including Hon Hai and its subsidiaries, brand companies and distributors. The following table sets forth the revenue generated from our sales of goods by type of customers to which invoices were rendered based on different participants within the value-chain of the end markets that we serve in absolute amount and as a percentage of our total revenue for the periods indicated.

	Year Ended December 31,					
	2014		2015		2016	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
Sale of goods:						
Contract manufacturers	1,805,647	72.7	1,614,609	69.4	1,378,914	47.9
Brand companies	242,820	9.8	316,396	13.6	1,035,054	35.9
Distributors	149,056	6.0	144,204	6.2	268,227	9.3
Retailers	15,892	0.6	32,235	1.4	43,393	1.5
Other customers(1)	197,826	8.0	166,596	7.1	99,231	3.5
Total	**2,411,241**	**97.1**	**2,274,040**	**97.7**	**2,824,819**	**98.1**

Note:

(1) Other customers for revenues derived from the sale of our interconnect solutions and other products consist of other participants within the value chain of the end markets that we serve, which include other types of manufacturers that we believe were not primarily engaged in contract manufacturing and may produce products based on their own specifications, and trading companies, among others.

Contract manufacturers incorporate our interconnect solutions with a vast number of other components and modules and assemble them into finished products at the specification of their customers, generally brand companies.

Brand companies generally market and sell their finished products to end users. Given the customized nature of the interconnect solutions we provide, and to exert control over the intellectual property of their design and to control quality, delivery time and cost, many brand companies work directly with us to develop interconnect solutions and other products. Our collaboration with these brand companies includes development and design, coordination on inventory preparation and product planning. During the Track Record Period, a certain portion of our interconnect solutions and other products were sold and invoiced directly to brand company customers. In addition, one of our new products was sold directly to a brand company and not through designated contract manufacturers, which resulted in a significant increase in revenue derived from brand company customers from 2015 to 2016.

During the Track Record Period, a significant portion of the sale of our interconnect solutions and other products were made to contract manufacturers. However, as contract manufacturers are often involved in assembling the finished products of brand companies, many brand companies often designate our contract manufacturer customers to purchase the relevant parts and components from us, including our interconnect solutions. Generally in such instances, brand companies have significant influence on the interconnect solutions and other products we provide, including specifications, purchase volume and selling price, and directly work and agree with us as to such specifications, purchase volume and selling price prior to our sale of such interconnect solutions and other products to our contract manufacturer customers. As such, we consider such brand companies to be the primary decision makers as to these interconnect solutions and other products even when sales were made by us to contract manufacturers. In 2014, 2015 and 2016, the sales of interconnect solutions and other products designated by the top five brand companies accounted for over 50% of our sales to Hon Hai Group, which included but were not limited to industry leaders in the mobile and wireless devices and computer and consumer electronics end markets, such as a company that designs, manufactures and markets mobile communication and media devices and other products, related software solutions and applications, a company that designs, manufactures and markets a wide variety of computing devices, servers, networking and storage solutions, and third-party software and peripherals and a company that is a provider of products, technologies, software, solutions and services to individual consumers, small- and medium-sized businesses and large enterprises. See "Risk Factors – Risks Related to Our Business and Industry – A substantial portion of our business is derived from a limited number of major customers. Our customer concentration exposes us to the risks faced by our major customers and may subject us to risks relating to significant fluctuations or declines in revenue and profitability."

In addition to contract manufacturers and brand companies, we sell limited amounts of our interconnect solutions and other products to third-party distributors. We also sell a very small portion of our accessories products to retailers that are then sold to end users of such accessories.

In 2014, 2015 and 2016, sales to our largest customer accounted for 43.0%, 35.7% and 23.4% of our revenue, respectively. In 2014 and 2015, our largest customer was Hon Hai and its subsidiaries, our connected persons. In 2016, our largest customer was a brand company, which is an independent third party. In 2014, 2015 and 2016, sales to our top five customers accounted for 61.5%, 53.0% and 56.1% of our revenue, respectively. In addition, during the same periods, our sales made to Hon Hai Group accounted for 43.9%, 37.0% and 23.0% of our revenue, respectively. See "Connected Transactions."

Other than Hon Hai and its subsidiaries, none of our Directors, their respective close associates or any of our Shareholders holding more than 5% of our issued share capital after the Global Offering, to the knowledge of our Directors, held any significant interests in any of our five largest customers during the Track Record Period.

For information as to our revenue by geographic region, see "Financial Information – Principal Components of Consolidated Statements of Comprehensive Income – Revenue – Revenue by Geographic Locations."

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any breach of covenant with our customers in connection with our quality control and environmental compliance.

Sales to Contract Manufacturers

Sales to contract manufacturers accounted for 72.7%, 69.4% and 47.9% of our revenue in 2014, 2015 and 2016, respectively. The decrease in our sales to contract manufacturers as a percentage of our revenue in 2016 from 2015 was primarily due to (i) the increases in revenue contribution from sales of our interconnect solutions and other products in which invoices were issued to our brand company customers as well as sales to our distributors during the periods; and (ii) the decrease in sales of our interconnect solutions and other products to contract manufacturers in absolute amount in connection with the overall decrease in our total revenue during the same periods.

We do not typically have long term pricing or volume contracts with our contract manufacturer customers. We negotiate with our contract manufacturer customers or directly with brand companies on the selling prices, payment terms, expected overall volume and the product specifications prior to the relevant contract manufacturer customers' provision of a rolling forecast of their production schedule, showing the volume of solutions and products they expect to order from us during the specified period covered by the forecast. These rolling forecasts are not binding, but we are able to secure and allocate our internal resources to plan for our just-in-time production and manage our inventory level in accordance with these forecasts. The selling prices may also be adjusted, typically on a quarterly basis. Once our interconnect solutions are ready for delivery, our contract manufacturer customers will take delivery of our interconnect solutions from our hub warehouses based on their actual production needs. However, we also receive purchase orders from certain contract manufacturer customers that sets forth their future purchase of our interconnect solutions for a specified period. We generally do not provide warranty coverage on our interconnect solutions and other products. We typically grant our contract manufacturer customers a credit period ranging from 90 days to 120 days.

In some cases, our transactions with contract manufacturer customers are governed according to the terms of a customer framework agreement. We have entered into customer framework agreements with a limited number of our contract manufacturer customers. Such framework agreements typically set forth general terms that will be used in each purchase order. We are also typically required by our contract manufacturer customers to provide covenants in connection with our quality control over solutions and products provided. Most of our customer framework agreements generally do not contain a fixed term. Our customer framework agreements and transactions with our related party contract manufacturer customers are substantially similar to those with our third party contract manufacturer customers. However, our customer framework agreements with certain related parties typically have a fixed term of five years and allow for automatic renewal unless one party decides to terminate the agreement by providing a 60-day written notice prior to the contract expiration date that is also agreed by the other party.

For the sale of our interconnect solutions and other products to our contract manufacturer customers that are designated by certain brand companies who are considered to be the primary decision markers, we receive product specifications and production forecast from brand companies to plan for our production and later on from our contract manufacturer customers to confirm the details of each purchase order.

Sales to Brand Companies

Sales of our interconnect solutions and other products in which invoices were issued to our brand company customers accounted for 9.8%, 13.6% and 35.9% of our revenue in 2014, 2015 and 2016, respectively. We believe the increase in such sales made to brand companies as a percentage of our revenue from 2014 to 2015 was primarily due to the shift in preference in supply chain management by certain brand companies, which resulted in an increase in their purchase of interconnect solutions and other products from us as compared to through contract manufacturers. The increase in such sales made to brand companies as a percentage of our revenue in 2016 from 2015 was primarily because one of our new products was sold directly to a brand company and not through designated contract manufacturers. The increase was also a result of the integration of the optical modules business that we acquired from Avago in December 2015 as the sale of various interconnect solutions and other products from the optical modules business of Avago were made directly to brand company customers.

We typically receive purchase orders that set out the specific terms for the sale of customized interconnect solutions and other products from our major brand company customers on a monthly basis according to the terms of customer framework agreements. We collaborate with brand companies for the development and design of customized interconnect solutions and coordinate on our inventory preparation and production planning. Similar to sales to contract manufacturer customers, in general our brand company customers negotiate the selling prices, payment terms, expected overall volume and confirm the product specifications with us prior to the provision of a rolling forecast, showing the purchase volume of solutions and products they expect to order from us during the specified period covered by the forecast. These rolling forecasts are not binding, but we are able to secure and allocate our internal resources to plan for our production and manage our inventory level in accordance with these forecasts and any downward or upward revisions that our brand company customers may make. We generally do not provide warranty coverage on our interconnect solutions and other products. We typically grant our brand company customers a credit period ranging from 45 days to 90 days.

Customer framework agreements with our major brand company customers typically set forth general terms that will be used in each purchase order. They may require us to maintain equipment, facilities and other resources required to support, and to produce solutions and products in sufficient quantities to meet, our major brand company customers' production needs in a given period or otherwise develop a contingency plan. We are also typically required by our brand company customers to provide covenants in connection with our quality control and environmental compliance over the production process of our solutions and products provided. On the other hand, each purchase order sets forth all the terms and conditions of the specified sales, including the pricing terms, specifications of our solutions and products to be provided, quantity and date of delivery. A number of our customer framework agreements with brand company customers have a fixed term with automatic renewal provisions. We currently offer a warranty period ranging from one year to three years to some of our major brand company customers with whom we have entered into customer framework agreements.

Sales to Distributors and Retailers

We also sell our interconnect solutions and other products through third-party distributors in limited circumstances, primarily (i) at the specific request of certain brand companies, or (ii) for sales to certain regions, such as the United States, Singapore, Japan, the Greater China and the European Union, due to the relationships that such distributors have established in such regions. We believe many of our distributors have knowledge or technical expertise related to these countries or market segments. Sales made through third-party distributors accounted for 6.0%, 6.2% and 9.3% of our revenue in 2014, 2015 and 2016, respectively. The total number of third-party distributors to which we sold in 2014, 2015 and 2016, were 10, 12 and 20, respectively. The increases in sales made through our third-party distributors as a percentage of our revenue in 2016 from 2015, and the number of such distributors as of December 31, 2016, as compared to December 31, 2015, were primarily a result of the integration of the optical modules business that we acquired from Avago in December 2015 into our operations. As of December 31, 2016, we engaged six such new third-party distributors to facilitate the sales of our optical interconnect solutions and other products in the communications infrastructure end market. Other than these new distributors, we have maintained relationships with our distributors for an average of nine years. During the Track Record Period, we terminated relationship with one of our distributors in 2014 due to its unsatisfactory sales performance.

Our relationships with third-party distributors are non-exclusive and may be characterized as seller/buyer relationships that do not grant us control over their operations or inventories, and they are free to formulate their own pricing policies and compete with one another subject to limitations by distribution regions or in limited cases, by specific brand companies. For this reason, we recognize revenue upon the sale of goods to distributors and generally do not accept returns or exchanges of unsold interconnect solutions from our distributors. We regularly evaluate the performance and compliance of these distributors and may terminate our relationships with them in the event of unsatisfactory sales performance or non-compliance with applicable laws and regulations. We manage our distributors by providing training to, and performance evaluations on, our distributors on a regular basis.

We typically require our third-party distributors to enter into form distribution agreements with us. Such agreements generally have a fixed term of one to two years and allow for automatic renewal unless either party decides to terminate the agreements by providing one or two month's written notice prior to the respective contract expiration dates. Under such form distribution agreements, our distributors agree to distribute our interconnect solutions and provide storage and after-sales services in geographic region in which each distributor is authorized to distribute or to designated brand companies and to use our trademarks for the purpose of distribution. Our distributors are typically required to satisfy quarterly minimum purchase amounts or mutually agreed sales targets, and their purchase orders are generally non-cancellable once made, except for those orders for our standard products made by our new third-party distributors engaged after our acquisition of the optical modules business from Avago. We typically grant our distributors a credit period of 30 to 90 days after product delivery. For the new third-party distributors mentioned above, we generally grant such distributors a credit period of 30 days after the date of invoice. In addition, we entered into a distribution agreement with one such new third-party distributor, a publicly listed company, as part of the integration of the acquired optical modules business from Avago in June 2016. Such agreement covers mainly our optical interconnect solutions and related product, and further provides that (i) such agreement is to remain effective from June 1, 2016 until either party decides to terminate; (ii) the purchase orders for our interconnect solutions and products under such agreement are cancellable at least 10 days before the product shipment date; and (iii) one year after purchasing a newly introduced product for the first time or one year after the initial purchase under the distribution agreement, the distributor has 60 days to return products to us under such purchases for credit. Other than the foregoing, the other terms in such distribution agreement are generally consistent with our form distribution agreement.

We also sell a very small portion of our accessories products directly to retailers that are then sold directly to end users.

Our Major Customers

The following tables set forth our top five customers and certain other information for the periods indicated:

For Year Ended December 31, 2014

Rank		% of Total Sales During the Year	Business Relationship as a Customer Started From	Principal Business
1	Company A[(1)]	43.0%	2013[(1)]	a global leading electronics manufacturing service provider and end-to-end product and solution provider for all aspects of global electronics contract manufacturing, which also engages in other businesses including modules comprising system boards and subassemblies, and systems comprising full system assembly of electronic products
2	Company B	7.8%	2008	research and development, electronics manufacturing service provider of computing, communication and consumer electronics, as well as related peripherals and components
3	Company C	4.1%	2004	distribution of electronic components, enterprise computer, networking and storage products and software, information technology solutions and services and embedded subsystems
4	Company D	3.7%	1998	world leading seller of notebooks and related products
5	Company E	2.9%	2000	electronic supply chain services provider mainly in Greater China region for electronic components, integrated circuit and active and passive components
	Total:	61.5%		

Note:

(1) Represents Hon Hai Group, our connected person. The remaining major customers listed above were independent third parties. Prior to our Reorganization in 2013, our business operated as a business unit within Hon Hai Group.

For Year Ended December 31, 2015

Rank		% of Total Sales During the Year	Business Relationship as a Customer Started From	Principal Business
1	Company A[(1)]	35.7%	2013[(1)]	a global leading electronics manufacturing service provider and end-to-end product and solution provider for all aspects of global electronics contract manufacturing, which also engages in other businesses including modules comprising system boards and subassemblies, and systems comprising full system assembly of electronic products
2	Company B	6.9%	2008	research and development, electronics manufacturing service provider of computing, communication and consumer electronics, as well as related peripherals and components
3	Company D	3.7%	1998	world leading seller of notebooks and related products
4	Company F	3.5%	1998	a global leading technology company engaging in the design, manufacturing and marketing of mobile communication and media devices and other products, related software solutions and applications
5	Company C	3.2%	2004	distribution of electronic components, enterprise computer, networking and storage products and software, information technology solutions and services and embedded subsystems
	Total:	53.0%		

Note:

(1) Represents Hon Hai Group, our connected person. The remaining major customers listed above were independent third parties. Prior to our Reorganization in 2013, our business operated as a business unit within Hon Hai Group.

For Year Ended December 31, 2016

Rank		% of Total Sales During the Year	Business Relationship as a Customer Started From	Principal Business
1	Company F	23.4%	1998	a global leading technology company engaging in the design, manufacturing and marketing of mobile communication and media devices and other products, related software solutions and applications
2	Company A[1]	21.8%	2013[1]	a global leading electronics manufacturing service provider and end-to-end product and solution provider for all aspects of global electronics contract manufacturing ,which also engages in other businesses including modules comprising system boards and subassemblies, and systems comprising full system assembly of electronic products
3	Company G	5.2%	1999	electronics design, production, product management services and solutions to companies in a wide range of industries
4	Company B	2.9%	2008	research and development, electronics manufacturing service provider of computing, communication and consumer electronics, as well as related peripherals and components
5	Company C	2.8%	2004	distribution of electronic components, enterprise computer, networking and storage products and software, information technology solutions and services and embedded subsystems
	Total:	56.1%		

Note:

(1) *Represents Hon Hai Group, our connected person. The remaining major customers listed above were independent third parties. Prior to our Reorganization in 2013, our business operated as a business unit within Hon Hai Group.*

Pricing Policy

We adopt a flexible pricing approach. We determine pricing terms based on various factors, including the solutions offered, their complexity, the size of the order, our relationship with the customer, production costs, profitability and competition. In addition, other than the factors as set forth in the foregoing, pricing for our interconnect solutions and other products sold to distributors will also be referenced to their market prices. Furthermore, we have established pricing policies in connection with our transactions with Hon Hai Group, our connected person. For additional information as to the details of such pricing policies, see "Connected Transactions – Non-Exempt Continuing Connected Transactions."

Confidentiality

Given the customized nature of the interconnect solutions and other products we provide, we may come across confidential information of our customers and certain brand companies during their production development, research and development and new product roll-out processes and are therefore subject to confidentiality obligations to our customers and certain brand companies. We have implemented a set of internal control measures to observe our confidentiality obligations under our customer contracts and safeguard the relevant trade secrets of our customers and certain brand companies. Such measures primarily include (i) the adoption and implementation of trade secrets management measures in which trade secrets of our customers and certain brand companies are treated as our own trade secrets and therefore all entities within our Group shall take all possible measures to protect the confidentiality of such information; (ii) the inclusion of trade secrets of our customers and certain brand companies into the coverage of intellectual properties confidentiality agreements entered into between each of our new employees and us and the provision of confidentiality training sessions to our new employees; and (iii) the use of information management system which grants authorized employees the right to access trade secrets of our customers and certain brand companies on a need-to-know basis while preventing access to non-authorized employees.

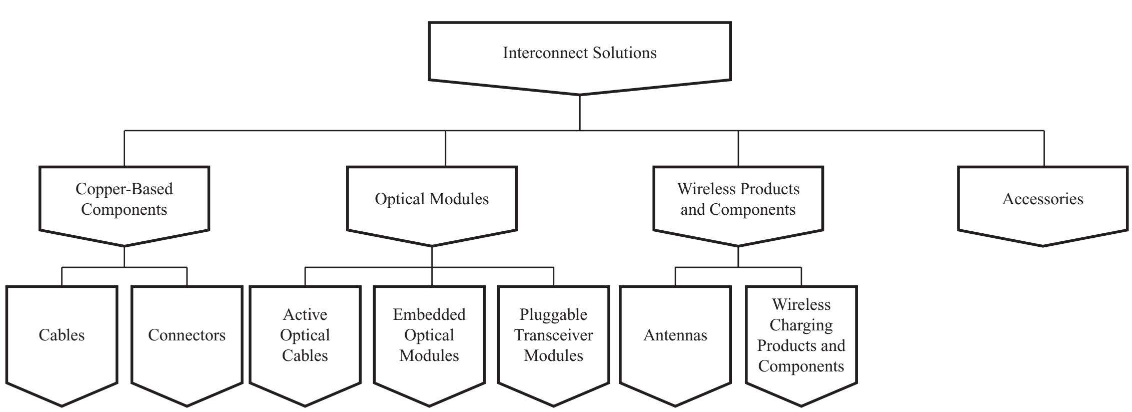
OUR PRODUCTS

Our Interconnect Solutions

Overview

We are a provider of a wide spectrum of customized copper-based, fiber-based and wireless interconnect solutions. Components and modules used in the production of our interconnect solutions include a wide variety of copper-based components, optical modules and wireless products and components. We create interconnect solutions using these components and modules aimed to address all of the needs of our customers, who include our solutions in numerous products to provide functionality within the product and to connect with other products and devices. In addition to our primary components and modules, we also produce a number of accessories for use with electronic devices.

The following chart provides an illustration of the principal categories of the components, modules and accessories that we produce.



Our principal interconnect solutions include copper-based components, optical modules and wireless products and components that facilitate the transfer of data and/or electrical power. Copper-based components transfer data or power across a metal conductor. Optical modules utilize optical fiber (generally silica glass) for data transmission. Wireless products and components include transmitters and receivers without the use of a physical connection. The principal components and modules used in our solutions can be further broken down into: cables, connectors, active optical cables, pluggable transceiver modules, embedded optical modules, antennas and wireless charging products and components. We also produce accessories such as earphones and power accessories. We offer a broad range of products within each category to meet the needs of our customers.

Starting from the 1980s, our efforts have been focused on the production of copper-based cables and connectors. In 2014, we began to offer wireless charging products and components. We began to offer optical modules in 2014, and that business was further strengthened through our acquisition of the optical modules business from Avago in 2015.

Copper-Based Components

We offer a broad range of copper-based cable components, including both cable and connector components, as part of our interconnect solutions.

Our cable components include an array of I/O cable assemblies, as well as wire harness and power cords. We are also able to provide custom cable assemblies for specific applications.

Our connector components include input/output connectors, sockets, SAS connectors, power connectors, memory/edge cards, docking connectors, industrial/terminal blocks and industrial/circular waterproof connectors. In addition to offering a full range of standard connectors, we are also able to design, develop and produce unique connectors that comply with existing interconnect standards in response to customer requests.

The following provides illustrations as to certain of our copper-based components.

Cable Components

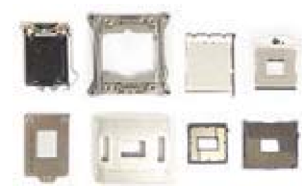
High-speed Cable Assemblies

Industrial/Medical Cable Assemblies

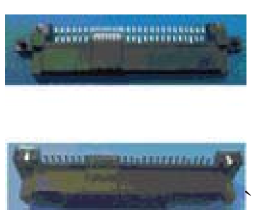
Connector Components

Type-C Connectors

DisplayPort & HDMI



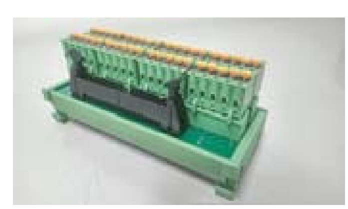
CPU Sockets



SAS Connectors

Memory/Edge Cards

Docking Connectors



Industrial/Terminal Blocks

Optical Modules

Our optical modules are used by our data communications and telecommunication customers, and they are used in high performance routers and switches, cloud computing, server virtualization and video-on-demand applications. The optical modules we produce cover three main categories: active optical cables, pluggable transceiver modules and embedded optical modules.

Active optical cables are self-contained cable systems where electrical signals can be remitted from each end of the cable with an optical fiber system in the middle. Electrical signals are converted into modulated light beams for transmission at higher data rates and over longer distances than is possible with copper based cables. Our active optical cables are generally used for connections of 20 meters or less. They are used for data center, storage network, and high performance computing applications.

Pluggable transceiver modules are optical transceivers plugged into devices and connected by optical fiber cables for the transmission of data in wired networks. With data rates ranging from 1 to 100Gb/s and beyond, our pluggable transceiver modules provide comprehensive coverage for a fast-growing number of applications in the data center, enterprise network, storage, metro Ethernet transport, wireless infrastructure and high performance computing markets.

Embedded optical modules are optical transceivers that are mounted or embedded in the middle of circuit boards. As compare to pluggable transceiver modules, embedded optical modules moves the electrical signal to optical conversion process next to the signal source and offer benefits such as reduced external noise interference, reduced signal degradation, better connectivity and higher bandwidth capacity. Our embedded optical modules offer data rates from 5G per channel to 25G per channel.

The following provides illustrations as to certain of our optical modules.

Active Optical Cable – 25G Ethernet

Embedded Optical Module – 25G

Pluggable Transceiver Module – 100G

Our Wireless Products and Components

Our wireless products and components include wireless charging products and components as well as antennas.

We produce wireless charging products and components that can transmit electrical power to devices without the need for the use of a cable.

We also produce antenna components that transmit, receive and process data without the need for a physical connection.

The following provides illustrations as to certain of our wireless products and components.

Antenna

Radio Frequency Antenna Cable Assemblies

Radio Frequency Antenna Module Assemblies

Wireless charging products and components

Wireless Charging Products

Wireless Charging Components

Our Accessories

We produce a number of accessories for use with electronic devices for brand companies. These accessories are designed to support a main device to improve the overall user experience, such as by improving data, power or acoustic transfer. Examples include data cables, earphones, car chargers and power banks.

The following provides illustrations as to certain of our accessories.

Acoustics Accessories

Power Accessories

Cable Accessories

Other Products

In addition to our interconnect solutions, we also produce other products such as network cards and power distributors which are typically used to provide uninterruptable power systems in Internet of Things applications, and electric charging guns, which are typically used in electric vehicle applications. The sale of these products represented a very small portion of our total revenue in each year during the Track Record Period.

End Markets

Our interconnect solutions are critical to the operation of a wide range of finished products, including their compatibility, reliability and functionality. Our interconnect solutions may enhance not only the technical specifications of a given product, but also its design aesthetics and form factor. Our interconnect solutions are incorporated into final products that are primarily sold into the following four end markets:

- computer and consumer electronics;
- mobile and wireless devices;
- communications infrastructure; and
- automotive, industrial and medical end markets.

As many of our interconnect solutions utilize a number of different types of components, modules and accessories, we categorize revenue by end markets. The following table sets forth our revenue by end market in absolute amounts and as percentages of revenue for the periods indicated.

	Year Ended December 31,					
	2014		2015		2016	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
Computer and consumer electronics	1,017,770	41.0	910,932	39.1	807,158	28.0
Mobile and wireless devices	979,875	39.5	924,791	39.7	1,238,331	43.0
Communications infrastructure	362,894	14.6	348,425	15.0	710,756	24.7
Automotive, industrial and medical	14,582	0.6	29,783	1.3	44,037	1.5
Others(1)	107,093	4.3	113,971	4.9	79,978	2.8
Total	**2,482,214**	**100.0**	**2,327,902**	**100.0**	**2,880,260**	**100.0**

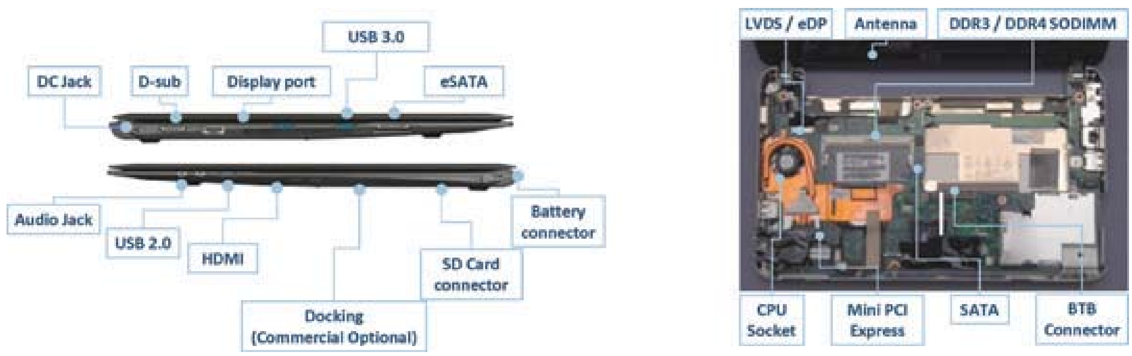
Note:

(1) Primarily represents revenue from sales of scrap materials, provision of services and sales of mold parts and sample products. For additional information, see "Financial Information – Principal Components of Consolidated Income Statements – Revenue."

Computer and Consumer Electronics

We have an especially strong presence in the computer and consumer electronics end market, where according to Frost & Sullivan we ranked first globally in terms of market share based on revenue in 2016. Computer and consumer electronics applications include desktop computers, laptop computers, 2-in-1 notebook and tablets, game consoles and televisions. Our cables and connectors are included in the internal design, development and production of these devices and external cables are often included to power or otherwise connect these products. Wireless modules are often also included, such as to provide Wi-Fi functionality. In addition to computer systems, we also provide solutions that are used in key computer components, such as hard disk drives and solid state drives.

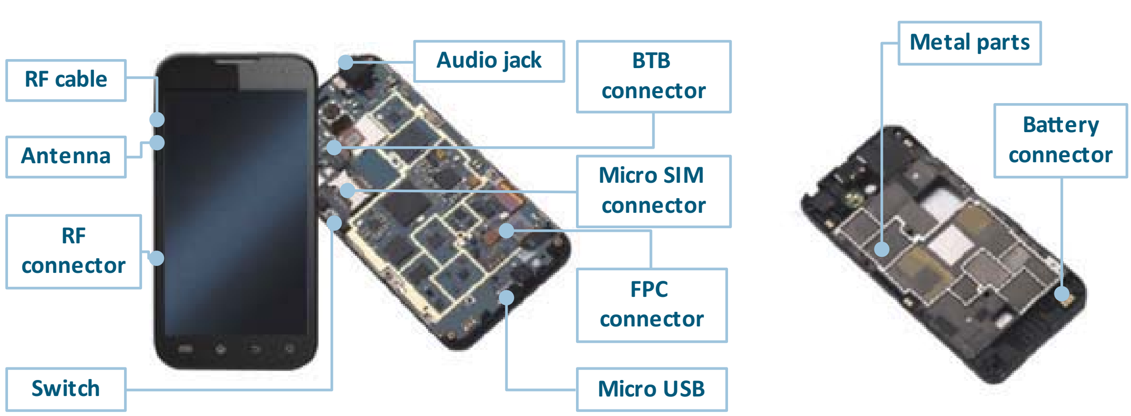
We are able to design, develop and produce comprehensive interconnect solutions customized for the needs of our customers in computer and consumer electronics end market. The following diagram displays our interconnect solutions in a laptop computer:



Mobile and Wireless Devices

We have a leading position in providing interconnect solutions for mobile and wireless devices due to our experience in this area and our relationship with leading brand companies in the industry. According to Frost & Sullivan, we ranked second globally in terms of market share based on revenue in 2016 in the mobile and wireless devices end market. Examples of devices in this category include wireless accessories and wireless modules. Given the small form factors of these devices, our ability to provide OEM/ODM for wireless assembly and modules that meet the design specifications of our customers is particularly valued.

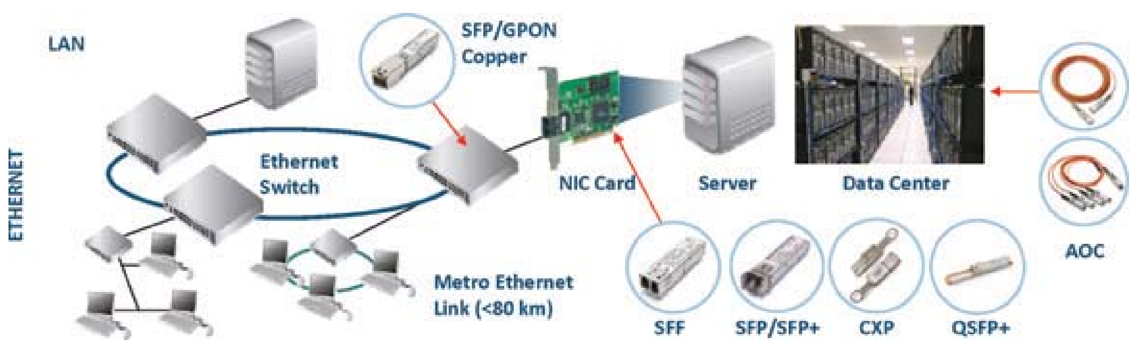
We are able to design, develop and produce comprehensive interconnect solutions tailored for the features of our customers' specific products and the needs of industry trend in the mobile and wireless devices end market to enhance our customers' competitiveness. The following diagram displays our interconnect solutions in a smartphone:



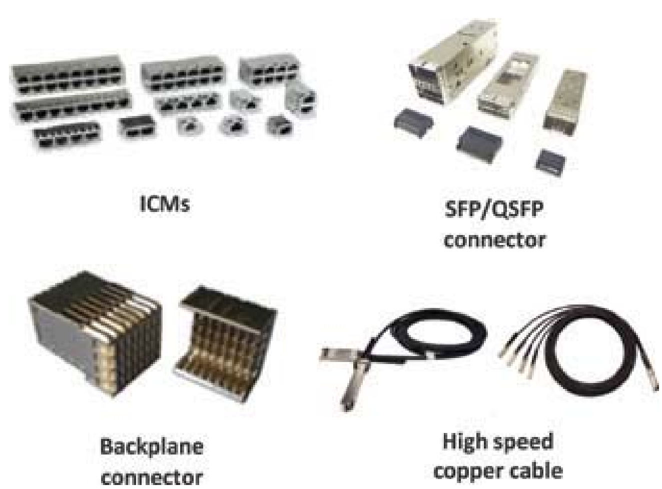
Communications Infrastructure

Our portfolio of optical component solutions for multimode fiber and single-mode fiber optical transceivers targets a wide range of optical networking applications that include data center and enterprise networking, high performance computing, Fiber Channel, metro Ethernet transport, FTTx/FTTdP, and Ethernet Mobile Fronthaul. We currently apply groundbreaking technologies for emerging 400G generation products and beyond. Following the Avago transaction, our combined product offerings include one of the broadest portfolios of transceivers, cages/connectors, directly attached copper and active optical cables on the market. We offer high-volume production of 1G, 10G, 25G, 40G and 100G Ethernet transceivers in both short reach multi-mode fiber and medium/long reach single mode fiber configurations as well as volume products for 4G, 8G, 16G, 32G and 128G Fiber Channel, in both multimode fiber and single-mode fiber media. Similar products are sold to cellular phone networks for 3G, 6G, 10G and 25G base station interconnects and into metro Ethernet applications using OTN or Ethernet protocols. We also have a robust pluggable and fixed mid board mounted product offering for InfiniBand or proprietary interconnect applications on servers, routers, high performance computing and switching equipment. We are currently investing in 50G, 200G and 400G Ethernet technologies as well as 64G and 256G Fiber Channel applications.

The following diagram displays the role our interconnect solutions play in the design and functionality of a server operating in a data center with our interconnect solutions shown in circles:



The following provides illustrations as to certain copper solutions, in addition to optical solutions, used in our communications infrastructure end market:



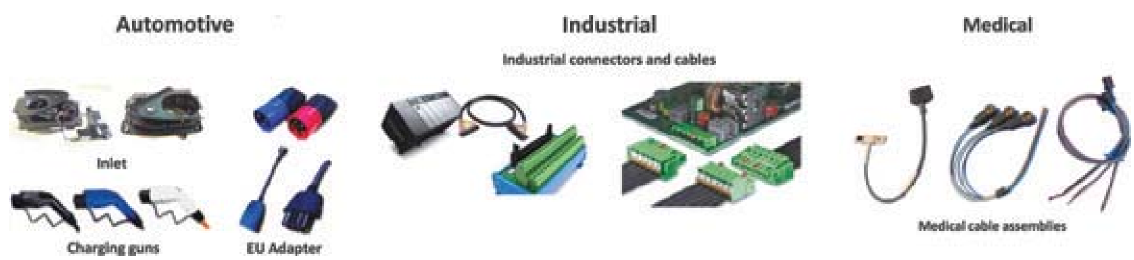
We provide complete optical product portfolio, including optical transceivers and AOCs which cover metropolitan area network ("**MAN**"), local area network ("**LAN**") and storage area network ("**SAN**"). As the data center expands in size, there are many long-reach fiber links between the onion router and core switches. Especially in a mega-size 40G/100G leaf-spine network, many fiber links are needed beyond the maximum link distances specified by IEEE. We offer a wide selection of highly-differentiated parallel optic transceiver module solutions that extend data links beyond industry standards, enabling data center operators to maintain their existing cable infrastructure and save additional capital expenditure spending for data center upgrades.

In December 2015, we acquired the optical modules business of Avago and its leading technologies to supplement our existing expertise in optical interconnect solutions and related products for wired networking applications for use in the communications infrastructure for data communications and telecommunication markets. As part of the transaction, we acquired various assets that comprised of the optical modules business of Avago, including production lines primarily located in Mexico, equipment, fixtures and supplies, inventories and certain other assets primarily located in Mexico, the United States and Singapore, as well as related employment contracts and licenses to operate the optical modules business. We also incorporated FOCT, FOIT USA, and FOIT Singapore to operate such optical modules business we acquired from Avago. One entity that was formerly wholly owned by Avago and engaged in optical component manufacturing was transferred to us as part of the Acquisition, which was renamed FIT Mexico. Furthermore, we appointed the sales team of Avago as our exclusive representative for the sale and marketing of our optical component solutions in communications infrastructure end market on a worldwide basis for an initial term of four years. We also agreed to act as Avago's exclusive supplier of certain optical components and to supply exclusively to Avago and other purchasers approved by Avago certain types of optical modules for an initial term of four years, subject to the automatic renewal provision of the agreement. See "Financial Information – Significant Factors Affecting Our Results of Operations – Strategic Investments and Acquisitions." We were entitled to transition services for a period from the closing of the transaction to May 31, 2016, during which Avago provided information technology related support, granting us access to their enterprise resources planning system that integrates major facets of their business operation, such as finance and billing system and customer management system to facilitate the migration of customers of Avago's optical modules business into our business.

We have been integrating the acquired optical modules business of Avago into our existing business in the communications infrastructure end market since the acquisition, which has been completed as of the Latest Practicable Date, including primarily (i) expanding our product suite leveraging Avago's broad optical module products and relevant intellectual properties and production know-how, (ii) migrating customers of Avago's optical modules business prior to the acquisition, (iii) increasing the competitiveness of the acquired product suite by leveraging our economies of scale and low-cost production capabilities, and (iv) marketing the enlarged optical product suite to the strong customer base of us and in the Hon Hai Group ecosystem by leveraging our footprint in Asia.

Automotive, Industrial and Medical

We have also started to focus our efforts on developing interconnect solutions and other products for applications in various other end markets that we believe possess growth potential. Such emerging applications in which our solutions are used include automotive, industrial and medical. Automotive applications include interconnect solutions for use in electric and traditional vehicles, such as for electronic devices for navigation and entertainment and external charging cables and connectors, as well as other products such as charging guns. Industrial devices for which we design and supply solutions include interconnect solutions for use in automated machinery being utilized in smart factories, power generators and robotics. Our interconnect solutions for use in medical devices include customer specific connectors, components and cables for use in production of medical monitoring devices. Currently, these emerging applications constitute a small portion of our business operations and related revenue.



RESEARCH AND DEVELOPMENT

Our research and development activities are important to maintaining our position as a leading provider of interconnect solutions and other products. The broader aims of our research and development efforts generally are to leverage our capabilities to increase sales of our solutions and products, such as through close collaboration with our customers on design and development of their latest products. We also focus our research and development efforts on improving production processes, technologies and efficiency.

When our customers approach us for interconnect solution with unique specifications, we will work with our customers to design and develop customized solutions to address their needs as part of our collaborative design and development efforts. Alternatively, we will also undertake internal initiatives for designing and developing new interconnect solutions and enhancing manufacturing technologies in response to market trends or latest technological developments, and the market and sale of such new solutions.

Members of our research and development team work together with our major customers during the early stages of their product development cycles to identify our existing interconnect solutions that meet their needs, ascertain requisite modifications to existing interconnect solutions, and create and produce new, tailor-made prototypes of our proposed solutions. Certain of our major customers solicit these services to help them create technical designs based on their design concepts to help them differentiate their products from those of their competitors. In some cases, the solution we design or technology we develop for a major customer may ultimately become an industry standard. For example, we have contributed to the development of industry standard USB Type-C connectors, USB 3.0 connectors and DDR3 and DDR4 computer system memory interfaces. In particular, we are one of the key contributor for the development of the USB 3.0 connector standard and have retained many of the intellectual property rights necessary for the production of USB 3.0 connectors, which we license to other parties.

Lifecycles of certain of our customers' products and our interconnect solutions and other products are relatively short. For our computer and consumer electronics customers in particular, product lifecycles are short and time to market is critical. Developing customized interconnect solutions in a short period of time requires a high degree of technical expertise. Our speed in developing customized interconnect solutions is important to our customers, who particularly value our ability to innovate new solutions and ramp up production without sacrificing quality. Our research and development team works with our customers to ensure that specified design and quality metrics are met while streamlining production processes at an early stage. As part of this development process, we conduct trial production runs before scaling to high-volume production. This helps ensure that we have the capacity to rapidly increase production and satisfy volume demands while meeting our customers' design and quality specifications.

We structure our research and development initiatives into the following three core areas:

- product development – primarily involving the research and development of components, modules, accessories, interconnect solutions and applications tailored to the unique specifications of our customers;

- production management – primarily involving the research and development of new processes and equipment for production, testing and verification; and

- intellectual property management – primarily involving identifying our intellectual property developed during the research and development progress to protect our engineering efforts and coordinating with our intellectual property department for the registration of the relevant intellectual property rights.

We operate principal research facilities in Taipei in Taiwan, Singapore, Brea and San Jose in California and Harrisburg in Pennsylvania in the United States. Taipei is our global research and development headquarters and Brea serves as our research and development headquarters in the United States. We also carry out research and development activities in many of our production facilities, including in China. Our global research and development network allows us to work closely with our customers as well as to conduct independent research and development activities to craft the latest in interconnect solutions. Our global research and development network also enables us to work with our customers closely to meet their business needs.

We also partner with academic institutions in Taiwan and the United States to improve our existing designs and innovate new technologies. Our research cooperation agreements generally provide that we will fund the research projects, with the rights to any intellectual property being retained by the respective research partners or shared between the partners and us. We typically obtain the rights to research works generated by the project and may obtain rights to license the intellectual property from our research partners, if the intellectual property rights are retained by the partners. These agreements are generally of a legally binding nature.

Given our ability to establish industry standards and our integrated design collaboration with our major customers, we believe that our research and development capabilities serve as high barriers to entry and differentiate us from our competitors. In addition, we believe that our close and collaborative relationships with our customers serves to facilitate further technological innovation in our interconnect solutions and advancing our ability to drive orders from customers. In the future, we expect to further invest in researching and developing technologies and applications for optical interconnect solutions in cloud computing infrastructure applications and acoustics accessories. We also intend to pursue emerging applications for our interconnect solutions in areas such as smart home, wearable devices, electric vehicles and other Internet of Things to meet fast-growing consumer demand. We believe that such technologies and applications could further benefit our customers and could positively contribute to the growth of our business. We intend to capture new business opportunities in these emerging areas by building on our close partnerships with market leaders to jointly develop next-generation technologies and industry standards for these applications.

We are committed to investing significant resources in research and development. As of December 31, 2016, our research and development team had more than 4,000 engineers worldwide. In 2014, 2015 and 2016, our research and development expenses were US$118.3 million, US$121.7 million and US$168.7 million, respectively, representing approximately 4.8%, 5.2% and 5.8% of our revenue over the same periods.

PRODUCTION

Overview

Production of our components, modules and accessories spans design, technical development, manufacturing and assembly, and includes production of individual components, modules and accessories as well as complex interconnect solutions containing multiple components, modules and accessories. We implement our technical expertise across nine production plants in China, Taiwan, Vietnam and Mexico to provide interconnect solutions and other products for our customers. The majority of our production centers are located in proximity to our major customers. Our newly established Vietnam facility has commenced mass production since late 2016, which currently focuses on the production of acoustics products. We believe our production facilities are sufficient to meet current demand and our anticipated business growth.

Depending on the complexity of the interconnect solution and other products and available capacity of our facilities, we also from time to time sub-contract production to sub-contracting manufacturers, which include both independent third parties and connected persons. We sub-contract production primarily for labor-intensive processes in the production of our interconnect solutions and other products to manage our production cost. As of December 31, 2016, we engaged 66 sub-contracting manufacturers, of which 53 were independent third parties. Most of our sub-contracting manufacturers have had business relationships with us for more than four years. We believe we are not dependent on any of our subcontractors because there are a relatively high number of subcontractors that are available to us for our subcontracting process. We select our subcontractors based on a variety of criteria, such as delivery timing, quality of their work and cost competitiveness. To control the production quality of sub-contracting manufacturers, we provide them with the relevant production equipment, raw materials and components and they primarily provide assembly services for our components, modules and accessories. Our sub-contracting manufacturers are responsible for the delivery of the relevant semi-finished products and finished goods to us. The sub-contracting fees are generally determined based on the associated labor costs and processing fees and are settled on a monthly basis.

Production Planning

We typically prepare production plans on a periodic basis based on the production forecasts of our key customers and anticipated market trends. Pursuant to these plans, existing inventory levels, and rolling forecasts and purchase orders we receive from our customers, we procure raw materials and components and prepare bi-weekly production schedules.

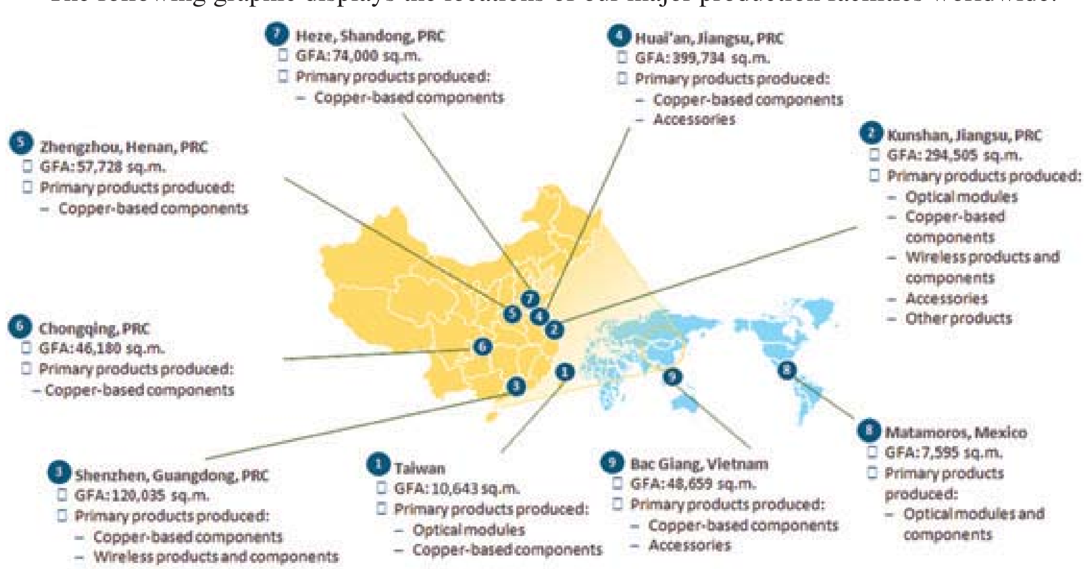
According to the nature of the items to be produced and our existing capacity, we may also engage third parties to assist in our production processes, many of whom we have established long-standing relationships with. These sub-contracting manufacturers and manufacturing vendors generally handle less technically complex aspects of our production such as assembly. In order to ensure the quality of our interconnect solutions and other products and the reliability of our supply, we evaluate these manufacturing partners according to production performance, quality control and compliance with applicable laws and regulations.

Production Facilities

The below table sets forth the locations, key products produced and year of establishment of each of our material production facilities as of December 31, 2016:

Location	Primary Components, Modules and Accessories Produced	Year Commenced Production / Acquired	Approximate Gross Floor Area (sq.m.)
Taiwan	Optical modules Copper-based components	1982	10,643
PRC			
Kunshan, Jiangsu	Optical modules Copper-based components Wireless products and components Accessories Other products	1993	294,505
Shenzhen, Guangdong	Copper-based components Wireless products and components	1995	120,035
Huai'an, Jiangsu	Copper-based components Accessories	2007	399,734
Zhengzhou, Henan	Copper-based components	2010	57,728
Chongqing	Copper-based components	2010	46,180
Heze, Shandong	Copper-based components	2015	74,000
Mexico			
Matamoros	Optical modules and components	2015	7,595
Vietnam			
Bac Giang	Copper-based components Accessories	2016	48,659

The following graphic displays the locations of our major production facilities worldwide:



Capacity of Certain Common Production Processes

We provide customized interconnect solutions in accordance with the needs of our customers and as of December 31, 2016 we produced more than 9,500 types of components, modules and accessories. The 9,500 types of different components, modules and accessories are applied in a large number of customized interconnect solutions, which vary widely in sizes, forms, shapes and complexity. In order to manufacture our diversified and customized portfolio of interconnect solutions, we would reconfigure our production lines to accommodate a wide variety of customized interconnect solutions. In addition, the production of our broad and customized offerings requires a different combination and number of production processes, equipment and manual labor. Therefore, in light of the constant changes in the production line configuration during the year, the lack of standard metrics across a wide spectrum of products and their respective production processes, it is not feasible to formulate a meaningful metric of production capacity for all different solutions and products produced by us. Furthermore, we believe production capability in the connector business is a function of operational expertise and industry knowledge, rather than mechanical capacity.

However, based on the types of products produced by us in our interconnect solutions and other products, our Directors considered that forming machines were typically the principal machines used in the production of many of our products. For illustrative purposes, the following table sets forth the approximate production capacity and utilization of our forming machines in terms of working hours for the periods specified calculated based on the formula described below. Prior to the second quarter of 2014, our predecessor and we did not effectively collect and maintain the information as to the actual number of working hours used in production by our forming machines and use this as an operating metric to manage our production. In the second quarter of 2014, we started to record such information in a systematic manner in order to enhance our production management. However, the historical number of working hours used in production by our forming machines in the first quarter of 2014 cannot be retrieved and retrospectively tabulated. As such, the capacity and utilization information in respect of the first quarter of 2014 are not included in the table below.

	Production Capacity (Working Hours)	**Utilization (%)**
Three Months Ended June 30, 2014	1,818,827	76.1
Three Months Ended September 30, 2014	1,803,041	85.0
Three Months Ended December 31, 2014	1,800,531	78.2
Three Months Ended March 31, 2015	1,750,179	69.0
Three Months Ended June 30, 2015	1,784,973	66.8
Three Months Ended September 30, 2015	1,770,475	79.4
Three Months Ended December 31, 2015	1,774,718	78.1
Three Months Ended March 31, 2016	1,684,020	54.0
Three Months Ended June 30, 2016	1,697,634	63.6
Three Months Ended September 30, 2016	1,686,318	82.0
Three Months Ended December 31, 2016	1,681,722	78.3

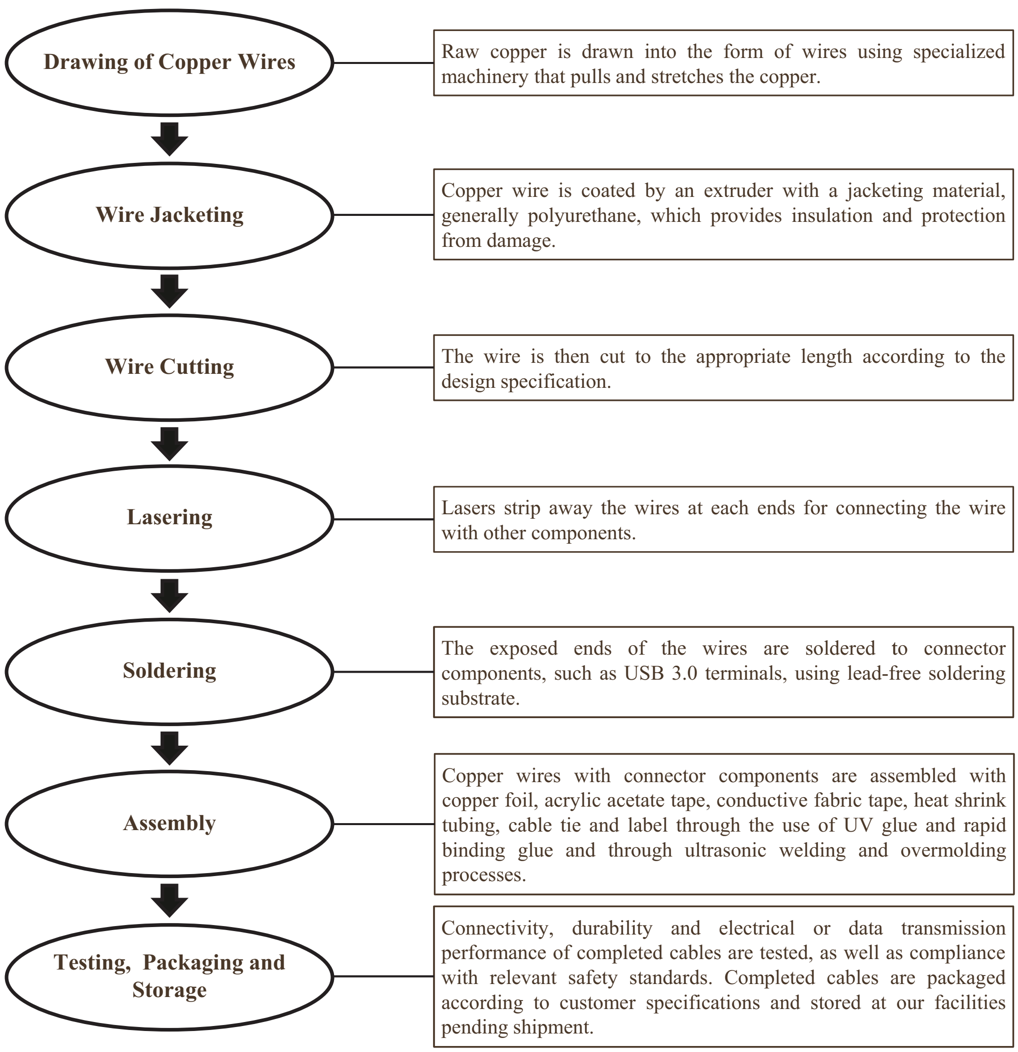
The utilization rate is calculated based on a formula. The denominator adopted represents the capacity which is the maximum number of working hours of forming machines that were in active operation at the end of the respective period, assuming operation for 20 hours per day and 26 working days a month. The numerator adopted represents the actual number of working hours used in production by these forming machines in each period. The utilization rate of our forming machines fluctuated from April 1, 2014 to December 31, 2016 primarily due to the seasonality pattern of the end markets we serve where brand companies, particularly those in the computer and consumer electronics and mobile and wireless end markets, (i) typically choose to release new product offerings in the second half of each year and (ii) tend to increase their purchases in preparation of peak sales holiday seasons. For additional information, see "Financial Information — Significant Factors Affecting Our Results of Operations — Seasonality."

Throughout the Track Record Period, we did not encounter any material incidents where we had difficulty in meeting customers' demands. While we do not track production capacity, we have quality control measures in place to ensure timely delivery of customized solutions to our customers. See "– Quality Control."

Production Process

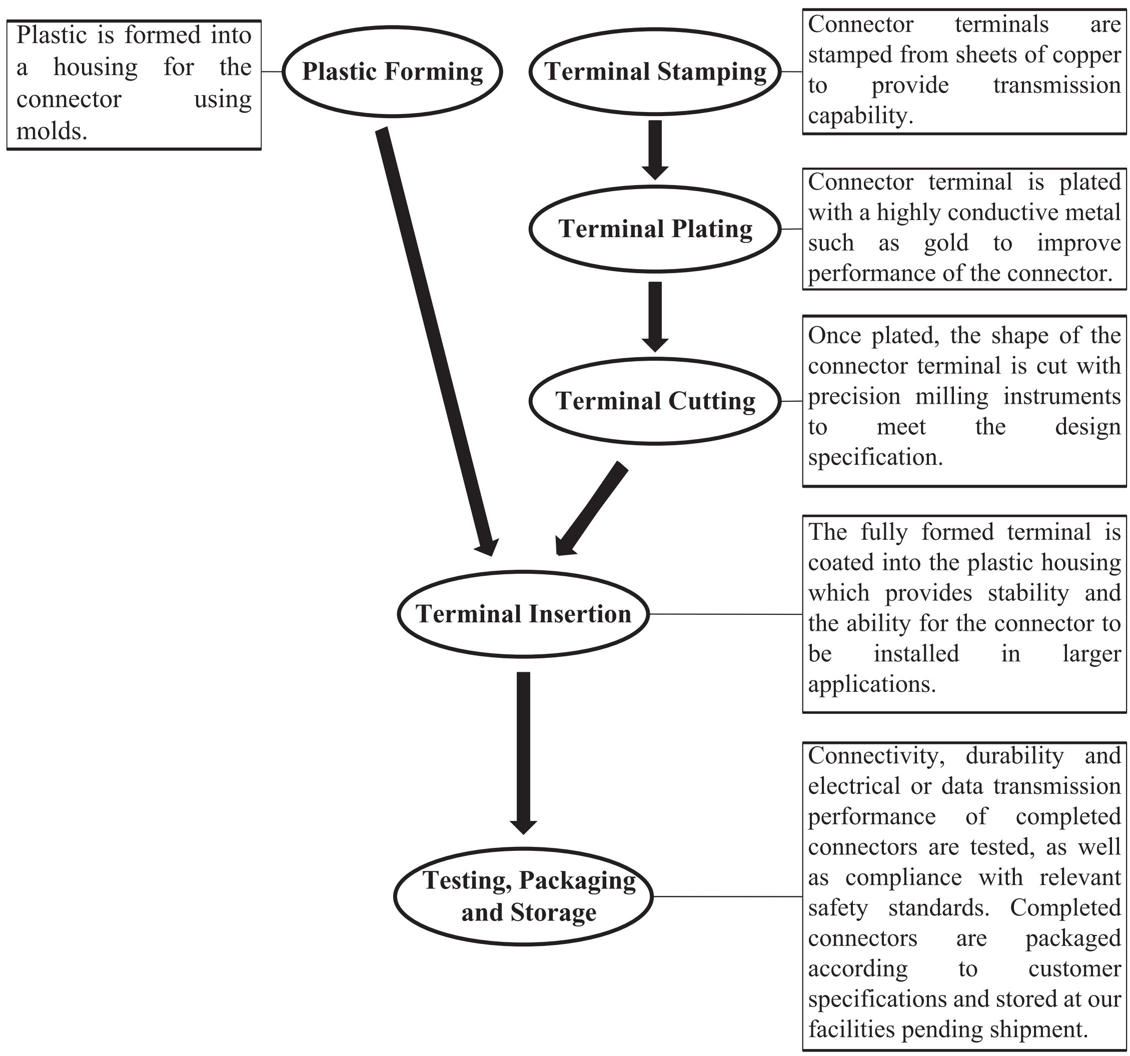
Copper Cable Production Process

In the production of our copper cable components, we process plastic pellets into wire casing, form wires from raw copper and then form cables using the wire and the plastic wire casing we have produced. Connectors are then soldered onto each end of the cable. These individual cables may be further processed into more complex interconnect solutions as needed, such as by addition of additional components to form antenna cable assemblies, bundling with other cables to form transmission lines for specified applications. The following chart illustrates the production process for a USB 3.0 cable, one of our most typical cables.



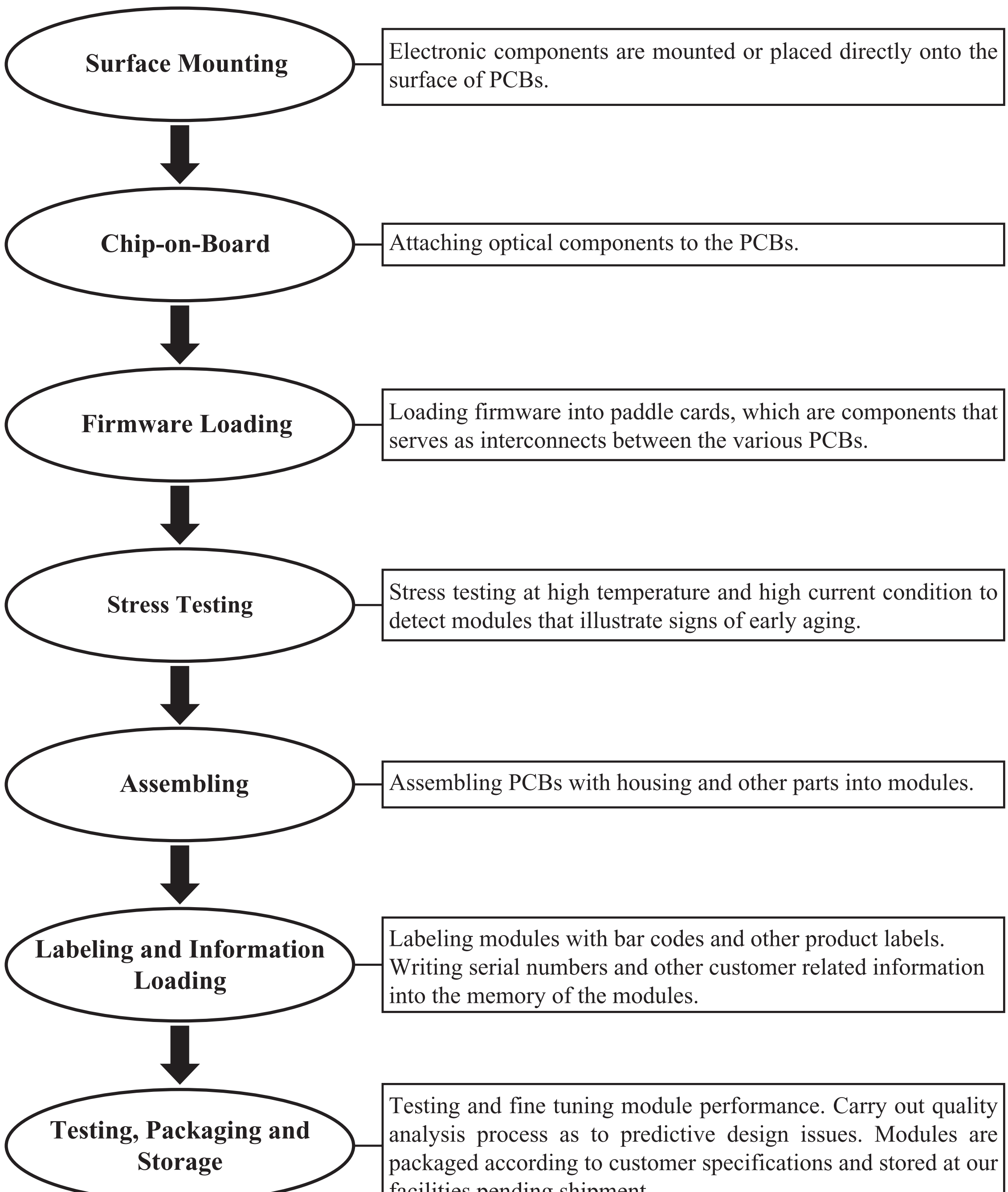
Connector Production Process

The connector production process is characterized by high degrees of precision. Copper and plastic are the main raw materials used in our connectors. Plastic is generally used for the production of housings for connectors. The following chart illustrates the general production process of a typical connector component we produce.



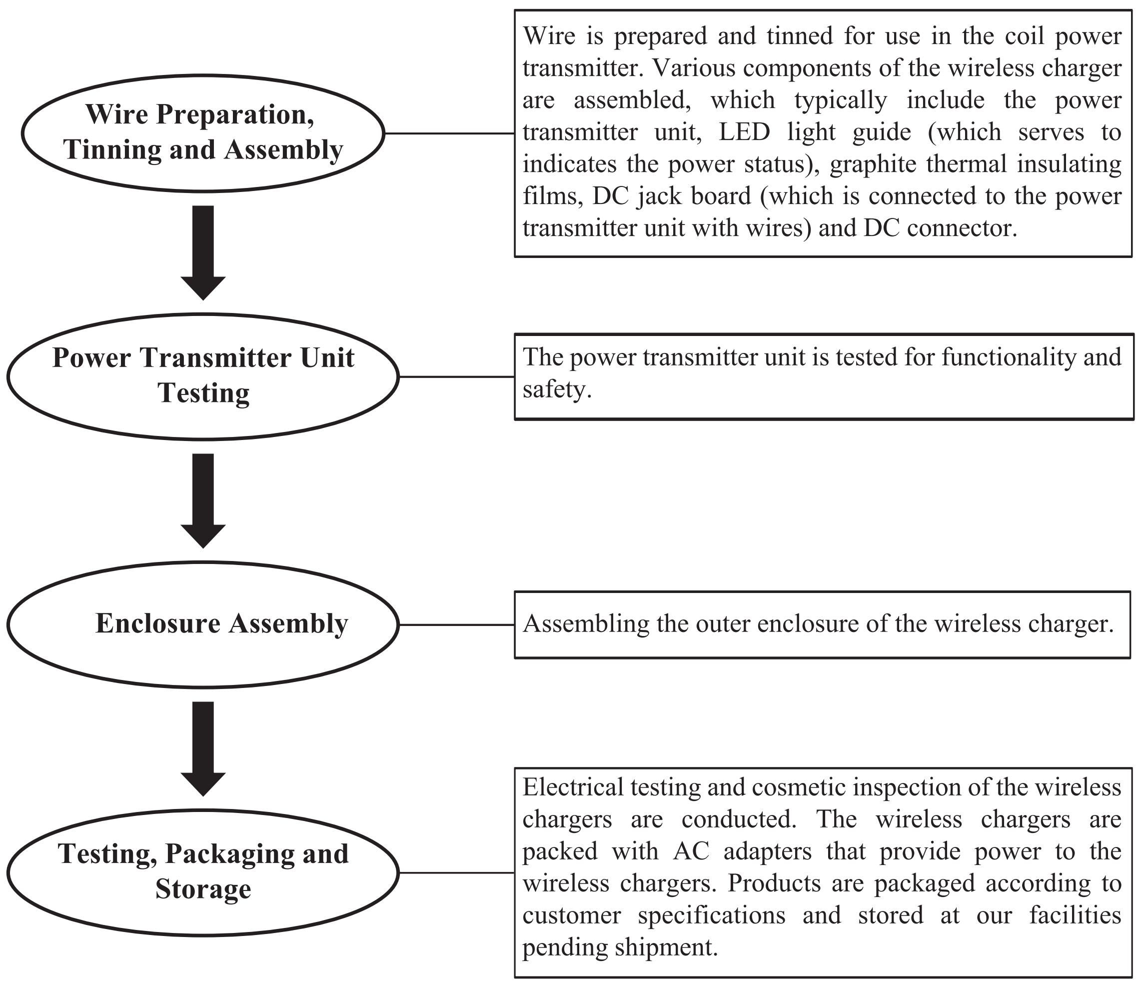
Optical Modules Production Process

The production of optical modules generally starts with mounting the relevant electronic components onto the PCB, followed by chip-on-board process to integrate optical components onto the PCB. We also stress test all optical modules in a high temperature and high current environment to detect signs of early aging. The following chart illustrates the production process for a typical optical modules we produce.



Wireless Charging Products and Components Production Process

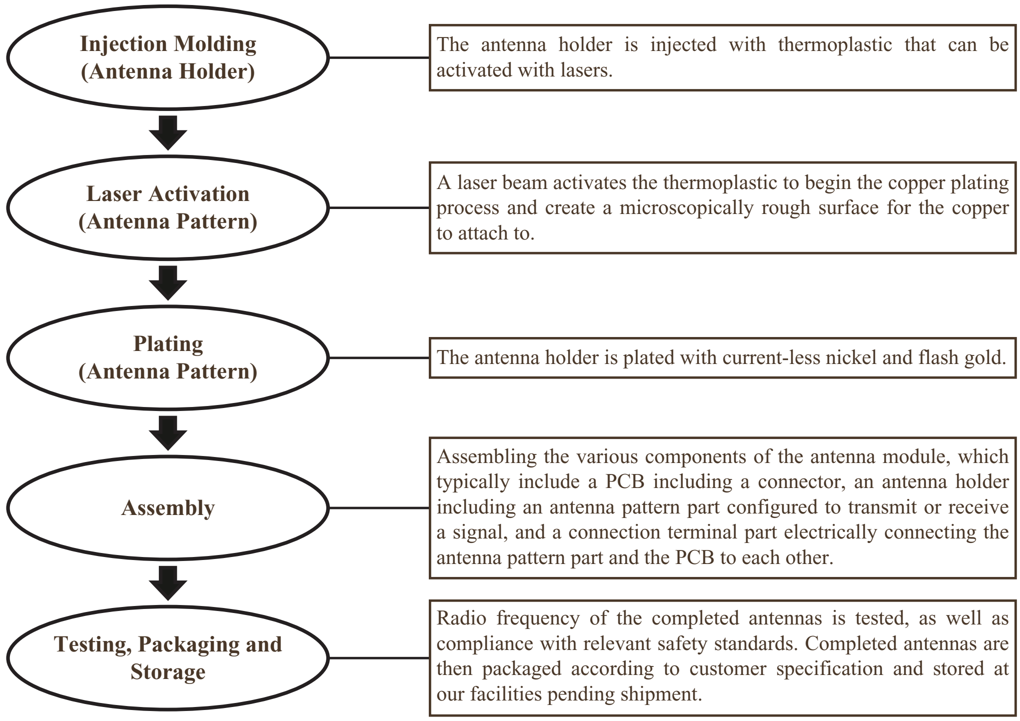
We produce wireless charging products and components that utilize inductive and resonant inductive coupling technology to transfer electrical power to electronic devices. These are characterized by transmitter coils that transfer energy to the target device when it is placed on or near the charger. The transmitter coils are powered by an AC adapter. The following chart illustrates the production process for a typical wireless charging product we produce.



Wireless Antenna Production Process

Production of wireless antennas generally involves plating the antenna holder with copper and current-less nickel and flash gold after applying laser direct structuring technology to process the antenna pattern. The various components of the wireless antenna, including PCB and antenna holder, are then assembled and molded for the intended purpose.

The following chart illustrates the production process for a typical wireless antenna we produce.



Accessory Production Process

Given the variety of accessories we produce, the production process for our accessories may include steps found in the production of our other modules or components. In general, accessories include a cable component to provide power and/or data connectivity, which is attached to the functional body of the accessory. The body of the accessory is generally made of plastic formed using a specific mold, and the internal functional components, such as those providing audio output, power or acoustic processing, are partly produced by us and partly sourced from third parties according to the specifications of our customers. As with our other products and solutions, we perform testing our completed accessories and then prepare them for delivery.

Equipment and Technology

Our production processes rely on advanced technology to increase automation, ensure reliability and durability as well as cost competitiveness. Many of the machines we utilize require minimal human operation, allowing us to reduce labor costs and focus our factory staffing on maintenance and supervisory personnel. We design, customize and integrate automation technologies into our production processes. We purchase the various machinery, parts and components for such production processes from third parties that are then assembled in-house. We have also developed internally many of the production technologies and equipment used in our production and testing processes. Key technologies and equipment applied in our production processes are as set forth below:

- automatic assembly and automatic optical inspection equipment which detects improper water levels and limits the extent of bulk production errors;

- high speed pin insertion cams with modulized design, greatly reducing cycle times;

- automated assembly of active optical cable transmission modules using precision optical components;

- precision 3D coplanar measurement technology for use in confirming the appearance and dimensions of our products and interconnect solutions; and

- laser soldering technology, used in the assembly of each component.

Maintenance

We carry out regular inspections and maintenance at our production facilities. Our inspections and maintenance are conducted on a periodic basis, while maintenance overhauls are generally carried out on the whole production facility at a particular location from time to time. We have developed and implemented internal procedures at our production facilities periodically according to the characteristics and requirements of the particular equipment and machinery in order to ensure they function properly. In particular, we have adopted a total productive maintenance system at each of our production facilities, which require our production personnel to carry out day-to-day inspections and take preventive maintenance measures to ensure our equipment are in top working condition to avoid any predictive breakdowns and delays in our production processes. During the Track Record Period, we did not experience any material or prolonged suspensions of operations due to machinery, equipment or other facility failures.

Delivery and Transportation

We generally deliver our finished interconnect solutions and other products to hub warehouses operated by us that are located near our customers. Our customers will take delivery of the interconnect solutions and other products from such warehouses from time to time based on their need and at such point the risks as to such products are transferred to the customers.

RAW MATERIALS AND COMPONENTS

During the Track Record Period, we sourced raw materials and certain components used in our interconnect solutions primarily from a diverse range of suppliers in Greater China, including Hon Hai and its subsidiaries. Materials used in the production of our interconnect solutions include base metals, precious metals, plastic materials and electronic components. Base metals used in our production are primarily copper and aluminum, while precious metals primarily include gold salts. In addition, we also purchase finished goods, semi-finished goods and ancillary materials that are used in the production of our interconnect solutions and other products. For information as to a breakdown of our raw materials and consumables used during the Track Record Period, see "Financial Information – Principal Components of Consolidated Income Statements – Cost of Sales."

Generally the prices we pay for deliveries of copper and gold salts are based on the spot prices of copper and gold. As a result, our raw material costs are subject to fluctuations in copper and gold prices. We do not engage in hedging using derivative instruments related to the risk exposures in connection with our raw materials. We take into account such fluctuation in raw material costs when pricing our interconnect solutions.

A sensitivity analysis on fluctuations in the cost of raw materials and consumables used during the Track Record Period is set forth below, which illustrates the hypothetical effects on our net profit of a 5%, 10% or 15% increase or decrease in our costs of raw material and consumables used. Because a number of assumptions have been applied, this sensitivity analysis is for illustrative purposes only, and actual results may differ from those indicated below.

	Change in Net Profit for Year for Change in the Cost of Raw Material and Consumables Used		
	+/-5%	+/-10%	+/-15%
	(in US$ thousands)		
2014	-/+ 27,667	-/+ 55,334	-/+ 83,002
2015	-/+ 22,709	-/+ 45,419	-/+ 68,128
2016	-/+ 40,107	-/+ 80,213	-/+ 120,320

SUPPLIERS

Overview

In 2014, 2015 and 2016, purchases from our largest supplier, Hon Hai and its subsidiaries, our connected persons, accounted for approximately 20.2%, 26.3% and 23.0% of our purchases including raw materials and components, respectively and purchases from our top five suppliers accounted for approximately 53.7%, 54.3% and 59.2% of our purchases including raw materials and components, respectively. See "Relationship with Our Controlling Shareholders" and "Connected Transactions."

During the Track Record Period, we procured gold salts, ancillary materials and semi-finished components from Hon Hai Group to take advantage of Hon Hai Group's economies of scale. In particular, gold salts are a hazardous material and generally allowed to be sold only by licensed suppliers. Our connected persons are licensed suppliers in the PRC and Taiwan and have been suppliers to us since our incorporation. In 2014, 2015 and 2016, gold salts comprised 5.0%, 4.3% and 3.7%, respectively, of our cost of sales. See "Connected Transactions."

During the Track Record Period, we did not experience any material difficulties in procuring raw materials and components necessary for the production of our interconnect solutions. We evaluate existing suppliers according to several criteria including the quality of materials, cost competitiveness, delivery timing, engineering support and our suppliers' compliance with law and regulations, including environmental and anti-corruption. In addition to such criteria, we evaluate new suppliers based on more stringent criteria including their social and environmental responsibility, quality control systems, raw material procurement systems, production and management capability and financial condition. We review our suppliers on a monthly basis and conduct comprehensive evaluations on an annual basis. We may terminate relationships in the event suppliers fail to meet our standards. See also "– Quality Control."

We typically purchase our raw materials, components and ancillary materials using purchase orders. Some of our purchase orders are made pursuant to the terms of a framework agreement that sets forth some general terms that will be used in each purchase order, and the remainder of the purchase orders are made on a stand-alone basis pursuant to their specific terms. Each purchase order sets forth all the terms and conditions of each transaction, including the pricing terms, specifications of the raw materials and components, quantity and date of delivery. Such purchase orders are legally binding once they are accepted by the supplier. Our supply agreements typically have a fixed term of five years and allow for automatic renewal unless one party decides to terminate the agreement by providing a 60-day written notice prior to the contract expiration date that is also agreed by the other party. Under these framework agreements, our suppliers are obligated to supply raw materials and components to us at favorable prices and we agree to provide generally a 12-week forecast of our production needs, or other dates as both parties agreed on, so that our suppliers can arrange for their production schedules. The lead-time for our individual purchases generally ranges from one day to 60 days, subject to the location and the means of transportation. Our purchase orders from suppliers typically include credit terms allowing for payment of 30 to 120 days. Payment is generally made through bank transfers in U.S. dollars and to a lesser extent, Renminbi. In the event that we become subject to product liability or warranty claims as a result of the defective raw or feed materials from suppliers, we will seek compensation from the relevant suppliers pursuant to the purchase agreements between such suppliers and us.

Certain of our supply arrangements involve the purchase of components and ancillary materials from suppliers designated by brand companies. Such brand companies require us to produce solutions by using components and ancillary materials from their designated suppliers in order to maintain greater control over the production process of their end products or utilize components with unique capabilities. They may also prefer to do so in order to monitor quality and cost or maintain a lower industry profile.

In recent years, we also commenced purchase of semi-finished goods and assembled products from manufacturing vendors with the expertise to manage a large workforce, to whom we provide certain raw materials and components for their production to enhance our production efficiency and manage our production cost. Our purchases from manufacturing vendors generally involve semi-finished goods and assembled products that require labor-intensive processes. The purchase prices we pay for such semi-finished goods and assembled products are generally determined based on purchase prices of raw materials supplied by us, cost of other raw materials incurred by the manufacturing vendors, labor costs and processing fees. As of December 31, 2016, we engaged three manufacturing vendors, two of which were independent third parties. See "Connected Transactions – Non-Exempt Continuing Connected Transactions."

Other than purchases from Hon Hai and its subsidiaries as described in the foregoing, none of our Directors, their respective close associates or any of our shareholders holding more than 5% of our issued share capital after the Global Offering has any significant interest in any of our five largest suppliers during the Track Record Period.

Our Major Suppliers

The following tables set forth our top five suppliers and certain other information for the periods indicated:

For Year Ended December 31, 2014

Rank		% of Total Purchase During the Year	Business Relationship as a Supplier Started From	Principal Business
1	Company A[(1)]	20.2%	2013[(1)]	a global leading electronics manufacturing service provider and end-to-end product and solution provider for all aspects of global electronics contract manufacturing, which also engages in other businesses including modules comprising system boards and subassemblies, and systems comprising full system assembly of electronic products
2	Company F[(2)]	14.4%	2009	a global leading technology company engaging in the design, manufacturing and marketing of mobile communication and media devices and other products, related software solutions and applications
3	Company H	12.7%	2010	manufacturing and sales of computer related products, cables, connectivity solutions and printed circuit boards
4	Company I	3.3%	2004	processing and sales of precision metals
5	Company C[(3)]	3.1%	2007	retail sales of electronic components
	Total:	53.7%		

Notes:

(1) Represents Hon Hai Group, our connected person. The remaining major customers listed above were independent third parties. Prior to our Reorganization in 2013, our business operated as a business unit within Hon Hai Group.

(2) Also one of our major customers in 2015 and 2016.

(3) Also one of our major customers in 2014, 2015 and 2016.

For Year Ended December 31, 2015

	Rank	% of Total Purchase During the Year	Business Relationship as a Supplier Started From	Principal Business
1	Company A[(1)]	26.3%	2013[(1)]	a global leading electronics manufacturing service provider and end-to-end product and solution provider for all aspects of global electronics contract manufacturing ,which also engages in other businesses including modules comprising system boards and subassemblies, and systems comprising full system assembly of electronic products
2	Company H	13.2%	2010	manufacturing and sales of computer related products, cables, connectivity solutions and printed circuit boards
3	Company F[(2)]	8.1%	2009	a global leading technology company engaging in the design, manufacturing and marketing of mobile communication and media devices and other products, related software solutions and applications
4	Company C[(3)]	4.0%	2007	retail sales of electronic components
5	Company I	2.7%	2004	processing and sales of precision metals
	Total:	54.3%		

Notes:

(1) Represents Hon Hai Group, our connected person. The remaining major customers listed above were independent third parties. Prior to our Reorganization in 2013, our business operated as a business unit within Hon Hai Group.

(2) Also one of our major customers in 2015 and 2016.

(3) Also one of our major customers in 2014, 2015 and 2016.

For Year Ended December 31, 2016

	Rank	% of Total Purchase During the Year	Business Relationship as a Supplier Started From	Principal Business
1	Company A[(1)]	23.0%	2013[(1)]	a global leading electronics manufacturing service provider and end-to-end product and solution provider for all aspects of global electronics contract manufacturing ,which also engages in other businesses including modules comprising system boards and subassemblies, and systems comprising full system assembly of electronic products
2	Company F[(2)]	16.2%	2009	a global leading technology company engaging in the design, manufacturing and marketing of mobile communication and media devices and other products, related software solutions and applications
3	Company H	8.4%	2010	manufacturing and sales of computer related products, cables, interconnect solutions and printed circuit boards
4	Company J	7.2%	2016	design, develop and supply of analog semiconductor devices and CMOS based devices for wireless communications, enterprise storage, wired infrastructure and industrial and other
5	Company K	4.3%	2016	a distributor of integrated circuit
	Total:	59.2%		

Notes:

(1) *Represents Hon Hai Group, our connected person. The remaining major customers listed above were independent third parties. Prior to our Reorganization in 2013, our business operated as a business unit within Hon Hai Group.*

(2) *Also one of our major customers in 2015 and 2016.*

Overlapping of Customers and Suppliers

During the Track Record Period, certain of our top five suppliers, including Hon Hai Group, were also among our top five customers. Negotiations of the terms of our sales to these customers and purchases from them were conducted with a separate process. During the Track Record Period, the raw materials and components we purchased from each of such top five suppliers who were also our top five customers were not subsequently resold back to the same customers, nor *vice versa*. However, we may sell to such customers interconnect solutions and other products that utilized the raw materials or components sourced from the same suppliers.

A majority portion of our sales of interconnect solutions and other products made to Hon Hai Group involved orders that were designated by certain of brand companies, which we deem as the primary decision makers for such purchases. On the other hand, due to the competitive pricing, technologies, supply reliability, established long-term business cooperation, economies of scale, as well as its requisite license to sell certain raw material in China, Hon Hai Group was also one of our major suppliers during the Track Record Period. Our Directors are of the view that:

(i) our reliance on Hon Hai Group as a major customer is mitigated by the practice of designated purchases by brand companies;

(ii) we have been recognized as a qualified supplier by various brand companies; if such brand company customers commence purchases from us directly, the sales to Hon Hai Group may further decrease; and

(iii) the reliance on Hon Hai Group as a major supplier is not extreme as the arrangements to procure from it are in the interest of our Company and have been conducted under normal commercial terms, which are subject to periodical review.

See "– Overview," "– Our Customers – Overview" and "Connected Transactions" for more details.

Company C, as a retailer of electronic components, was one of our top five customers during the Track Record Period, and also among our top five suppliers in 2014 and 2015. Moreover, Company F, a brand company customer and one of our top five customers in 2016, was among the top five suppliers during the Track Record Period. Due to current leading position of Company F in the global mobile and wireless devices end market and its unique supply chain management model, according to Frost & Sullivan, this brand company established its industry norm to nominate its suppliers, including us, to purchase raw materials and components from designate suppliers, in order for it to exert overall control of the procurement process. In addition, to better control the cost and quality of raw materials, it is also not uncommon for this brand company to procure raw materials for connector and other products by both selling to connector suppliers after self-purchasing such raw materials or designate upstream raw material suppliers for the connector suppliers. As such, the procurement of raw materials and components for the production of interconnect solutions and other products for this brand company customer, either from this company directly or from its designated upstream suppliers accounted for a material portion of our total purchases during the Track Record Period.

In 2016, this brand company customer released new smartphone products, including earphones associated with such products that were directly purchased from us. Such direct purchases resulted in an increase in the revenue contribution of such brand company customer in 2016. Meanwhile, due to its quality control and supply chain management policies, certain components were sourced directly through this brand company customer for the production of the interconnect solutions to be utilized in its new products and other related products. Accordingly, the total procurement from such brand company also increased in 2016.

Our Directors are of the view that our reliance on Company F or Company C is not extreme because:

(i) we believe the arrangements provide mutual benefits and are complementary given our established market position as a leading global interconnect solutions provider, product innovation and product quality; and

(ii) we have long established relationship since 1998 with Company F and since 2004 with Company C, respectively, and we believe we are capable of maintaining such relationship and derive revenue from them in the future.

In particular, with respect to Company F, our Directors are also of the view that the reliance is not extreme because:

(i) this brand company customer is a dominant player with relatively significant market share in the global mobile and wireless devices end market, therefore the amount of revenue derived by us from it is an inevitable result;

(ii) the supply chain management model of this brand company reflects its established industry norm regarding arrangements with it in terms of procurement of interconnect solution and other relevant products; and

(iii) sales to this major brand company which was also a major supplier may fluctuate significantly over time along with the maturity and lifecycle of existing products of such major brand company, and the addition of new products offered by the brand company that utilize our interconnect solutions and other products, particularly in the global mobile and wireless devices end market.

Furthermore, we have maintained a diverse range of customers and suppliers and we intend to expand our scale of operation and further attract additional customers and suppliers globally. We are also exploring opportunities for emerging applications, such as automotive and batteries, for our interconnect solutions and other products, which we believe will further mitigate the risk of reliance on existing major customers and suppliers. See "– Business Strategies" for more details about the business strategies we are currently contemplating.

INVENTORY MANAGEMENT

We have implemented an inventory management program to ensure we have sufficient stocks of raw materials and components as well as in-progress and finished components, modules and accessories and work in progress while avoiding excess stock. We maintain a projection of demand for the coming three to six months based on the production schedule information received from customers on a rolling basis and arrange our production accordingly. We also monitor our procurement, sales, production schedules and supplies of inputs, and finished components, modules and accessories. We generally maintain inventory at a level sufficient for use for two weeks, which we believe are typically the minimum inventory needed to operate. However, we may from time to time increase the amount of raw materials or components we retain in anticipation of customer demand, such as periods when our customers indicate to us that a new, high volume end product will soon be announced to the public. Such additional inventory exposes us to risk according to the extra supplies we keep on hand.

QUALITY CONTROL

Overview

We emphasize the importance of quality control and implement programs throughout our production process to manage risks and ensure the quality of our interconnect solutions and other products. We believe that quality control is essential to our continued success. We also have not experienced any material recalls, product liability issues, reworks or repairs involving our customers in 2014, 2015 and 2016. As of December 31, 2016, we had a quality control team of more than 3,400 employees.

Our quality control team is actively engaged throughout our production process to minimize the number of interconnect solutions and other products that fail our quality control tests. To manage risk and ensure the quality of our interconnect solutions and other products against our own benchmarks our customers' requirements, our quality control staff conducts quality control measures throughout the production process.

Product Development

Our quality control team closely collaborates with our product development team to ensure that any quality considerations are addressed at an early stage of the design and development process. Anticipated production procedures for our new components, modules or accessories are developed with quality control in mind. By developing our production procedures and quality control processes in parallel for each new components, modules or accessories, we are able to implement multiple checkpoints and safeguards to ensure that only interconnect solutions and other products meeting our specifications reach our customers.

Raw Materials and Components

We typically purchase raw materials and components from suppliers who have passed regular assessments we conduct of their materials' quality and reliability. Suppliers who pass these assessments are saved in our procurement database as qualified suppliers. If a supplier fails our assessments, they may be removed from our list of qualified suppliers. We conduct a summary review of our third-party suppliers on a monthly basis with respect to their production quality, cost competitiveness, delivery schedule, engineering support and legal and regulatory compliance, and conduct a comprehensive evaluation of third-party suppliers on an annual basis. We carry out analyses and tests on the properties and composition of random samples of the raw materials we receive to ensure that their quality meets the specifications and standards of our solutions. We return to suppliers any raw materials and components that do not pass our inspection for major quality issues. In the event that our analysis or testing shows a decline in quality of the raw materials or components received from a certain qualified supplier, or if we or our customers require raw materials or components of higher quality, we consider whether to and in the past have opted to collaborate with suppliers in order to improve the quality of their raw materials or components. See also "– Suppliers."

Production

At designated checkpoint stages on our production lines, our quality control team conducts periodic tests and inspections of semi-finished interconnect solutions and other products in accordance with the quality control process developed at the solution's design and development stage. These tests are intended to ensure that our interconnect solutions and other products meet the quality standards and compliance requirements of both us and our customers at each stage of the production process. Our quality control team prepares quality analysis reports on a monthly and quarterly basis that are submitted to our senior management as well as the relevant production team to maintain or refine our production processes as necessary.

To control the production quality of our sub-contracting manufacturers, we provide them with all the relevant production equipment, raw materials and components necessary for their production of our semi-finished goods and assembled products. We also assign on-site quality control personnel and conduct periodic tests and inspections of the processing of semi-finished goods and assembled products by our sub-contracting manufacturers in accordance with the quality control process developed at our interconnect solution's design and development stage.

Storage and Transportation

Our quality control team collaborates with the relevant production team to ensure that our packaging is well-designed and sufficient to safeguard the integrity of our finished interconnect solutions and other products during their storage and transportation. Packaging thereby tends to vary with the volume and sensitivity of each solution or other product. Our finished interconnect solutions and other products are first packaged and stored at our hub warehouses before being transported and delivered. Finished interconnect solutions and other products are stored in designated zones within our warehouses according to type and production date. To safeguard their integrity, our finished interconnect solutions and other products are stored in ventilated, temperature and humidity controlled warehouses. Additionally, we take safety measures to minimize fire hazards, water damage and other similar risks to our finished interconnect solutions and other products. We work with selected logistics providers to ship our finished interconnect solutions and other products in a cost-effective and timely manner.

Warranties

We do not typically provide warranty coverage on our interconnect solutions and other products. See also "— Our Customers — Sales to Contract Manufacturers" and "— Our Customers — Sales to Brand Companies."

Quality Control Certifications

The below table sets forth material quality control certifications we have obtained for our interconnect solutions and other products or production facilities and the relevant information as indicated.

Certification	Date of Issue/ Certification	Expiry Date	Main Content
PRC			
ISO9001:2008	March 17, 2016	September 15, 2018	Quality management systems – Requirements
ISO9001:2008	March 15, 2017	September 15, 2018	Quality management system for design and manufacturing
ISO14001:2004	March 12, 2016	September 14, 2018	Quality management system for design and manufacturing
ISO1400:2015	March 12, 2016	March 11, 2019	Quality management system for design and manufacturing
OHSAS18001: 2007	January 19, 2016	April 8, 2017	Quality management system for design and manufacturing
OHSAS18001: 2007	April 9, 2017	April 8, 2020	Quality management system for design and manufacturing
ISO/TS16949:2009	November 17, 2015	September 14, 2018	Quality management systems – Particular requirements for the application of ISO9001:2008 for automotive production and relevant service part organizations
IECQ QC080000:2012	March 18, 2014	April 14, 2017	Hazardous Substance Process Management system requirements (HSPM)
IECQ QC08000:2012	April 13, 2017	April 14, 2020	Quality management system for design and manufacturing
Taiwan			
ISO9001:2008	January 17, 2016	September 15, 2018	Quality management systems – Requirements
ISO9001:2008	March 15, 2017	September 15, 2018	Quality management system for design and manufacturing
United States/Overseas			
ISO9001:2008	January 18, 2016	September 15, 2018	Quality management systems – Requirements

SALES, MARKETING AND CUSTOMER SERVICE

We plan and organize our sales and marketing activities according to customer and according to the end markets we serve. Leveraging our strategic relationships with Hon Hai Group, we are able to market our solutions and products to leading customers in a broader range of applications. Our marketing department analyzes the dynamics of existing customers and trends in key end markets to determine where business opportunities exist, and our regional marketing teams implement strategies within their respective regions or end markets for which each team is responsible. In general, our sales and marketing teams are familiar with and able to offer customers our full range of interconnect solutions and other products. They emphasize our comprehensive IIDM approach as they conduct business development activities and explore opportunities for our business. We also participate actively in formulating technical standards and through which we keep abreast of latest technological developments and market trends, information we use in our sales and production planning. For additional information as to our research and development driven sales approach, see "– Research and Development". As part of our marketing strategy, we participate in selected industry exhibitions related to our target markets.

As of December 31, 2016, we had a sales and marketing force of approximately 490 personnel located in two sales centers focusing on business development, customer service and industry coverage. Our sales center in Taiwan is responsible for our sales efforts in Asia while our sales center in Brea, California in the United States is coordinating our sales activities in North America and Europe. Our sales and marketing teams regularly contact our existing and potential customers about our current offerings and development plans. They also work with our other personnel to gather knowledge about existing customers' product planning to refine their marketing approach. Our sales and marketing personnel generally visit existing and potential customers from time to time for face-to-face communications and contact them more frequently via email or telephone. Our sales and marketing teams led by our senior management also gather feedback from our customers, on the solutions and products we supply and assist us in understanding and responding to design, after-sales and other demands as to our solutions.

INTELLECTUAL PROPERTY

We rely on our internal research and development capabilities as well as intellectual property licensed from Hon Hai in the operation of our business. Such intellectual property covers production processes as well as the design of our components, modules and accessories. We utilize confidentiality and non-compete agreements to protect our intellectual property and trade secrets and take various measures to ensure that our internal development staff complies with data security measures and confidentiality requirements.

We may from time to time be involved in intellectual property infringement claims brought by our competitors or other third parties. We also may initiate lawsuits in order to defend our ownership or proprietary design of our products, trademarks and trade secrets. For example, in February 2017, J.S.T. Corporation, an independent third party and one of our competitors, initiated an investigation before the U.S. International Trade Commission ("ITC") against several parties, including us, alleging that certain interconnect solutions we manufacture and sell to one of our customers have infringed one of its patent rights. The ITC investigation is still at an early stage, and the outcome of the ITC investigation is uncertain. However, if the outcome of the ITC investigation is unfavorable to us, the ITC may issue an exclusion order which will prevent us from selling the relevant interconnect solutions in dispute to customers in the United States. To our knowledge, the findings and resolutions of this ITC investigation will not be available until the later part of 2018. In addition, sales of the relevant interconnect solutions in dispute accounted for less than 0.5% of our total revenue in each year during the Track Record Period. Furthermore, exclusion orders issued by the ITC generally only apply to the sale of products into the United States and not other parts of the world. As such, we do not believe the outcome of such ITC investigation will have a material adverse effect as to our business and financial conditions. J.S.T. Corporation has also filed a complaint with similar claims in the District Court for the Northern District of Illinois, which action has been stayed pending the findings and resolutions of the ITC investigation. No damages have been specified by J.S.T. Corporation in the action before the District Court for the Northern District of Illinois. Based on our management's current assessment as to the ITC investigation, we did not set aside any provisions for this dispute in the four months ended April 30, 2017.

We strive to protect our intellectual property rights through rigorous measures, including seeking protections in the form of patents, trademarks, copyright, and trade secrets. We conduct patent clearance searches and evaluations to avoid infringing a third-party's patent rights during the early stage of product design and manufacturing. We constantly seek protection of our intellectual property rights by actively filing patent and trademark applications. Due to the efforts of our intellectual property management department in identifying and applying for patents in respect of certain of the designs and technologies we developed, as of December 31, 2016 we had over 800 patents and 1,000 active patent applications worldwide. We also license exclusively more than 6,000 patents from Hon Hai through entry into patent licensing agreements. The number of licensed patents from Hon Hai decreased over the Track Record Period as certain patents expired and we selectively stopped licensing certain patents. As of December 31, 2016, we had 70 trademarks worldwide and 16 trademarks under application. For further details, see "Appendix IV – Statutory and General Information-Intellectual Property Rights."

EMPLOYEES

As of December 31, 2014, 2015 and 2016, we had a total of 38,016, 35,854 and 47,521 full-time employees, respectively. As of December 31, 2016, we had 677, 31,565, 14,118, 279 and 882 full-time employees based in Taiwan, the PRC, Vietnam, North America and other countries, respectively. The number of our manufacturing employees may fluctuate significantly during a year due to the seasonality of our business. The following table sets forth our full-time employees by function as of December 31, 2016:

	As of December 31, 2016	
	Number of Employees	% of Total
Manufacturing	36,411	76.6
Research and development	4,684	9.9
Quality	3,425	7.2
Operation(1)	2,297	4.8
Sales	489	1.0
Finance	215	0.5
Total	47,521	100.0%

Note:

(1) Primarily represents our procurement personnel, administrative personnel and information technology personnel.

We maintain an evaluation system that forms the basis of our determination of whether an employee should receive salary raises, bonuses or promotions. Under applicable laws and regulations, we may be subject to social insurance contribution plans, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance schemes. We believe that we have complied with relevant national and local labor and social welfare laws and regulations in all material respects in all of the jurisdictions where we operate. In addition to the employee benefits we provide, we also incentivize our employees and align their interests with those of the Company by enabling our employees to participate in our Share Grant Scheme and Share Subscription Scheme.

We have not experienced any major disputes with our employees and we believe that we maintain a good working relationship with our employees. We manage our relationship with our employees by region, with dedicated human resources departments established in different regions to ensure our compliance with the relevant national and local labor and social welfare laws and regulations in the jurisdictions in which we operate. In addition, we strive to establish a harmonious work environment and culture. In particular, since 2010, we have operated employee care centers in China and also created employee care hotlines in China and Taiwan to provide counseling services and handle work-related complaints. Labor unions were established in our production facilities in China, Mexico and Vietnam that protect our employees' rights, encourage our employees to participate in management decisions and assist our employees in handling work related claims and labor disputes. We believe that our management policies, working environment, career development opportunities, relationship with the labor unions and employee benefits are instrumental to maintaining good employee relations and employee retention.

We emphasize the training of our employees in order to enhance their technical and product knowledge as well as their understanding of industry quality standards and work place safety standards. We design and offer different training programs for our employees at various positions. We also provide regular on-site and off-site trainings to help our employees improve their sales and marketing skills. We believe that the opportunity to work on novel design and product development challenges for our marquee customers is important in attracting and retaining talented employees.

We currently recruit our employees primarily through on-campus recruiting programs, advertisements on recruitment websites and employment agents. We also encourage our current employees with over two years of working experience to apply for open positions in other departments that fit their interests and expertise to maximize the potential of each employee.

In addition to full-time employees, we used approximately 1,500 contract workers dispatched to us by dispatching service agencies as of December 31, 2016. These contract workers are primarily responsible for production of our interconnect solutions and other products to accommodate the surge in demands from our customers on a short-term basis from time to time. We do not enter into separate contracts with our contract workers but instead enter into contracts with the dispatching service agencies for the engagement of contract workers. We generally enter a one or two year service contract with the dispatching service agencies. The dispatching service agencies are required to enter into the employment contracts with the contract workers, to pay salaries to the workers and to obtain social insurance for the workers. We pay to the dispatching service agencies the salaries, social insurance fees and housing funds for the contract workers as well as management fees monthly, and are obligated to provide necessary working conditions, tools and facilities.

INSURANCE

We maintain property insurance, transit insurance and public liability insurance for our business operations, as well as director & officer liability insurance for our Directors and senior management that are renewed on an annual basis. As of December 31, 2016, we have not received any material insurance claims against us. Consistent with what we believe to be customary practice in our industry, we do not carry any business interruption insurance. See "Risk Factors – Risk Related to Our Business and Industry – Our insurance coverage is limited and may not be adequate to cover potential losses and liabilities. A significant uninsured loss or a loss in excess of our insurance coverage could have a material adverse effect on our results of operations and financial condition."

Our insurance policies are typically reviewed on an annual basis. We believe that the existing insurance coverage of our business is adequate and is standard for our industry.

PROPERTIES

We occupy certain properties in Taiwan, the PRC, Vietnam, the United States, Mexico and Singapore in connection with our business operations. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules.

According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which require a valuation report with respect to all our Group's interests in land or buildings, for the reason that, as of December 31, 2016, none of our properties has a carrying amount of 15% or more of our consolidated total assets.

Owned Land and Buildings

As of December 31, 2016, we owned properties in four locations in the PRC and Mexico, with an aggregate area of 1,154,773 square meters used as production facilities, offices, dormitories and warehouses to support our business operations.

The following table sets forth a summary of certain information regarding our material owned properties.

Use of Property	Approximate Gross Floor Area (sq. m.)
Production and office	760,349
Others	394,424
Total	1,154,773

Leased Properties

As of December 31, 2016, we leased properties in ten locations in the PRC, Taiwan, Vietnam, the United States and Singapore, with an aggregate area of 385,548 square meters used as production facilities, offices, dormitories and warehouses to support our business operations.

The following table sets forth a summary of certain information regarding our material leased properties.

Use of Property	Approximate Gross Floor Area (sq. m.)
Production and office	320,547
Others	65,001
Total	385,548

ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

We are subject to environmental protection laws and regulations promulgated by the governments in the jurisdictions in which we operate our business. See “Regulatory Overview.” Our production facilities in operation discharge pollutants such as industrial gaseous waste and wastewater, as well as industrial solid and liquid wastes and hazardous wastes. We have implemented stringent waste treatment procedures in our production facilities. Waste produced by us is treated in compliance with applicable environmental standards in our production facilities. For example, we have established wastewater treatment facilities to dispose industrial wastewater in compliance with the national discharge standards before such water is discharged. We engage professional waste management companies to dispose of industrial solid waste for us. Furthermore, we have procedures in place and designated special staff to treat and dispose of any hazardous wastes. In particular, for hazardous wastes, we engage qualified companies with relevant treatment certifications promulgated by environmental regulatory authorities in the jurisdictions in which we operate, in compliance with applicable laws and regulations.

We have in place a system of recording and handling accidents, by relevant production team and administrative personnel, in accordance with relevant internal policies. During the Track Record Period, we did not record any material accidents. As of December 31, 2016, no material claim had been brought against us as a result of an accident.

Our expenses incurred by our environmental department amounted to approximately US$5.2 million, US$7.6 million and US$7.0 million in 2014, 2015 and 2016, respectively. Our environmental department is primarily responsible for environmental compliance-related matters. We currently do not have any specific expenditure plan with respect to environmental and safety matters. However, we will devote operating and financial resources to such compliance whenever we are required by applicable laws and regulations to do so in the future.

We are subject to various safety laws and regulations in the jurisdictions in which we operate. See “Regulatory Overview.” As of December 31, 2016, we had complied with applicable laws and regulations on environmental protection and health and work safety in all material respects and obtained all the required environmental permits and approvals for our production facilities in Taiwan, the PRC, Mexico and Vietnam. As of December 31, 2016, no environmental complaints or administrative penalties had been made against or imposed on us.

For the purposes of ensuring compliance with the applicable law and regulations, our human resources department, which is responsible for the formulation and implementation of human resources policies, will from time to time make adjustments, if necessary, to our human resources policies to accommodate material changes to relevant labor and safety laws and regulations to ensure their compliance.

In an effort to ensure the safety of our employees, we implement operational procedures and safety standards for our production process, including fire safety, warehouse safety, work-related injuries, electricity safety, and emergency and evacuation procedures. We provide our employees with occupational safety education and training to enhance their awareness of safety issues. We also carry out equipment maintenance on a regular basis to ensure their smooth and safe operation.

Our Directors confirm, and our legal advisers are of the view, that we comply with the applicable health and safety laws and regulations in all material respects, and that, during the Track Record Period and up to the Latest Practicable Date, we were not in breach of such laws and regulations. We have not encountered any safety-related accidents that had any material impact on our operations during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT

We have in place a set of internal control and risk management procedures to address various potential operational, financial, legal and market risks identified in relation to our operations, including but not limited to procurement management, sales management, inventory management, research and development management, investment management, foreign exchange risk, credit risk, connected person transaction controls, information disclosure controls, human resources, IT management and other various financial and operational controls and monitoring procedures. These risk management policies set forth procedures to identify, categorize, analyze, mitigate and monitor various risks. The procedures also set forth the relevant reporting hierarchy of risks identified in our operations. Our Board is responsible for overseeing our overall risk management.

After due consideration, our Directors are of the view that our current internal control measures are adequate and effective.

LEGAL PROCEEDINGS

We are involved from time to time in legal proceedings arising from the ordinary course of our operations. Please see "– Intellectual Property" for a detailed description of a pending ITC investigation against us. Save as disclosed in this prospectus, during the Track Record Period and up to the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance, and no litigation or arbitration is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial conditions.

LICENSES, REGULATORY APPROVALS AND COMPLIANCE RECORD

Our Directors and our legal advisers have confirmed that, during the Track Record Period and as of the Latest Practicable Date, we had complied with all relevant laws and regulations applicable to our operation and businesses in all relevant material respects and had obtained all material approvals, licenses, permits and qualification certificates required under applicable laws and regulations in order to conduct our businesses, and as of the Latest Practicable Date, such approvals, licenses, permits and qualification certificates had not been revoked, cancelled or otherwise expired and we have not been materially penalized by national or local authorities for violations of laws and regulations.

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial information as of and for each of the years ended December 31, 2014, 2015 and 2016 and the accompanying notes included in the Accountant's Report set out in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. Potential investors should read the whole of the Accountant's Report set out in Appendix I to this prospectus and not rely merely on the information contained in this section.

Information presented in this section, in particular, in respect of the sections headed "– Net Current Assets" and "– Indebtedness", that are not extracted or derived from the Accountant's Report have been extracted or derived from unaudited management accounts as of and for the four months ended April 30, 2017 (which are not included in this prospectus) or from other records.

The following discussion and analysis and other parts of this prospectus contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this prospectus.

For the purpose of this section, unless the context otherwise requires, references to 2014, 2015 and 2016 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a leader in the development and production of interconnect solutions and related products in terms of market share. Our products and interconnect solutions facilitate the transmission of data and electrical power via wire, fiber or wireless connectivity. We design, develop, produce and sell interconnect solutions that provide critical functionality to computer and consumer electronics, mobile and wireless devices, communications infrastructure, including cloud computing, and automotive, industrial and medical end markets.

We work closely with global industry leaders in the computing and consumer electronics, mobile and wireless device and communications infrastructure industries to address challenges encountered in their design processes. Customers of our interconnect solutions primarily include leading contract manufacturers, including Hon Hai and its subsidiaries, and many global leading brand companies. See "Business – Our Customers." In addition to these industries, we are pursuing opportunities in emerging applications for our interconnect solutions in industries such as automotive (both electric and traditional vehicles), industrial and medical industries.

Our revenue decreased from US$2,482.2 million in 2014 to US$2,327.9 million in 2015, which was primarily attributable to maturity of product portfolio offered by brand companies that utilize our interconnect solutions and other products, particularly in the global mobile and wireless devices end market, and an increase in pricing pressure, primarily as a result of increased market competition and the maturity of certain technologies used by certain brand companies that utilize our interconnect solutions. Our revenue increased from US$2,327.9 million in 2015 to US$2,880.3 million in 2016, which was primarily due to an increase in revenue derived from the mobile and wireless devices end market as a result of the release of new smartphone products by one of our brand company customers that utilized our interconnect solutions and other products and the new interconnect solutions that we rolled out to be utilized in the earphones associated with such smartphone products launched in September 2016. The increase in revenue in 2016 was also due to the further integration and growth of the optical modules business from Avago which acquired in December 2015.

Our gross profit decreased from US$477.6 million in 2014 to US$435.2 million in 2015 and our gross profit margin decreased from 19.2% in 2014 to 18.7% in 2015. The decreases in our gross profit and gross profit margin from 2014 to 2015 were due to the rate of the decrease in our revenue exceeding that of the decrease in our cost of sales as a result of the maturity of product portfolio and pricing pressure as discussed above, while certain components of our cost of sales remained relatively fixed. Our gross profit increased from US$435.2 million in 2015 to US$490.4 million in 2016 but the gross profit margin decreased from 18.7% in 2015 to 17.0% in 2016. The increase in our gross profit was primarily due to the increase in revenue. The decrease in our gross profit margin was primarily due to the increase in raw material and component costs as a result of the preparation and ramping-up production of interconnect solutions and other products utilized in the new products launched by one of our brand company customers in September 2016. The decrease was also due to an increasing pricing pressure as discussed above.

Our profit for the year decreased from US$187.0 million in 2014 to US$177.0 million in 2015 and further to US$168.6 million in 2016. The decrease in our profit from 2014 to 2015 was generally in line with the decrease of our sales during the same periods. The decrease in our profit in 2016 from 2015 were also attributable to increases in our distribution costs and selling expenses, administrative expenses and research and development expenses as we continued to expand our operations, including in part to accommodate the new optical modules business we acquired from Avago, and to strengthen our research and development efforts in the mobile and wireless devices, computer and consumer electronics and communications infrastructure end markets during the period.

BASIS OF PRESENTATION

Immediately prior to and after the Reorganization, NWInG, certain subsidiaries of Hon Hai are engaged in the development and production of interconnect solutions and related products (together with NWInG, collectively, the "**Interconnect Technology Business Group**") and the entities now comprising our Group are controlled by our Controlling Shareholder, Hon Hai, and they have been managed as a business together. The consolidated financial information of our Group and NWInG is prepared in accordance with IFRS 10, "Consolidated Financial Statements" issued by the IASB, using the carrying values of Interconnect Technology Business Group for all periods presented, or since the respective dates of incorporation/establishment of the our subsidiaries, or since the date when our subsidiaries first came under control of Hon Hai, whichever is later. For companies and businesses acquired during the year ended December 31, 2015, which relates to the acquisition of optical modules business of Avago, they are included in our financial information from the date of acquisition. Inter-company transactions, balances and unrealized gains/losses on transactions between our Group Companies are eliminated on consolidation.

Our consolidated financial information has been prepared in accordance with IFRS issued by the IASB. Our consolidated financial information has been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments which are carried at fair value.

The principal accounting policies applied in the preparation of our consolidated financial information have been consistently applied during the Track Record Period, unless otherwise stated.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

- the end markets that we serve and fluctuation in customer demand;
- further penetration and expansion into new end markets;
- investment in research and development;
- speed of production ramp up and improvement in our production efficiency;
- strategic investments and acquisitions;
- our ability to control our cost of raw materials and components and our labor cost;
- seasonality; and
- fluctuations in foreign currency exchange rates.

The End Markets that We Serve and Fluctuation in Customer Demand

Our interconnect solutions and other products are generally designed for use in specific products of brand companies in the end markets that we serve. Accordingly, demand for our interconnect solutions and other products is determined in part by the growth of these end markets and the demand from brand companies in these end markets.

Historically, our operations and sales tended to fluctuate with releases of new products by brand companies in the end markets we serve, in particular the computer and consumer electronics and mobile and wireless devices end markets, the product lifecycles of which tend to be shorter. As such, brand companies in these end markets and accordingly contract manufacturers tend to require large volumes of our customized interconnect solutions and other products within a short period of time when they launch new products to take advantage of the high initial demand. On the other hand, due to the shorter product lifecycles of the end markets we serve, we might from time to time experience more intense pricing pressure, primarily as a result of maturity of product portfolio offered by brand companies that utilized our interconnect solutions and other products which resulted in a decrease in customer demand and increasing competition. Our revenue and gross profit margin are also impacted by our revenue breakdown by end market, both of which tend to fluctuate in parallel with the number of new products launched by brand companies that utilizes our interconnect solutions and other products during a given period and the allocations of orders by customers to us. In addition, higher margins are typically associated with new interconnect solutions and other products when they are first introduced into the market and when we achieved the relevant economies of scale. Thus our ability to introduce and collaborate with customers to develop new and customized interconnect solutions and other products that offset the potential declines in the margin levels of our existing interconnect solutions and other products as these products enter the more matured stage of their product lifecycles is also a key factor in maintaining or increasing our profitability.

Further Penetration and Expansion into New End Markets

Our ability to continue to grow our business will depend on our capability to expand into new end markets. We currently intend to capture new business opportunities in automotive, industrial and medical end markets, for our interconnect solutions and other products by building on our close partnerships with market leaders to jointly develop next-generation products and industry standards for these applications. Our research and development capabilities in these new areas and the demand of brand companies' products in such end markets will have a material effect on our results of operations and financial conditions. Currently, our interconnect solutions and other products sold to these end markets constitute a smaller portion of our business operations and related revenue, but we anticipate revenues from such end markets to grow in the future due to their expected potential.

Investment in Research and Development

Our ability to establish new industry standards and embrace new technologies as well as our integrated design collaboration with our major customers in a time-efficient and cost-effective way have been and will continue to serve as barriers to entry and differentiate us from our competitors. To enhance our competitiveness, we have invested substantially in research and development. Our research and development expenses in 2014, 2015 and 2016 were US$118.3 million, US$121.7 million and US$168.7 million, respectively. The increase in our research and development expenses from 2015 to 2016 was primarily due to our strengthened research and development efforts in the communications infrastructure and mobile and wireless devices end markets and the integration of the research and development personnel from the optical module business of Avago which we acquired in late 2015. See "– Principal Components of Consolidated Income Statements – Research and Development Expenses." We have also generated and maintained a significant amount of intellectual property and industry know-how that we use in the development of our products and solutions, which were developed by our in-house research and development team and are currently owned by us or licensed to us by Hon Hai as part of the Reorganization. We expect to continue to invest in researching and developing technologies and applications for advanced optical interconnect cloud computing infrastructure solutions and other initiatives in the communications infrastructure end market. We also intend to maintain our role as an innovation leader and pursue emerging applications for our interconnect solutions and other products in areas such as smart city applications, wireless appliances, electric vehicles and the Internet of Things to meet consumer demand. Our ability to develop new interconnect solutions, improve our existing solutions, products and services and enhance our production processes will have a material effect on our production and sales and, consequently, our business, results of operations, financial condition and profitability.

Speed of Production Ramp Up and Improvement in Our Production Efficiency

Our results of operations and profitability have been and will continue to be affected by our ability to rapidly ramp up production and commence large-scale production of technically complex products on short timeframes. This ability enables us to optimize our allocation of assets and identify the critical resources required to quickly ramp up large-scale production. In addition, our ability to rapidly implement new design and improve manufacturing process grants us the flexibility to optimize the use of our production lines. We are able to change production lines quickly, coordinate production across our production facilities or alter production schedules in response to the changes in demand. This is particularly important for mobile and consumer electronics products such as personal computers, mobile phones and tablets for which product lifecycles are short and time to market is critical. We also from time to time sub-contract production to sub-contracting manufacturers, primarily for those labor-intensive processes in the production of our interconnect solutions and other products, and as a result of heightened demand for our solutions while controlling our production.

We are focused on maintaining and improving our operating efficiency. We have taken initiatives in recent years to improve our production efficiency, such as improving our production technology and equipment and increasing the level of automation in our production processes, and we continue to devote research and development efforts to improve such processes. We have also carried out measures to reduce our production waste and enhance our production processes and accordingly, manage our production costs while improving our operating efficiency.

Strategic Investments and Acquisitions

We may from time to time pursue strategic investment and acquisition opportunities that with an aim to help strengthen our market positions in industries in which we operate or for us to expand into industries that we expect to have significant growth potential. For example, we acquired Avago's optical modules business in December 2015. As part of the transaction, we acquired various assets that comprised of the optical modules business of Avago, including production lines primarily located in Mexico, equipment, fixtures and supplies, inventories and certain other assets primarily located in Mexico, the United States and Singapore, related employment contracts and licenses to operate the optical modules business. We appointed the sales team of Avago as our exclusive representative for the sale and marketing of optical component solutions in communications infrastructure end market on a worldwide basis to promote the sale of these products under the

Avago brand or an agreed co-brand for an initial term of four years, which, unless terminated for cause, can be automatically renewed for an additional one-year period unless written notice is given by either party. In consideration of the services provided, Avago is entitled to a sales commission that ranges from 2.0% to 3.0% of the net sales of these products under the Avago brand to our customers, depending on the annual sales achieved. We also agreed to act as Avago's exclusive supplier of certain optical components and to supply exclusively to Avago and other purchasers approved by Avago certain types of optical modules for an initial term of four years, subject to the automatic renewal provision of the agreement. Such strategic cooperation is further fostered by a mutual undertaking of non-competition in the optical modules business for most parts of the world over the same term period, during which we have further agreed to fund and maintain and not to terminate, without the consent of Avago, any of the optical modules business that we have acquired from Avago. Moreover, we were entitled to transition services for a period from the closing of the transaction to May 31, 2016, during which Avago provided information technology related support, granting us access to their enterprise resources planning system that integrates major facets of their business operation, such as finance and billing system and customer management system to facilitate the migration of customers of Avago's optical modules business into our business. We have been integrating the acquired optical modules business of Avago into our existing business in the communications infrastructure end market since the acquisition. The preliminary integration efforts, involving partial migration of customers and onboarding and our certification as a supplier, during the first few months after the acquisition have resulted in a significant increase in our revenue from the communications infrastructure end market. In the year ended December 31, 2016, our revenue in the communications infrastructure end market increased to US$710.8 million from US$348.4 million in the year ended December 31, 2015, representing a 104.0% increase. As of the Latest Practicable Date, we had completed customer migration and the integration of employees (including research and development personnel) and production activities of the optical modules business from Avago. See "Business – Our Products – End Markets – Communications Infrastructure."

Investments and acquisitions may result in an increase in costs and expenses, including increase in financing, operation and transition costs, but without an immediate increase in revenue and/or profits. For example, the integration of Avago's optical modules business into our business has involved the engagement of sub-contracting manufacturers who previously worked with Avago as to certain labor-intensive process in the production of interconnect solutions and other products related to its optical modules business, as well as the lease of offices and premises for the operation of the acquired optical modules business, which resulted in increases in our subcontracting expenses as part of our cost of sales and rental expenses as part of our operating expenses in the year ended December 31, 2016. Acquisitions of entities with different margin compositions than our margin compositions will also have an effect on our overall margins. In addition, the performance of acquired entities and businesses may be worse than expected, which may cause an adverse effect on our results of operations. See "Risk Factors – Risks Related to Our Business and Industry – Acquisitions, strategic investments, partnerships or alliances may be difficult to integrate or identify, divert the attention of key management personnel, disrupt our business, dilute shareholder value and adversely affect our financial results, including impairment of goodwill and other intangible assets." We currently do not have any specific acquisition plans or targets and have not entered into any definitive agreements with any potential targets. We will carefully evaluate suitable and complementary acquisition opportunities that can provide long-term value to our Shareholders.

Cost of Raw Materials and Components and Labor Cost

We purchase various raw materials and components from third party suppliers as well as related parties. Cost of raw materials and consumable used, which typically include copper and gold salts, and consumption of inventories of finished goods and work in progress, which typically refer to finished and semi-finished electronic components, used in our interconnect solutions and other products represented the largest portion of our cost of sales for each year during the Track Record Period and has a substantial impact on our results of operations. Any significant increase in raw material and component costs from current levels could increase our cost of sales and have an adverse effect on our gross profit margins if we are unable to manage the price of our interconnect solutions. During the initial production process of our new interconnect solutions and related products, we may also experience significant increases in raw material and components costs as a result of relatively lower production efficiency and yield before achieving our expected economies of scale, which may have a substantial impact on our gross profit margin during a given period. In recent years, we have gradually increased the purchase of assembled products that require intensive labor efforts on a seasonal basis to enhance our cost structure. Further, if we purchase more raw materials and components than the actual amounts needed for production, our inventory and cash flow may be negatively affected. In addition, the introduction of new interconnect solutions and other products may require the use of different raw materials and components that result in different cost structures as compared to our existing interconnect solutions and other products, which could have an impact in our gross profit margin.

Our ability to control our cost of sales and operating expenses relating to remuneration of our employees also affect our profitability and our results of operation. For example, the salary-level in the connector industry in China has been generally increasing in recent years, and in connection with the mass production for the new acoustics accessories for the mobile and wireless device end market in our Vietnam facility that begun in August 2016, we have recruited additional production employees in Vietnam. On the other hand, in 2016, performance-based bonuses distributed was lower than those in 2015. We expect our labor costs will continue to be a significant part of our cost of sales and operating expenses going forward.

Seasonality

We experience seasonality pattern in our business. Brand companies, particularly those in the computer and consumer electronics and mobile and wireless end markets, (i) typically choose to release new product offerings in the second half of each year and (ii) tend to increase their purchases in preparation of peak sales holiday seasons. As a result, seasonality might have a material adverse effect on our revenues and profits during the first half of each year. In addition, during the Lunar Chinese New Year holiday period, most of our production activities are significantly reduced and as such, we typically increase our production activities in advance to compensate. Such increase in production activities may occur towards the end of the year or in the early part of the year, depending on the timing of the Lunar Chinese New Year holiday, which may result in our inventories level as of the end of each year to be relatively higher than other periods throughout the year. Furthermore, as certain of our production and operating costs remained relatively fixed during the year notwithstanding changes in our production activities, our gross profit margin and net profit margin may also be materially and adversely affected by seasonality.

Fluctuations in Foreign Currency Exchange Rates

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

Our consolidated financial information is presented in the U.S. dollar. Our PRC and other non-U.S. subsidiaries prepare financial statements in Renminbi or their respective local currencies as their functional currencies, which are then translated into the U.S. dollar prior to being consolidated in our financial information. As a result, changes in the value of the U.S. dollar relative to the functional currencies of these subsidiaries create translation gains and losses in other comprehensive income or loss upon consolidation.

Assets or liabilities denominated in non-U.S. dollar currencies are generally translated into the U.S. dollar at the prevailing exchange rate as of the end of each financial period. Sales, purchases or other transactions denominated in non-U.S. dollar currencies are generally translated into the U.S. dollar for reporting purpose at the average exchange rate during the financial period. Consequently, as our PRC and other non-U.S. subsidiaries generally have significant U.S. dollar-denominated sales and accounts receivables, depreciation of the U.S. dollar would result in foreign exchange losses while appreciation of the U.S. dollar would result in foreign exchange gains. During the Track Record Period, we had foreign exchange gains of US$11.4 million, US$43.8 million and US$34.9 million in 2014, 2015 and 2016, respectively, primarily due to an appreciation in the U.S. dollar against the functional currencies of many of our subsidiaries, such as Renminbi and NT dollar, during the same periods and the fluctuations in currency translation of the U.S. dollar-denominated monetary assets of our PRC subsidiaries. Foreign exchange gains in 2015 were also due to the net exchange gains on forward contracts.

IMPACT OF REORGANIZATION AND RELATED PARTY TRANSACTIONS

Our operating results during the Track Record Period have been affected by the Reorganization and related party transactions. The below sets forth primary factors that affect the comparison of our results of operations and financial condition as of and for the years ended December 31, 2014, 2015 and 2016 due to the Reorganization and related party transactions:

- prior to the Track Record Period, we purchased from our Controlling Shareholder inventories and equipment and machinery, as a result of which we recorded certain amounts due to our related parties, all of which were settled in 2014 and 2015 and was fully repaid as of December 31, 2015, and a decrease in the amounts due to our related parties as of December 31, 2014 and 2015, respectively;

- our Controlling Shareholder transferred two entities (including the transfer of equity interests in Foxconn Electronics Kunshan) to us forming our Group in 2013 for a total consideration of US$120.8 million, which was fully paid in 2015, contributing to our net cash outflow from investing activities in 2015 and a decrease in amounts due to our related parties as of December 31, 2015. Such equity transfer has also contributed to our additional tax payables of US$5.0 million in 2014;

- we obtained bank borrowings with a principal amount of NT$7,000.0 million (US$221.2 million) at an interest rate of 1.08% per annum in December 2014 to, amongst others, finance the payment of inventories, equipment and machinery as well as the consideration for the transfer of two entities to our Controlling Shareholder derived from the Reorganization, contributing to our net cash inflow from financing activities and an increase in borrowings in 2014 and an increase in finance costs from 2014 to 2015 primarily due to interest expenses incurred in connection with this bank borrowing;

- our Controlling Shareholder entered into patent license agreements in 2014 with us pursuant to which we have licensed approximately 8,000 patents from our Controlling Shareholder for a total consideration of US$8.9 million for a term of three years, resulting in an increase in intangible assets as of December 31, 2014 and such amount was fully settled in 2015, contributing to our net cash outflow from investing activities in 2015; and

- payments for the shared-services expenses of US$17.4 million, US$11.2 million and US$3.3 million were made to Hon Hai Group in 2014, 2015 and 2016, respectively, in connection with administrative-related support and have been reflected in the consolidated financial information based on historical charges during the Track Record Period.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies and estimates significant to the preparation of the consolidated financial information in accordance with IFRS. The Accountant's Report in Appendix I to this prospectus sets forth these significant accounting policies in Note 2 of Section II, which are important for an understanding of our financial condition and results of operations. Some of our accounting policies involve subjective assumptions, estimates and judgments related to assets, liabilities, income, expenses and other accounting items, which are discussed in Note 4 in Section II of the Accountant's Report in Appendix I to this prospectus. Our estimates are based on historical experience and other assumptions that management believes to be reasonable under the circumstances. Results may differ under different assumptions and conditions. We believe the following accounting policies, estimates and judgments most critical to the preparation of our financial information.

Estimated Useful Lives and Residual Values of Property, Plant and Equipment

We determine the estimated useful lives, residual values and related depreciation charges for our property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. We will revise the depreciation charges where useful lives are different to that of previously estimated, or we will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in future periods.

Research and development cost

All research expenditures are recognized as expenses and charged to the income statements as incurred.

Net Realizable Value of Inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. Write-downs of inventories are recorded where events or changes in circumstances indicate that the balances may not be realized. The identification of write-downs requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the period in which such estimate has been changed. Our management reassesses these estimates at each balance sheet date.

Current and Deferred Income Tax

We are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when we consider it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

Impairment of receivables

Our management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of our customers and other debtors and the current market condition, and requires the use of judgments and estimates. Management reassesses the provisions at each balance sheet date.

Recognition and fair value of identifiable net assets through business combination

The acquisition method is applied to account for acquisition of the optical modules business of Avago by us in December 2015. The cost of an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred, equity instruments issued, and costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair values as of the acquisition date. The excess of the cost of the acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill.

The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions and valuation methodologies requiring considerable management judgment. The most significant variables in these valuations are discount rates, terminal values, the number of years on which the cash flow projections are based, as well as the assumptions and estimates used to determine the cash inflows and outflows. Management determines discount rates to be used based on the risk inherent in the related activity's current business model and industry comparisons. Terminal values are based on the expected life of licenses required for operating the optical modules business of Avago and forecasted cash flows over that period. Although the assumptions applied in the determination are reasonable based on information available at the date of acquisition, actual results may differ from the forecasted amounts and the difference could be material. Upon an acquisition of a business it is necessary to attribute fair values to any intangible assets acquired (provided they meet the criteria to be recognized). The fair values of these intangible assets are dependent on estimates of attributable future revenue, margin, cash flow, useful lives and discount rate used.

RESULTS OF OPERATIONS

The following table sets forth our consolidated income statements in absolute amounts and as percentages of revenue for the periods indicated.

	Year Ended December 31,					
	2014		2015		2016	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
Revenue	**2,482,214**	**100.0**	**2,327,902**	**100.0**	**2,880,260**	**100.0**
Cost of sales	(2,004,655)	(80.8)	(1,892,662)	(81.3)	(2,389,850)	(83.0)
Gross profit	**477,559**	**19.2**	**435,240**	**18.7**	**490,410**	**17.0**
Distribution costs and selling expenses	(71,957)	(2.9)	(68,413)	(2.9)	(87,277)	(3.0)
Administrative expenses	(76,326)	(3.1)	(89,619)	(3.8)	(68,102)	(2.4)
Research and development expenses	(118,316)	(4.8)	(121,683)	(5.2)	(168,749)	(5.8)
Other income	5,575	0.2	7,008	0.3	9,109	0.3
Other gains – net	13,545	0.5	46,689	2.0	34,563	1.2
Operating profit	**230,080**	**9.3**	**209,222**	**9.0**	**209,954**	**7.3**
Finance income	7,333	0.3	5,915	0.3	5,530	0.2
Finance costs	(3,261)	(0.1)	(5,955)	(0.3)	(3,826)	(0.1)
Finance (costs)/income – net	4,072	0.2	(40)	(0.0)	1,704	0.1
Share of results of an associate	–	–	(109)	(0.0)	(59)	(0.0)
Profit before income tax	**234,152**	**9.4**	**209,073**	**9.0**	**211,599**	**7.3**
Income tax expense	(47,128)	(1.9)	(32,057)	(1.4)	(43,037)	(1.5)
Profit for the year	**187,024**	**7.5**	**177,016**	**7.6**	**168,562**	**5.9**
Profit attributable to:						
Owners of the Company	**187,025**	**7.5**	**177,009**	**7.6**	**168,562**	**5.9**
Non-controlling interests	(1)	(0.0)	7	0.0	–	–
	187,024	**7.5**	**177,016**	**7.6**	**168,562**	**5.9**

PRINCIPAL COMPONENTS OF CONSOLIDATED INCOME STATEMENTS

Revenue

During the Track Record Period, we derived substantially all of our revenue from the sale of our interconnect solutions and other products and to a lesser extent, from the sale of mold parts and sample products. We also generate revenue from the disposal of production waste and record such revenue as our sales of scrap materials. Furthermore, we generate a small amount of revenue from our provision of services, which primarily include mold processing services and the licensing of our intellectual property rights, such as USB 3.0 standard related patents, to third parties. Revenue represents the fair value of the consideration received or receivable for the sales of goods, the sales of scrap materials and the provision of services, which is stated net of discounts, rebates, returns and value-added tax and after eliminating intra-group sales. The following table sets forth our revenue by sales of goods, provision of services and sales of scrap materials in absolute amounts and as percentages of revenue for the periods indicated.

	Year Ended December 31,					
	2014		2015		2016	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
Sales of goods	2,411,241	97.2	2,274,040	97.7	2,824,819	98.1
Sales of scrap materials	62,718	2.5	43,531	1.9	39,747	1.4
Provision of services	8,255	0.3	10,331	0.4	15,694	0.5
Total	**2,482,214**	**100.0**	**2,327,902**	**100.0**	**2,880,260**	**100.0**

Revenue by End Markets

We categorize our revenue by end markets as many of our interconnect solutions and other products utilize a number of components from different categories in each solution and product. The following table sets forth our revenue by end markets in absolute amounts and as percentages of revenue for the periods indicated.

	Year Ended December 31,					
	2014		2015		2016	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
Computer and consumer electronics	1,017,770	41.0	910,932	39.1	807,158	28.0
Mobile and wireless devices	979,875	39.5	924,791	39.7	1,238,331	43.0
Communications infrastructure	362,894	14.6	348,425	15.0	710,756	24.7
Automotive, industrial and medical	14,582	0.6	29,783	1.3	44,037	1.5
Others[(1)]	107,093	4.3	113,971	4.9	79,978	2.8
Total	**2,482,214**	**100.0**	**2,327,902**	**100.0**	**2,880,260**	**100.0**

Note:

(1) Represents revenue from sales of scrap materials, provision of services and sale of mold parts and sample products.

Computer and consumer electronics. The continuous decrease in our revenue generated from computer and consumer electronics end market during the Track Record Period was primarily due to end market slowdown and increased market competition that has resulted in an increase in pricing pressure.

Mobile and wireless devices. Decreases in revenue generated from the mobile and wireless devices end market in 2014 and 2015 were primarily due to increased competition and maturity of product portfolio offered by brand companies that utilize our interconnect solutions and other products. The increase in our revenue derived from the mobile and wireless devices market from 2015 to 2016 was primarily due to the release of new smartphone products by one of our brand company customers in September 2016 that utilized our interconnect solutions and other products. In addition, we rolled out new interconnect solutions that were utilized in the earphones associated with such smartphone products.

Communications infrastructure. Revenue decreased slightly from 2014 to 2015 primarily due to increased market competition that resulted in decrease in orders for our interconnect solutions and other products. Revenue from the communications infrastructure end market increased from 2015 to 2016, primarily due to the integration and growth of the optical modules business from Avago we acquired in December 2015 which expanded our product suite of optical interconnect solutions and related products and customer base.

Automotive, industrial and medical. Our revenue generated from the automotive, industrial and medical end markets increased significantly during the Track Record Period primarily due to our increased focus on targeting additional end markets, including the automotive end market.

Revenue by Geographic Locations

Revenue by geographic regions is accounted for based on the billing address of the specific customer entities for which the invoices are rendered, irrespective of the headquarters of such customers. In addition, although many of our interconnect solutions and other products are ultimately designed for use in specific products of brand companies in the end markets we serve, such solutions and products are often sold and invoices made out to a third party, typically a contract manufacturer, who provides additional services or use our solutions and products in the production of further or end products for brand companies. As a result, our revenue by geographic regions may not represent the international presence of our business during the Track Record Period. The following table sets forth our revenue by country and region in absolute amounts and as percentages of revenue for the periods indicated.

	Year Ended December 31,					
	2014		2015		2016	
	US$	%	US$	%	US$	%
	(in thousands, except for percentages)					
Mainland China	1,467,620	59.1	1,349,643	58.0	1,074,700	37.3
United States of America	97,641	3.9	163,576	7.0	942,031	32.7
Taiwan	487,575	19.7	358,574	15.4	284,054	9.9
Hong Kong	173,501	7.0	164,755	7.1	140,899	4.9
Singapore	82,905	3.3	102,052	4.4	139,989	4.9
Other countries[(1)]	172,972	7.0	189,302	8.1	298,587	10.3
Total	**2,482,214**	**100.0**	**2,327,902**	**100.0**	**2,880,260**	**100.0**

Note:

(1) Represents revenue derived from customers located in other countries in Asia, Europe, Oceanica, North America and South America, among others.

In 2016, our sales to the United States and Singapore in absolute amounts and as percentages of revenue increased significantly from 2015, primarily due to the integration of Avago's optical modules business that we acquired in December 2015 into our business which increased the sales of our interconnect solutions and other products to customers based in these two countries in the communications infrastructure end market. The increase in revenue derived from the United States in 2016 was also because one of our new products was directly sold to a brand company customer who is based in the United States and not through designated contract manufacturers.

Cost of Sales

Cost of sales primarily includes raw materials and consumables used, consumption of inventories of finished goods and work in progress, employee benefit expenses in connection with our production personnel, depreciation of property, plant and equipment, subcontracting expenses primarily paid to our related parties, utilities, molding and consumable expenses and other costs associated with the production of our interconnect solutions and other products. Our cost of sales amounted to US$2,004.7 million, US$1,892.7 million and US$2,389.9 million in 2014, 2015 and 2016, respectively, representing 80.8%, 81.3% and 83.0% of our revenue for the respective periods.

The following table sets forth a breakdown of our cost of sales by nature of expenses in absolute amounts and as percentages of revenue for the periods indicated.

	Year Ended December 31,					
	2014		2015		2016	
	US$	% of Revenue	US$	% of Revenue	US$	% of Revenue
	(in thousands, except for percentages)					
Raw materials and consumables used	553,344	22.3	454,188	19.5	802,132	27.8
Consumption of inventories of finished goods and work in progress	548,914	22.1	611,231	26.3	758,459	26.3
Employee benefit expenses	367,784	14.8	347,032	14.9	262,700	9.1
Subcontracting expenses	154,068	6.2	143,655	6.2	227,526	7.9
Molding and consumable expenses	125,242	5.0	100,329	4.3	76,076	2.6
Depreciation of property, plant and equipment	128,165	5.2	121,032	5.2	132,644	4.6
Utilities	56,171	2.3	53,201	2.3	46,101	1.6
Others[(1)]	70,967	2.9	61,994	2.6	84,212	2.9
Total cost of sales	**2,004,655**	**80.8**	**1,892,662**	**81.3**	**2,389,850**	**83.0**

Note:

(1) Consists of packaging fees, repair and maintenance fees, transportation costs, environmental protection expenses, equipment inspection expenses and others.

During the Track Record Period, our cost of sales primarily consisted of the following components.

- *Raw materials and consumables used* for our interconnect solutions and other products primarily include base metals, such as copper and aluminum, and precious metals, such as gold salts. Other raw materials used in production include plastic materials and electronic components. Our purchases of raw materials and consumables used decreased from 2014 to 2015 as we increased the purchase and processing of semi-finished goods and assembled products, that are labor intensive to accommodate customer demand, enhance our cost structure and increase our procurement flexibility, which are accounted for under consumption of inventories of finished goods and work in progress. Raw materials and consumables used increased from 2015 to 2016 primarily due to the increasing production volumes as a result of the ramping-up production of interconnect solutions and other products utilized in the new smartphone and earphone products launched by one of our brand company customers in September 2016. The increase in 2016 was also partially contributed to the integration of Avago's optical modules business.

- *Consumption of inventories of finished goods and work in progress* primarily include semi-finished goods and assembled products that we procure from our manufacturing vendors for the production of our interconnect solutions and other products to accommodate customer demand and enhance our cost structure. As a result of the change in procurement strategy, we recorded decrease in raw materials and consumables used in connection with our production headcounts from 2014 to 2015. Consumption of inventories of finished goods and work in progress increased in 2016, primarily due to the ramping-up production of interconnect solutions and other products utilized in the new smartphone products launched by one of our brand company customers, and to a lesser extent, the consolidation of Avago's optical modules business.

- *Employee benefit expenses* primarily include salaries, bonuses, benefits and compensation paid to our production personnel. During the Track Record Period, our employee benefit expenses decreased primarily due to a decrease in our production headcounts due to changes in our procurement strategy and our continued effort to optimize our production processes, including through automation. In addition, performance-based bonuses distributed was lower in 2016 as compare to 2015.

- *Subcontracting expenses* primarily include fees paid to our sub-contracting manufacturers, for labor-intensive processes in the production of our interconnect solutions and other products to manage our production cost. Our subcontracting expenses increased from 2015 to 2016 as we engaged those sub-contracting manufacturers who previously worked with Avago for certain labor-intensive process in the production of interconnect solutions and other products related to our acquired optical modules business.

- *Molding and consumable expenses* primarily relate to the cost of mold parts and expenses related to the assembly of moldings used in the production of our interconnect solutions and other products.

The following table sets forth a breakdown of our raw materials and consumables used in absolute amounts and as percentages of revenue for the periods indicated.

	Year Ended December 31,					
	2014		2015		2016	
	US$	% of Revenue	US$	% of Revenue	US$	% of Revenue
	(in thousands, except for percentages)					
Raw materials and consumables used						
Base metals	164,175	6.6	138,823	6.0	120,123	4.2
Electronic components	115,191	4.6	118,471	5.1	435,941	15.1
Gold salts	99,676	4.0	82,108	3.5	88,437	3.1
Plastic materials	95,841	3.9	89,201	3.8	87,025	3.0
Other precious metals	10,513	0.4	8,396	0.4	17,049	0.6
Others	67,948	2.7	17,189	0.7	53,557	1.9
Consumption of inventories of finished goods and work in progress	548,914	22.1	611,231	26.3	758,459	26.3
Provision for impairment of inventories	4,588	0.2	1,417	0.1	5,437	0.2
Cost of inventories	1,106,846	44.5	1,066,836	45.9	1,566,028	54.4

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. The following table sets forth a breakdown of our gross profit and gross profit margin for the periods indicated.

	Year Ended December 31,					
	2014		2015		2016	
	US$	% of Revenue	US$	% of Revenue	US$	% of Revenue
	(in thousands, except for percentages)					
Gross profit	477,559	19.2	435,240	18.7	490,410	17.0

Distribution Costs and Selling Expenses

Distribution costs and selling expenses primarily consist of freight charges, employee benefit expenses paid to our distribution and selling personnel, which include salaries, bonuses, benefits and compensation paid, import and export expenses, and others. Our distribution costs and selling expenses amounted to US$72.0 million, US$68.4 million and US$87.3 million in 2014, 2015 and 2016, respectively, representing 2.9%, 2.9% and 3.0% of our revenue for the respective periods. The following table sets forth a breakdown of the key components of our distribution costs and selling expenses in absolute amounts and as percentages of revenue for the periods indicated.

	Year Ended December 31,					
	2014		2015		2016	
	US$	% of Revenue	US$	% of Revenue	US$	% of Revenue
	(in thousands, except for percentages)					
Freight charges	26,191	1.1	24,220	1.0	24,393	0.8
Employee benefit expenses	27,406	1.1	26,543	1.1	25,117	0.9
Import and export expenses	6,186	0.2	6,509	0.3	7,765	0.3
Others[(1)]	12,174	0.5	11,141	0.5	30,002	1.0
Total	**71,957**	**2.9**	**68,413**	**2.9**	**87,277**	**3.0**

Note:

(1) Consists of rental expenses, travelling expenses and commissions paid to independent third party sales agents (including Avago since the acquisition of Avago's optical modules business in December 2015).

Our distribution costs and selling expenses decreased from 2014 to 2015 primarily due to decreases in freight charges and compensation paid to our distribution and selling personnel. Our distribution costs and selling expenses increased from the 2015 to 2016 primarily due to our sales and marketing initiatives to engage the sales team of Avago and other independent third party sales agents to market our interconnect solutions and other products in the communications infrastructure end market. To a lesser extent, the increase was also due to our own strengthened selling and marketing efforts of our interconnect solutions and other products in the communications infrastructure end market that we serve in 2016.

Administrative Expenses

Administrative expenses primarily consist of employee benefit expenses paid to our administrative personnel, which include salaries, bonuses, benefits and compensation paid, shared-services expenses paid to our Controlling Shareholder in connection with administrative-related support, auditors' remuneration, depreciation of property, plant and equipment, listing expenses and other costs and expenses. Our administrative expenses amounted to US$76.3 million, US$89.6 million and US$68.1 million in 2014, 2015 and 2016, respectively, representing 3.1%, 3.8% and 2.4% of our revenue for the respective periods. The following table sets forth a breakdown of the key components of our administrative expenses in absolute amounts and as percentages of revenue for the periods indicated.

	Year Ended December 31,					
	2014		2015		2016	
	US$	% of Revenue	US$	% of Revenue	US$	% of Revenue
	(in thousands, except for percentages)					
Employee benefit expenses(1)	41,814	1.7	55,893	2.4	49,846	1.8
Shared-services expenses	17,387	0.7	11,179	0.5	3,285	0.1
Auditors' remuneration	344	0.0	294	0.0	242	0.0
Depreciation of property, plant and equipment	4,021	0.2	3,617	0.2	3,102	0.1
Listing expenses	—	—	1,070	0.0	5,786	0.2
Others(2)	12,760	0.5	17,566	0.7	5,841	0.2
Total	**76,326**	**3.1**	**89,619**	**3.8**	**68,102**	**2.4**

Notes:

(1) *Includes share-based payments of US$15.5 million, US$22.4 million and US$33.8 million in 2014, 2015 and 2016, respectively.*

(2) *Consists of other taxes, repair and maintenance, utilities, rental expenses, travelling expenses and office supplies.*

Our administrative expenses increased from 2014 to 2015 in absolute amounts and as a percentage of our revenue, primarily due to increases in average salaries paid to our administrative personnel and the share-based compensation in connection with the share awards granted to our administrative personnel in 2015. Our administrative expenses in absolute amounts and as a percentage of our revenue decreased from 2015 to 2016, primarily due to the decrease in shared-services expenses charged by Hon Hai Group based on a new fee arrangement and lower performance-based bonuses distributed in 2016 as compared to 2015.

Research and Development Expenses

Research and development expenses primarily consist of employee benefit expenses paid to our research and development personnel, which include salaries, bonuses, benefits and compensation paid, molding and consumables expenses, which primarily relate to the cost of mold parts and expenses related to the assembly of moldings used in research and development, depreciation of molds and molding equipment and other costs and expenses in connection with our research and development activities. Our research and development expenses amounted to US$118.3 million, US$121.7 million and US$168.7 million in 2014, 2015 and 2016, respectively, representing 4.8%, 5.2% and 5.8% of our revenue for the respective periods. The following table sets forth a breakdown of the key components of our research and development expenses in absolute amounts and as percentages of revenue for the periods indicated.

	Year Ended December 31,					
	2014		2015		2016	
	US$	% of Revenue	US$	% of Revenue	US$	% of Revenue
	(in thousands, except for percentages)					
Employee benefit expenses	79,858	3.2	81,765	3.5	95,420	3.3
Molding and consumables	20,418	0.8	19,972	0.9	40,437	1.4
Depreciation of property, plant and equipment	9,104	0.4	9,278	0.4	12,555	0.4
Others[(1)]	8,936	0.4	10,668	0.4	20,337	0.7
Total	**118,316**	**4.8**	**121,683**	**5.2**	**168,749**	**5.8**

Note:

(1) Consists of compliance costs and professional fees in connection with the registration and maintenance of our intellectual property portfolio, repair and maintenance, utilities, rental expenses, traveling expenses and the laboratory testing costs in connection with Avago's optical modules business we acquired in late 2015.

Research and development expenses primarily include employee benefit expenses, which increased from 2014 to 2015, as a result of an increase in the number of our research and development personnel. In 2016, we incurred share-based compensation in connection with additional share awards that were primarily granted to our research and development personnel in 2016, including those newly joined research and development employees from the optical module business of Avago that are based in the United States and Singapore which together with an increase in the number of our research and development personnel in different regions following the acquisition of optical modules business of Avago, has contributed to a higher employee benefit expenses as compared to that of 2015.

Our molding and consumables increased in 2016 from 2015, primarily due to increased research and development efforts on new interconnect solutions and products developed for next generation mobile designs and new product initiatives in the mobile and wireless devices, computer and consumer electronics and communications infrastructure end markets.

Other Income

The following table sets forth a breakdown of our other income in absolute amounts and as percentages of revenue for the periods indicated.

	Year Ended December 31,					
	2014		2015		2016	
	US$	% of Revenue	US$	% of Revenue	US$	% of Revenue
	(in thousands, except for percentages)					
Rental income from properties	1,971	0.1	3,858	0.2	2,075	0.1
Government grant income	1,204	0.0	490	0.0	2,543	0.1
Other income	2,400	0.1	2,660	0.1	4,491	0.1
Total	**5,575**	**0.2**	**7,008**	**0.3**	**9,109**	**0.3**

Rental income primarily represents the lease of certain portion of our facilities to other parties. Government grant income represents various subsidies and incentives from local government authorities for our research and development and environmental related efforts. During the Track Record Period, other income primarily represents compensation income received as a result of customer defaults on their sales agreements with us and income from property management. In 2015, we recorded a one-off insurance compensation received for a fire accident that occurred in our production facility in Taiwan.

Other (Loss)/Gains – Net

Our other (loss)/gains-net during the Track Record Period primarily relate to the fluctuations of exchange rates between Renminbi and U.S. dollars and between New Taiwan dollars and U.S. dollars during the period.

Finance (Costs)/Income – Net

The following table sets forth a breakdown of our finance (costs)/income – net in absolute amounts and as percentages of revenue for the periods indicated.

	Year Ended December 31,					
	2014		2015		2016	
	US$	% of Revenue	US$	% of Revenue	US$	% of Revenue
	(in thousands, except for percentages)					
Finance income:						
Interest income on short-term bank deposits	7,333	0.3	5,915	0.3	5,530	0.2
Finance costs:						
Interest expenses on bank borrowings	(2,759)	(0.1)	(5,355)	(0.3)	(3,775)	(0.1)
Interest expenses on loans from related parties	(502)	(0.0)	(600)	(0.0)	(51)	(0.0)
	(3,261)	(0.1)	(5,955)	(0.3)	(3,826)	(0.1)
Total	**4,072**	**0.2**	**(40)**	**(0.0)**	**1,704**	**0.1**

Finance income during the Track Record Period consists of interest income on short-term bank deposits. The changes in our finance income during the Track Record Period were primarily due to the changes in bank balances and weighted average interest rates of our short-term bank deposits for each period.

Finance costs during the Track Record Period consist of interest on borrowings and loans from related parties. The increase in finance costs from 2014 to 2015 was primarily due to a full year effect of interest expenses in relation to our bank borrowing of NT$7,000.0 million incurred in December 2014 in connection with the Reorganization. The decrease in finance costs from 2015 to 2016 was primarily due to a decrease in bank borrowings as well as decrease in the weighted average interest rates on our NT dollar-denominated bank borrowings in 2016.

Share-based Payment Expenses

The table below shows the effect of the share-based payment expenses on our operating expense line items for the periods indicated.

	Year Ended December 31,					
	2014		2015		2016	
	US$	% of Revenue	US$	% of Revenue	US$	% of Revenue
	(in thousands, except for percentages)					
Share-based payment expenses	15,529	0.6	22,442	1.0	33,779	1.2

The table below summarizes the share-based payments made to our employees and employees of Hon Hai during the Track Record Period.

Grantees	Grant year	Number of shares[(1)]	Consideration/ Subscription Price	Vesting Period	Nature of share awards
Our employees	2013 2014	1,731,000[(2)] 4,643,000[(2)]	Nil	Vested immediately upon granting	Share grant
Our employees	2014 2015	20,545,000 2,961,000	US$4.0 per share	Vested immediately upon share subscription	Share subscription
Certain employees of Hon Hoi Group, a distributor and a service provider of our Group	2015	2,477,000	US$6.0 per share	Vested immediately upon share subscription	Share subscription
Our Directors and senior management	2015	21,840,000	Nil	The restricted shares shall vest from March 31, 2018 in accordance with the number of the grantees' shares on every March 31, June 30, September 30 and December 31 at 12% in each quarter of 2018 and 3.25% in each quarter from 2019 to 2022[(3)]	Restricted share grant
Our employees	2016	4,101,500	Nil	The restricted shares shall vest from December 31, 2016 over a four-year period at 25%. No restricted shares were vested for the year 2016. The outstanding 75% restricted shares shall vest from December 31, 2017 over a three-year period.	Restricted share grant

Notes:

(1) *Represented number of shares prior to the share sub-division in November 2016 in anticipation of the Global Offering. See "Our History and Development – Share Sub-division."*

(2) *This refers to shares of Hon Hai.*

(3) *The original vesting period was revised in May 2017. Prior to the revision, the restricted shares were to vest from March 31, 2017 in accordance with the number of the grantees' shares on every March 31, June 30, September 30 and December 31 at 9% in each quarter of 2017, 3% in each quarter of 2018 and 3.25% in each quarter from 2019 to 2022.*

We expect to continue to incur further share-based payment expenses in future periods. See Note 29 of Section II to the Accountant's Report in Appendix I to this prospectus for further details.

Income Tax Expense

Income tax expenses primarily represent the income tax charged on our PRC and Taiwan entities. Our effective tax rate, which is calculated based on income tax expenses divided by profit before income tax, was 20.1%, 15.3% and 20.3% for 2014, 2015 and 2016, respectively.

PRC Income and Withholding Tax

Under PRC law, foreign-invested enterprises and domestic companies are subject to a uniform income tax rate of 25%. Entities that qualify as "high-technology enterprises" and entitles located in western regions of the PRC that engage in the encouraged industries may benefit from a reduced tax rate of 15%. Three of our PRC subsidiaries, Foxconn Kunshan Connectors, Fuding Shenzhen and Chongqing Hongteng, have been qualified for this preferential tax rate of 15% since 2008, 2009 and 2015, respectively. See Note 12 to the "Accountant's Report" in Appendix I to this prospectus for further details.

Under PRC law, each of our PRC operating subsidiaries may only pay dividends after 10% of its net profit has been set aside as reserve funds, unless such reserves have reached at least 50% of its registered capital. In addition, the profit available for distribution from our PRC operating subsidiaries is determined in accordance with generally accepted accounting principles in China. This calculation may differ if it were performed in accordance with IFRS. As a result, we may not have sufficient distributions from our PRC operating subsidiaries to enable necessary profit distributions to our Shareholders in the future, which would be based upon our financial statements prepared under IFRS.

Distributions by our PRC operating subsidiaries to us other than as dividends may be subject to governmental approval and taxation. Any transfer of funds from our company to our PRC operating subsidiaries, either as a shareholder loan or as an increase in registered capital, is subject to registration or approval of PRC governmental authorities, including the relevant administration of foreign exchange and/or the relevant examining and approval authority. These limitations on the free flow of funds between us and our PRC subsidiaries could restrict our ability to act in response to changing market conditions in a timely manner.

Taiwan Tax

Taiwan profit-seeking enterprise income tax is calculated at the rate of 17% on the estimated taxable income.

Singapore Tax

Singapore corporate income tax is calculated at the rate of 17% on the chargeable income of the subsidiaries incorporated in Singapore in accordance with Singapore Income Tax Act during the Track Record Period.

Vietnam Tax

Vietnam corporate income tax is calculated at the rate of 20% on enterprises' income. Nevertheless, any enterprise having investment projects in an industrial zone in Vietnam, such as our subsidiary in Vietnam, can enjoy an exemption from corporate income tax for two years starting from its first profit-making year and an deduction of 50% of corporate income tax for the following four years pursuant to Article 14.2 of the Law on Corporate Income Tax of Vietnam.

Mexico Tax

Mexico general corporate income tax rate is calculated at the rate of 30% on the taxable income. Our subsidiary in Mexico shall determine its taxable income by following the so-called safe harbor method, pursuant to which our subsidiary must generate a taxable income equal to the greater of 6.9% of the value of the assets used in its activity or 6.5% of the amount of ordinary costs and expenses of its operation. Alternatively, in order to determine its taxable income, our subsidiary may opt to file for and secure from the tax administration an advance pricing agreement.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2015 Compared to Year Ended December 31, 2016

Revenue

Our revenue increased by 23.7% from US$2,327.9 million in 2015 to US$2,880.3 million in 2016.

- *Computer and consumer electronics*. Our revenue generated from the computer and consumer electronics end market decreased by 11.4% from US$910.9 million in 2015 to US$807.2 million in 2016, primarily attributable to a decrease in the demand for our interconnect solutions and other products from brand companies in this end market.

- *Mobile and wireless devices*. Our revenue generated from the mobile and wireless devices end market increased by 33.9% from US$924.8 million in 2015 to US$1,238.3 million in 2016. The increase was primarily attributable to the release of new smartphone products by one of our brand company customers that utilized our interconnect solutions and other products. In addition, we rolled out new interconnect solutions that were utilized in the earphones associated with such smartphone products launched in September 2016.

- *Communications infrastructure*. Our revenue generated from the communications infrastructure end market increased by 104.0% from US$348.4 million in 2015 to US$710.8 million in 2016, primarily due to our acquisition of the optical modules business from Avago in December 2015 that expanded our product suite of optical interconnect solutions and related products, as well as customer base in this end market.

- *Automotive, industrial and medical*. Our revenue generated from automotive, industrial and medical end markets increased by 47.7% from US$29.8 million in 2015 to US$44.0 million in 2016, primarily due to deepening customer relationship with leading brand companies in the automotive industry that resulted in an increase in orders for our interconnect solutions and other products for use in traditional vehicles.

Cost of Sales

Our cost of sales increased by 26.3% from US$1,892.7 million in 2015 to US$2,389.9 million in 2016, primarily due to the increasing cost of raw materials and consumables used as a result of the ramp-up production of interconnect solutions and other products utilized in the new products launched by one of our branded company customers in September 2016. The increase was also due to increases in raw materials and consumables used, consumption of inventories of finished goods and work in progress, and subcontracting expenses, as a result of the integration of Avago's optical modules business.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 12.7% from US$435.2 million in 2015 to US$490.4 million in 2016. However, our gross profit margin decreased from 18.7% in 2015 to 17.0% in 2016. The increase in our gross profit was primarily due to the revenue increase. The decrease in gross profit margin was primarily due to the increase in our costs associated with the ramp-up production of certain new products as discussed above. The decrease was also due to an increasing pricing pressure. See "– Revenue" for the details of our revenue decrease from 2015 to 2016.

Distribution Costs and Selling Expenses

Our distribution costs and selling expenses increased by 27.6% from US$68.4 million in 2015 to US$87.3 million in 2016, primarily due to our sales and marketing initiatives to engage the sales team of Avago and other independent third party sales agents following the acquisition of Avago's optical modules business to market our interconnect solutions and other products in the communications infrastructure end market. To a lesser extent, the increase was due to our own strengthened selling and marketing efforts of our interconnect solutions and other products in the communications infrastructure end market that we serve. Additionally, the increase in 2016 was also contributed to an increase in commissions paid to third parties, including Avago. Distribution costs and selling expenses as a percentage of our revenue slightly increased from 2.9% in 2015 to 3.0% in 2016.

Administrative Expenses

Our administrative expenses decreased by 24.0% from US$89.6 million in 2015 to US$68.1 million in 2016, primarily due to the decrease in shared-services expenses charged by Hon Hai Group based on a new fee arrangement. Administrative expenses as a percentage of our revenue decreased from 3.8% in 2015 to 2.4% in 2016.

Research and Development Expenses

Our research and development expenses increased by 38.7% from US$121.7 million in 2015 to US$168.7 million in 2016, primarily due to increases in the number of research and development personnel following the acquisition of optical modules business of Avago and share-based compensation of US$7.0 million in connection with share awards primarily granted to our research and development personnel during the period, including those newly joined research and development personnel from the optical module business of Avago, as well as an increase of US$20.5 million in molding and consumables in connection with new interconnect solutions and products developed for next generation mobile designs and new product initiatives in the mobile and wireless devices, computer and consumer electronics and communications infrastructure end markets in 2016. The increase in 2016 was also contributed to the increasing laboratory testing costs in connection with Avago's optical modules business we acquired in late 2015. Research and development expenses as a percentage of our revenue increased from 5.2% in 2015 to 5.8% in 2016.

Other Income

Our other income increased by 30.0% from US$7.0 million in 2015 to US$9.1 million in 2016, primarily due to increases in government subsidies and incentives received from local government authorities primarily for our research and development and environmental related efforts, and income from property management. Other as a percentage of our revenue remained relatively stable at 0.3% and 0.3% in 2015 and 2016, respectively.

Other Gains – Net

Other gains – net decreased by 25.9% from US$46.7 million in 2015 to US$34.6 million in 2016, primarily due to (i) a decrease in net gains on forward contracts primarily due to the continuous depreciation of Renminbi against the U.S. dollars, and (ii) a decrease in gain on disposal of property, plant and equipment. Other gains – net as a percentage of our revenue decreased from 2.0% in 2015 to 1.2% in 2016, respectively.

Operating Profit and Operating Margin

As a result of the foregoing, our operating profit increased by 0.3% from US$209.2 million in 2015 to US$210.0 million in 2016. Our operating margin decreased from 9.0% in 2015 to 7.3% in 2016.

Finance (Costs)/Income – Net

Our finance income decreased by 6.8% from US$5.9 million in 2015 to US$5.5 million in 2016. Our finance costs decreased by 36.7% from US$6.0 million in 2015 to US$3.8 million in 2016, primarily due to a decrease in the weighted average interest rates of our NT dollar-denominated bank borrowings in 2016.

Income Tax Expense

Our income tax expense increased by 34.0% from US$32.1 million in 2015 to US$43.0 million in 2016, primarily due to an increase in profit before income tax. Our effective tax rate increased from 15.3% in 2015 to 20.3% in 2016, primarily due to increased percentage contribution of taxable profits from our subsidiaries in jurisdictions that have higher tax rates, such as the United States.

Profit for the Year and Profit Margin

As a result of the foregoing, our profit for the year decreased by 4.7% from US$177.0 million in 2015 to US$168.6 million in 2016. Our profit margin decreased from 7.6% in 2015 to 5.9% in 2016.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2015

Revenue

Our revenue decreased by 6.2% from US$2,482.2 million in 2014 to US$2,327.9 million in 2015, primarily due to a decrease in revenue derived from the sale of our interconnect solutions and other products to the computer and consumer electronics, mobile and wireless devices and communications infrastructure end markets. Specifically:

- *Computer and consumer electronics.* Our revenue generated from the computer and consumer electronics end market decreased by 10.5% from US$1,017.8 million in 2014 to US$910.9 million in 2015, primarily attributable to end market slowdown and increased market competition that has resulted in an increase in pricing pressure.

- *Mobile and wireless devices.* Our revenue generated from the mobile and wireless devices end market decreased by 5.6% from US$979.9 million in 2014 to US$924.8 million in 2015. The decrease was primarily attributable to maturity of a series of products introduced in 2014 offered by one of the brand companies that utilized our interconnect solutions and other products, and an increase in pricing pressure for such interconnect solutions and other products.

- *Communications infrastructure.* Our revenue generated from the communications infrastructure end market decreased by 4.0% from US$362.9 million in 2014 to US$348.4 million in 2015, primarily due to increased market competition that has resulted in decrease in orders for our interconnect solutions and other products.

- *Automotive, industrial and medical end markets*. Our revenue generated from automotive, industrial and medical end markets increased by 104.1% from US$14.6 million in 2014 to US$29.8 million in 2015, primarily due to deepening customer relationship with leading brand companies in the automotive industry that has resulted in an increase in orders for our interconnect solutions and other products for use in traditional vehicles.

Cost of Sales

Our cost of sales decreased by 5.6% from US$2,004.7 million in 2014 to US$1,892.7 million in 2015, primarily due to decreases in sales which resulted in a decrease in purchases, subcontracting expenses and molding and consumable expenses, and a decrease in employee benefits expenses as we continue to optimize our production processes. Cost of sales as a percentage of our revenue increased slightly from 80.8% in 2014 to 81.3% in 2015.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased by 8.9% from US$477.6 million in 2014 to US$435.2 million in 2015. Our gross profit margin decreased slightly from 19.2% in 2014 to 18.7% in 2015, respectively. The decreases in gross profit and gross profit margin were primarily due to decreases in revenue from 2014 to 2015 as a result of increased market competition which resulted in an increase in pricing pressure, outpacing the decrease in cost of sales during the same period.

Distribution Costs and Selling Expenses

Our distribution costs and selling expenses decreased by 5.0% from US$72.0 million in 2014 to US$68.4 million in 2015, primarily due to a decrease in freight charges in connection with the decrease in our revenue and decreases in compensation paid to our distribution and selling personnel. Distribution costs and selling expenses as a percentage of our revenue remained stable at 2.9% and 2.9% in 2014 and 2015, respectively.

Administrative Expenses

Our administrative expenses increased by 17.4% from US$76.3 million in 2014 to US$89.6 million in 2015, primarily due to share-based compensation expenses in connection with the share awards granted to our administrative personnel in 2015, partially offset by a decrease in shared-services expenses in connection with administrative-related support from 2014 to 2015. Administrative expenses as a percentage of our revenue increased from 3.1% in 2014 to 3.8% in 2015.

Research and Development Expenses

Our research and development expenses increased by 2.9% from US$118.3 million in 2014 to US$121.7 million in 2015, primarily due to an increase in the compensation paid to our research and development personnel and an increase in travel allowance expenses. Research and development expenses as a percentage of our revenue increased from 4.8% in 2014 to 5.2% in 2015.

Other Income

Our other income increased from US$5.6 million in 2014 to US$7.0 million in 2015, primarily due to a one-off insurance compensation received for a fire accident incurred in our production facility in Taipei in 2015. Other income as a percentage of our revenue remained relatively stable at 0.2% in 2014 and 0.3% in 2015.

Other Gains – Net

Other gains – net increased from a gain of US$13.5 million in 2014 to a gain of US$46.7 million in 2015, primarily due to an increase in net exchange gain as a result of an appreciation in the U.S. dollar against the functional currencies of many of our subsidiaries, such as Renminbi and New Taiwan dollars, in 2015 and the fluctuations in currency translation of the U.S. dollar-denominated monetary assets of our PRC subsidiaries. Other gains – net as a percentage of our revenue increased from 0.5% in 2014 to 2.0% in 2015, accordingly.

Operating Profit and Operating Margin

As a result of the foregoing, our operating profit decreased by 9.1% from US$230.1 million in 2014 to US$209.2 million in 2015. Our operating margin decreased slightly from 9.3% in 2014 to 9.0% in 2015.

Finance (Costs)/Income – Net

Our finance income decreased by 19.2% from US$7.3 million in 2014 to US$5.9 million in 2015, primarily due to a decrease in average bank balances. Our finance costs increased by 81.8% from US$3.3 million in 2014 to US$6.0 million in 2015, primarily due to a full year effect of interest expenses in relation to our bank borrowing of NT$7,000.0 million incurred in December 2014 in connection with the Reorganization.

Income Tax Expense

Our income tax expense decreased from US$47.1 million in 2014 to US$32.1 million in 2015, primarily due to an increased contribution of taxable profits from certain of our PRC subsidiaries which enjoyed a preferential tax rate of 15%, including Fuding Shenzhen and Chongqing Hongteng. See "– Principal Components of Consolidated Income Statements – Income Tax Expense." In addition, we recorded additional tax payables arising from the Reorganization in 2014, which was non-recurring in 2015 and onwards.

Profit for the Year and Profit Margin

As a result of the foregoing, our profit for the year decreased by 5.3% from US$187.0 million in 2014 to US$177.0 million in 2015. Our profit margin increased slightly from 7.5% in 2014 to 7.6% in 2015.

NET CURRENT ASSETS

The following table sets forth the breakdown of our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of April 30,
	2014	2015	2016	2017
				(Unaudited)
	(in US$ thousands)			
Current assets				
Inventories	246,137	243,281	368,481	402,759
Trade and other receivables	924,972	789,919	948,050	719,686
Short-term bank deposits	19,219	88,736	111,889	67,602
Cash and cash equivalents	514,124	409,239	414,899	555,785
Total current assets	1,704,452	1,531,175	1,843,319	1,745,832
Current liabilities				
Trade and other payables	954,636	702,557	902,849	707,303
Borrowings	445,999	339,337	384,818	402,073
Current income tax liabilities	47,387	35,366	41,701	45,501
Total current liabilities	1,448,022	1,077,260	1,329,368	1,154,877
Net current assets	**256,430**	**453,915**	**513,951**	**590,955**

Our net current assets increased from US$256.4 million as of December 31, 2014 to US$453.9 million as of December 31, 2015, primarily due to cash generated from operating activities before changes in working capital of US$368.6 million and decreases in borrowings and trade and other payables.

Our net current assets increased from US$453.9 million as of December 31, 2015 to US$514.0 million as of December 31, 2016, primarily due to cash generated from operating activities before changes in working capital of US$407.9 million in 2016 and partially offset by the payment for the purchase of property, plant and equipment of US$198.2 million.

Our net current assets increased from US$514.0 million as of December 31, 2016 to US$591.0 million as of April 30, 2017, primarily due to cash generated from operating activities before changes in working capital of US$133.2 million in the four months ended April 30, 2017 and partially offset by the payment for the purchase of property, plant and equipment of US$58.1 million.

ANALYSIS OF SELECTED STATEMENT OF FINANCIAL POSITION ITEMS

Inventories

Our inventories primarily consist of raw materials, work in progress and finished goods. To minimize the risk of excessive inventories, we review our inventory levels on a regular basis. We periodically review our inventories and potential decline in their market value and typically make specific provision for impairment for those inventories that remained unsold or unconsumed on a case-by-case basis. The following table sets forth the breakdown of our inventory balances as of the dates indicated.

	As of December 31,		
	2014	2015	2016
	(in US$ thousands)		
Raw materials	65,742	67,474	111,254
Work in process	57,830	44,965	69,556
Finished goods	130,083	139,777	202,043
	253,655	252,216	382,853
Less: provision for impairment	(7,518)	(8,935)	(14,372)
	246,137	**243,281**	**368,481**

Our inventories decreased from US$246.1 million as of December 31, 2014 to US$243.3 million as of December 31, 2015 before increasing to US$368.5 million as of December 31, 2016. Raw materials, work in process and finished goods increased from US$67.5 million, US$45.0 million and US$139.8 million as of December 31, 2015, respectively, to US$111.3 million, US$69.6 million and US$202.0 million as of December 31, 2016, respectively, primarily due to increased production activities as a result of integration of the optical modules business from Avago into our operations and in preparation of new product launch by certain brand companies in the second half of the year.

Provision for inventory impairment increased from US$7.5 million as of December 31, 2014 to US$8.9 million as of December 31, 2015 and further to US$14.4 million December 31, 2016, respectively, due to decreases in net realizable value of our inventories as a result of increased competition and pricing pressure in the end markets we serve.

The following table sets forth average inventory turnover days for the periods indicated.

	Year Ended of December 31,		
	2014	2015	2016
Average inventory turnover days[(1)]	43.5	47.2	46.7

Note:

(1) Average inventory turnover days are based on the average balance of inventory divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The number of days for the years ended December 31 is 365 days.

Average inventory turnover days increased from 43.5 days in 2014 to 47.2 days in 2015, primarily due to slower than expected demand from our customers. Average inventory turnover days decreased from 47.2 days in 2015 to 46.7 days in 2016, generally in line with the increase in sales during such period. We will continue to enhance our inventory management by (i) adopting monthly rolling forecast on procurement of raw materials and components, (ii) enhancing the monitoring of weekly procurement activities in line with forecasted production plans and orders, and (iii) increasing the management and review of our inventories on a more frequent basis. We will also enhance our internal control policies and procedures in managing our inventory levels, which include strengthening the coordination of various departments within the Group across inventory management, sales and marketing, procurement, product delivery and production functions.

As of April 30, 2017, approximately US$364.5 million, accounting for 98.9% of our inventories as of December 31, 2016, was consumed or sold.

Trade and Other Receivables

Our trade and other receivables primarily consist of trade receivables from our customers for the sale of our interconnect solutions and other products, which are comprised of trade receivables due from third parties and trade receivable from related parties. The following table sets forth our trade and other receivables as of the dates indicated.

	As of December 31,		
	2014	**2015**	**2016**
	(in US$ thousands)		
Trade receivables due from third parties	367,825	354,383	558,938
Trade receivables due from related parties	382,379	253,162	246,145
Total trade receivables	750,204	607,545	805,083
Less: provision for impairment of trade receivables	–	–	(652)
Total trade receivables – net	750,204	607,545	804,431
Amounts due from related parties	90,637	90,872	70,249
Prepayment for tooling expenses	37,954	36,360	2,407
Value-added tax receivable and recoverable	37,148	40,864	47,976
Other receivables	6,707	11,229	17,382
Deposits and prepayments	5,724	4,016	19,719
	928,374	790,886	962,164
Less: non-current portion:			
Deposits, prepayments and other receivables	(3,402)	(967)	(14,114)
Current portion	**924,972**	**789,919**	**948,050**

Our trade receivables decreased from US$750.2 million as of December 31, 2014 to US$607.5 million as of December 31, 2015, primarily due to a decrease in sales to our customers. Trade receivables increased from US$607.5 million as of December 31, 2015 to US$804.4 million as of December 31, 2016, primarily due to the increased sales to third parties in 2016.

Prepayment for tooling expenses decreased during the Track Record Period, particularly from 2015 to 2016, primarily due to our cash management in relation to the purchase of molds for research and development activities. Our trade and other receivables also include (i) amounts due from related parties, which relate to purchase of materials and components on behalf of manufacturing vendors from whom we purchase semi-finished goods and assembled products and proceeds from disposal of property, plant and equipment, (ii) prepayments for tooling expenses, which relate to purchase of molds used in research and development activities, (iii) VAT recoverable, which relates to amount that can be deducted against VAT in connection with our export sales of interconnect solutions and other products produced in the PRC, (iv) other receivables and (v) deposits and prepayments. Our deposits and prepayments and other receivables increased from 2015 and 2016 which was primarily in connection with the construction of our Vietnam facility. Other than those disclosed in the section headed "Connected Transactions" that are operational in nature, our amounts due from related parties as of December 31, 2016 will be fully settled before the Listing.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated based on the invoice date, before provision for impairment.

	As of December 31,		
	2014	**2015**	**2016**
	(in US$ thousands)		
Trade receivables – gross			
Within 3 months	657,578	537,603	706,354
3 to 4 months	82,270	44,482	80,894
4 to 6 months	8,416	14,915	13,016
6 to 12 months	313	4,866	1,558
Over 1 year	1,627	5,679	3,261
Total	**750,204**	**607,545**	**805,083**

We typically grant our third party customers a credit period ranging from 30 days to 120 days and our related party customers a credit period of up to 120 days, both from the respective date of invoice. The credit period we typically grant to our contract manufacturer customers ranges from 90 days to 120 days, and to our brand company customers, from 45 days to 90 days. No interest is charged on the overdue trade receivables. We assess the credit terms on a case-by-case basis, taking into account the customer's creditworthiness, prior history and additional information specific to the customer as well as the economic environment in which the customer operates. As of December 31, 2014, 2015 and 2016, trade receivables of US$22.5 million, US$32.9 million and US$27.8 million, respectively, were past due but not impaired. Based on our past experience, our Directors believe that no impairment allowance is necessary in respect of these balances as there is no significant change in their credit quality and the balances are considered fully recoverable. We do not hold any collateral as security over these customers. The following table sets forth aging analysis of the receivables past due but not impaired as of the dates indicated based on the invoice date.

	As of December 31,		
	2014	2015	2016
	(in US$ thousands)		
Within 3 months	20,845	21,606	24,264
3 to 4 months	31	4,127	148
4 to 6 months	10	1,525	773
6 to 12 months	84	4,431	863
Over 1 year	1,495	1,207	1,793
Total	**22,465**	**32,896**	**27,841**

As of April 30, 2017, approximately US$783.7 million, accounting for 97.4% of our trade receivables that were outstanding as of December 31, 2016 was settled.

The following table sets forth our average trade receivables turnover days for the periods indicated.

	Year Ended of December 31,		
	2014	2015	2016
Average trade receivables turnover days(1)	87.2	106.4	89.5
– Third parties(2)	64.0	91.3	76.1
– Related parties(3)	115.0	131.2	132.1

Notes:

(1) Average trade receivables turnover days are based on the average balance of trade receivables, which include trade receivables due from third parties and trade receivable from related parties divided by revenue for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The number of days for the years ended December 31 is 365 days.

(2) Average trade receivables turnover days for third parties are based on the average balance of trade receivables due from third parties divided by revenue from third parties for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The number of days for the years ended December 31 is 365 days.

(3) Average trade receivables turnover days for related parties are based on the average balance of trade receivables due from related parties divided by revenue from related parties for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The number of days for the years ended December 31 is 365 days.

Average trade receivables turnover days increased from 87.2 days in 2014 to 106.4 days in 2015 primarily due to lower trade receivables balance at the beginning of 2014. Average trade receivables turnover days decreased from 106.4 days in 2015 to 89.5 days in 2016, primarily due to our strengthened collection efforts of trade receivables from related parties, and the increased contribution of revenue from FOIT following the integration of optical modules business of Avago which typically grants a shorter credit period to customers in communications infrastructure end market as compared to that of our customers in other end markets.

Average trade receivables due from third parties turnover days increased from 64.0 days in 2014 to 91.3 days in 2015, primarily because the beginning balance of trade receivables due from third parties in 2014 reflected only the two full months of sales since November 2013 following our Reorganization which made the third party average turnover days in 2014 relatively low. Average trade receivables due from third parties turnover days decreased from 91.3 days in 2015 to 76.1 days in 2016, primarily due to (i) the increased direct sales to a brand company customer; we typically offer a relatively shorter credit period of 45 to 90 days to brand company customers, as compared to 90 to 120 days to contract manufacturers; and (ii) the increased contribution of revenue from FOIT following the integration of optical modules business of Avago which typically grants a shorter credit term to customers in communications infrastructure end market as compared to that of our customers in other end markets.

Average trade receivables due from related parties turnover days increased from 115.0 days in 2014 to 131.2 days in 2015, primarily due to changes in the timing of collection of trade receivables from related parties. Average trade receivables due from related parties turnover days remained relatively stable at 132.1 days in 2016.

We will continuously monitor and evaluate our trade receivables and our exposure to credit risk of our customers. We have adopted stringent internal control policies and procedures to monitor and control our trade and other receivables. We focus on customer credit management and evaluate the credit and financial conditions of our customers on a regular basis to decide the payment terms and credit limits of, and monitor and control our order acceptance and product shipping to, our customers. We also review the payment records of our customers on a regular basis, identify the reasons of those overdue trade receivables and strengthen our collection efforts for such receivables, and if necessary, to make provisions for bad debts in accordance with our accounting policies. We will continue to strengthen our collection efforts for trade receivables that were past due.

Trade and Other Payables

Our trade and other payables primarily consist of trade payables relate to the procurement of raw materials, semi-finished goods and finished goods, which are comprised of trade payables to third parties and trade payables to related parties. The following table sets forth our trade and other payables as of the dates indicated.

	As of December 31,		
	2014	2015	2016
	(in US$ thousands)		
Trade payables to third parties	286,024	209,409	332,345
Trade payables to related parties	95,463	148,533	231,828
Total trade payables	381,487	357,942	564,173
Amounts due to related parties	327,379	116,119	101,673
Staff salaries, bonus and welfare payables	118,104	122,774	77,132
Advance from customers	13,966	2,953	3,365
Deposits received, other payables and accruals	116,463	105,347	157,852
	957,399	705,135	904,195
Less: non-current portion			
Deposits received and other payables	(2,763)	(2,578)	(1,346)
Total	**954,636**	**702,557**	**902,849**

Our trade and other payables decreased from US$954.6 million as of December 31, 2014 to US$702.6 million as of December 31, 2015, primarily due to (i) a decrease in amounts due to related parties for the payment of inventories and equipment and machinery that we purchased from our Controlling Shareholder as part of the Reorganization and payment to Controlling Shareholder for the transfer of certain entities now forming our Group following the Reorganization in 2014 and 2015; and (ii) an overall decrease in trade payables in connection with decrease in our cost of sales. Our trade and other payables increased from US$702.6 million as of December 31, 2015 to US$902.8 million as of December 31, 2016, primarily due to (i) an increase in trade payables which was in line with the increase in our cost of sales, and (ii) an increase in deposits received, other payables and accruals primarily in connection with the construction of our new facility and production equipment, partially offset by (i) a decrease in staff salaries, bonus and welfare payables primarily due to lower performance-based bonuses distributed in 2016 as compared to 2015, and (ii) the settlement of amounts due to related parties. Other than those disclosed in the section headed "Connected Transactions" that are operational in nature, our amounts due to related parties as of December 31, 2016 will be fully settled before the Listing.

We generally have a credit period of 30 to 120 days granted by our third-party suppliers and our related party suppliers. However, our gold salts suppliers typically require us to settle our payment within seven days. We negotiate the credit terms on a case-by-case basis, taking into account the categories of raw materials and finished products being purchased, prior dealing history and additional information specific to the supplier as well as the economic environment in which the supplier operates.

The following table sets forth an aging analysis of our trade payables, which include trade payables to third parties and trade payables to related parties, as of the dates indicated, based on the invoice date.

	As of December 31,		
	2014	2015	2016
	(in US$ thousands)		
Trade payables – gross			
Within 3 months	332,970	316,239	488,484
3 to 4 months	27,902	30,992	32,025
4 to 6 months	5,269	6,244	11,966
6 to 12 months	4,182	3,284	30,950
Over 1 year	11,164	1,183	748
Total	**381,487**	**357,942**	**564,173**

The following table sets forth our average trade payables turnover days for the periods indicated.

	Year Ended of December 31,		
	2014	2015	2016
Average trade payables turnover days[(1)]	84.5	71.3	70.4

Note:

(1) Average trade payables turnover days are based on the average balance of trade payables, which include trade payables to third parties and trade payables to related parties, divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The number of days for the years ended December 31 is 365 days.

Average trade payables turnover days decreased from 84.5 days in 2014 to 71.3 days in 2015 and further to 70.4 days in 2016, as we have only started to operate independently on November 1, 2013 that resulted in a longer period in 2014 to generate sufficient cash from operation to settle our trade payables during the year.

As of April 30, 2017, approximately US$482.4 million, accounting for 85.5% of our trade payables that were outstanding as of December 31, 2016 was settled.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

We have financed our operations primarily through cash generated from our operating activities and bank borrowings. As of December 31, 2014, 2015 and 2016, we had cash and cash equivalents of US$514.1 million, US$409.2 million and US$414.9 million, respectively. As of December 31, 2014, 2015 and 2016, we had short-term bank deposits of US$19.2 million, US$88.7 million and US$111.9 million, respectively. As of April 30, 2017, we had unutilized borrowing facilities of US$807.7 million.

Taking into account our cash generated from operating activities, the net proceeds from the Global Offering and our credit facilities maintained with our banks, our Directors are of the opinion that we will have available sufficient working capital for our operations at least for the 12 months following the date of this prospectus.

Cash Flow Analysis

The following table sets forth our cash flows for the periods indicated.

	Year Ended December 31,		
	2014	2015	2016
	(in US$ thousands)		
Net cash generated from/(used in) operating activities	(56,440)	439,350	240,534
Net cash used in investing activities	(88,476)	(275,080)	(212,287)
Net cash generated from / (used in) financing activities	370,121	(248,594)	(6,588)
Net increase / (decrease) in cash and cash equivalents	**225,205**	**(84,324)**	21,659
Cash and cash equivalents at beginning of the year	285,535	514,124	409,239
Exchange gains/(losses) on cash and cash equivalents	3,384	(20,561)	(15,999)
Cash and cash equivalents at end of the year	**514,124**	**409,239**	**414,899**

Net Cash Generated from / Used in Operating Activities

In 2016, net cash generated from operating activities was US$240.5 million, which primarily consisted of profit before income tax of US$211.6 million, adjusted by reconciliation of non-cash items of US$196.3 million, which mainly included (i) depreciation of property, plant and equipment of US$148.5 million and (ii) share-based payment expenses of US$33.8 million in connection with the share awards granted to our employees. Additional factor that contributed to our cash generated from operating activities included primarily a US$172.8 million decrease in trade and other payables due to our decreased sales and increased collection efforts, which was offset by (i) a US$172.3 million increase in trade and other receivables, which was in line with the increase in sales in 2016; (ii) a US$130.6 million increase in inventories due to increased production activities as a result of consolidation of the optical modules business from Avago into our operations and in preparation of new product launch of one of our brand company customers in the second half of the year and (iii) income tax paid of US$37.3 million in 2016.

In 2015, net cash generated from operating activities was US$439.4 million, which primarily consisted of profit before income tax of US$209.1 million, adjusted by reconciliation of non-cash items of US$159.5 million, which mainly included (i) depreciation of property, plant and equipment of US$134.0 million and (ii) share-based payment expenses of US$22.4 million in connection with the share awards granted to our management personnel. Additional factor that contributed to our cash generated from operating activities included (i) a US$144.8 million decrease in trade and other receivables due to our increased collection efforts; and (ii) a US$8.3 million decrease in inventories, which was offset by (i) a US$32.3 million decrease in trade and other payables, which was also in line with increased payable settlement in 2015 as compared to 2014 and (ii) income tax paid of US$50.0 million in 2015.

In 2014, net cash used in operating activities was US$56.4 million, which primarily consisted of profit before income tax of US$234.2 million, adjusted by reconciliation of non-cash items of US$158.8 million, which mainly included (i) depreciation of property, plant and equipment of US$141.3 million and (ii) share-based payment expenses of US$15.5 million in connection with the share awards granted to our employees and the issuance of shares in relation to the Share Subscription Scheme. Factors that contributed to our cash used in operating activities included a US$131.2 million increase in trade and other payables as a result of the Reorganization which resulted in a longer period in 2014 prior to generating sufficient cash from operation to settle our trade payables, offset by (i) a US$328.6 million increase in trade and other receivables since the trade and other receivables as of December 31, 2013 reflected only the two full months of sales since November 2013 following our Reorganization; and (ii) a US$235.8 million increase in inventories primarily due to the ramp-up production of interconnect solutions and other products to be used in new products launched by our customers.

Net Cash Used In Investing Activities

Net cash used in investing activities in 2016 was US$212.3 million. Our expenditures for investing activities were primarily for (i) the purchase of property, plant and equipment of US$198.2 million related to our production facility in Vietnam and our production facilities in the PRC to further automate certain of our production processes; (ii) an increase in short-term bank deposits of US$23.2 million as a result of our cash management, and (iii) purchases of financial assets of US$5.9 million, which was partially offset by (i) the proceeds of US$10.2 million from the disposal of property, plant and equipment, and (ii) the receipt of interest income of US$5.5 million.

Net cash used in investing activities in 2015 was US$275.1 million. Our expenditures for investing activities were primarily for (i) the purchase of equipment related to our production facilities in the PRC of US$46.7 million to further automate certain of our production processes; (ii) the payments to related parties of US$92.0 million and US$9.3 million for the transfer of plant and equipment and the license of patents, respectively, as part of the Reorganization; (iii) the payment of US$69.7 million for the acquisition of optical modules business from Avago; and (iv) an increase in short-term bank deposits of US$69.5 million as a result of our cash management, which was partially offset by (i) the proceeds of US$7.4 million from the disposal of property, plant and equipment and (ii) the receipt of interest income of US$5.9 million.

Net cash used in investing activities in 2014 was US$88.5 million. Our expenditures for investing activities were primarily for (i) the purchase of equipment of US$110.0 million to further automate our production processes; and (ii) an increase in short-term bank deposits of US$19.2 million as a result of our cash management, which was partially offset by (i) the proceeds of US$33.4 million from the disposal of property, plant and equipment and (ii) the receipt of interest income of US$7.3 million.

Net Cash Generated from / Used in Financing Activities

Net cash used in financing activities in 2016 was US$6.6 million, primarily due to (i) cash dividends paid in the amount of US$44.2 million, (ii) listing expenses incurred of US$4.0 million, and (iii) interest expenses of US$3.8 million, partially offset by an increase in short-term borrowings of US$45.5 million.

Net cash used in financing activities in 2015 was US$248.6 million, primarily due to (i) a net repayment of short-term borrowings of US$106.7 million, (ii) dividend payment of US$41.7 million, (iii) the distribution to related parties of US$120.8 million for the transfer of equity interest in certain entities comprising the Group and (iv) the payment of interest expenses of US$6.0 million which was partially offset by the proceeds of US$26.7 million from the issuance of ordinary shares in relation to the Share Subscription Schemes to our employees and certain employees of Hon Hai Group.

Net cash generated from financing activities in 2014 was US$370.1 million, primarily due to (i) the total distribution to the then Shareholders for transfer of entities as a result of Reorganization of US$8.5 million for the transfers of Foxteq (UK) Limited, Foxconn Korea Limited and 25% equity interests in Fuding Zhengzhou, as part of the Reorganization; (ii) a net drawdown of short-term borrowings of US$299.6 million for the settlement of the payments to our related parties in connection with the Reorganization and (iii) the advance receipt of proceeds of US$82.2 million from our employees in relation to the ordinary Shares to be issued in relation to the Share Subscription Scheme to our employees.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily related to the purchase of land use rights, property, plant and equipment and intangible assets (exclusive of goodwill). For the years ended December 31, 2014, 2015 and 2016, our capital expenditures amounted to approximately US$113.8 million, US$106.1 million and US$223.1 million, respectively.

We expect our current plans with respect to future major capital expenditures to continue. We expect our capital expenditures for the year ending December 31, 2017 to be approximately US$146.9 million, of which approximately US$76.6 million will be primarily related to the purchase of equipment and machinery and approximately US$65.0 million for molding equipment. We anticipate that the funds needed to finance our capital expenditures will be financed by cash generated from our operations, bank borrowings, as well as net proceeds from the Global Offering.

After due consideration, our Directors believe that there will not be any material changes in the composition and trend of our capital expenditure in the next 12 months and our current cash and anticipated cash flow from operation will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditure for at least the next 12 months.

COMMITMENTS

Capital Commitments

Our capital commitments during the Track Record Period were primarily relating to the purchase of property, plant and equipment related to our production facilities, intangible assets in relation to patents and interests in an associate.

The following table sets forth capital commitments as of the dates indicated.

	As of December 31,		
	2014	2015	2016
	(in US$ thousands)		
Contracted for but not provided:			
Property, plant and equipment	226	1,190	723
Intangible assets	–	–	9,829
	226	1,190	10,552

Operating Lease Commitments

Our operating lease commitment was mainly for the lease of our production facilities.

The following table sets forth our aggregate future minimum lease payments under our operating leases as of the dates indicated.

	As of December 31,		
	2014	2015	2016
	(in US$ thousands)		
Within 1 year	3,146	4,893	9,162
After 1 year but within 2 years	1,322	4,007	5,890
After 2 years but within 5 years	4,835	11,033	9,485
After 5 years	–	–	4,239
Total	**9,303**	**19,933**	**28,776**

INDEBTEDNESS

During the Track Record Period, we borrowed short-term bank loans and loans from our related parties from time to time to finance our Reorganization, business operations and for cash management purposes. All of our bank borrowings are unsecured.

The following table sets forth the breakdown of our bank and other borrowings as of the dates indicated.

	As of December 31,			As of April 30, 2017
	2014	2015	2016	(Unaudited)
	(in US$ thousands)			
Current:				
Bank borrowing	330,036	336,814	384,818	402,073
Loans from related parties	115,963	2,523	–	–
Total	**445,999**	**339,337**	**384,818**	402,073

Bank borrowings during the Track Record Period were mainly for our working capital purpose and to supplement our capital needs for investment and acquisition activities. The increase in bank borrowings in 2016 from 2015 was primarily for the equipment and construction of our production facilities.

All of our bank borrowing and loans from related parties are unsecured. Our loans from related parties as of December 31, 2015 were fully settled in March 2016.

The majority of our bank borrowings during the Track Record Period were in NT dollars, U.S. dollars and Renminbi, with smaller borrowings denominated in Japanese Yen. The following table sets forth the breakdown of our bank borrowings by currencies as of the dates indicated.

	As of December 31,			As of April 30,
	2014	2015	2016	2017
				(Unaudited)
		(in US$ thousands)		
Renminbi	108,004	–	14,822	14,283
U.S. dollars	114,307	87,042	118,833	132,823
NT dollars	221,169	249,772	251,163	254,967
Japanese Yen	2,519	2,523	–	–
Total	**445,999**	**339,337**	**384,818**	**402,073**

As of December 31, 2014, 2015 and 2016 and April 30, 2017, most of our bank borrowings bore floating interest rates. The weighted average interest rates of our bank borrowings as of December 31, 2014, 2015 and 2016 and April 30, 2017 were 1.1%, 1.0% and 1.1% and 1.2% per annum, respectively. The weighted average interest rates of our loans from related parties as of December 31, 2014 and 2015 were 1.4% and 1.3% per annum, respectively. There were no outstanding loans from related parties as of December 31, 2016 and April 30, 2017.

Our borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans in the PRC, United States, Taiwan and Japan. During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that they are not aware of any breach of any of the covenants contained in our banking facilities constituting any event of default nor are they aware of any restrictions that will limit our ability to drawdown on our unutilized facilities. Our Directors further confirmed that during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in obtaining banking facilities and debts financing nor had we been rejected for any loan application or debt offering.

In addition, as of April 30, 2017, being the latest practicable date for the purpose of indebtedness statement in this prospectus, we had total outstanding bank borrowings in the amount of US$402.1 million, which was repayable within one year. All of these bank borrowings are unsecured. Our bank borrowings had variable interest rates ranging from 0.76% to 3.915% per annum. As of April 30, 2017, we had approximately US$807.7 million in unutilized borrowing facilities.

Save as disclosed above and apart from intra-group liabilities, as of April 30, 2017, being the latest practicable date for determining our indebtedness, we did not have any other outstanding loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans, or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness, commitments and contingent liabilities since April 30, 2017.

Our Directors confirm that, other than our unutilized banking facilities as disclosed in this prospectus, we do not have any plan to raise additional material external debt financing as of the date of this prospectus.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the period or as of the dates indicated.

	Year Ended / As of December 31,		
	2014	2015	2016
Rates of return:			
ROA[(1)]	8.3%	7.4%	6.9%
ROE[(2)]	24.8%	15.8%	13.6%
Liquidity:			
Current ratio[(3)]	1.18x	1.42x	1.39x
Quick ratio[(4)]	1.01x	1.20x	1.11x

Notes:

(1) Calculated using profit for the year divided by average total assets. Average total assets for the year is calculated as the sum of beginning and ending balances of total assets for the year divided by two.

(2) Calculated using profit for the year divided by average total equity. Average total equity for the year is calculated as the sum of beginning and ending balances of total equity for the year divided by two.

(3) Calculated using current assets as of the end of year divided by current liabilities as of the end of year.

(4) Calculated using the balance of current assets less inventories as of the end of year divided by current liabilities as of the end of year.

Return on Assets

Our return on assets ratio decreased from 8.3% in 2014 to 7.4% in 2015, primarily due to (i) decrease in our profit in 2015 and (ii) the acquisition of optical modules business of Avago in December 2015 that increased our total assets while we did not record revenue from such optical modules business in 2015. Return on assets ratio further decreased to 6.9% in 2016, primarily due to an increase in our total assets, mainly resulting from increased trade and other receivables and inventories. The decreased return on assets ratio was also due to the decrease in profit.

Return on Equity

Our return on equity ratio decreased from 24.8% in 2014 to 15.8% in 2015 and further to 13.6% in 2016, primarily due to decrease in our profit. See "– Working Capital" for reasons behind the movement for the balances of these accounts.

Current Ratio

Our current ratio increased from 1.18 times as of December 31, 2014 to 1.42 times as of December 31, 2015, primarily due to decreases in our trade and other payables and our borrowings. Our current ratio decreased from 1.42 times as of December 31, 2015 to 1.39 times as of December 31, 2016, primarily due to the increases in our trade and other receivables and borrowings. See "– Working Capital" for reasons behind the movement for the balances of these accounts.

Quick Ratio

Our quick ratio increased from 1.01 times as of December 31, 2014 to 1.20 times as of December 31, 2015, primarily due to decreases in our trade and other payables and our borrowings. Our quick ratio decreased from 1.20 times as of December 31, 2015 to 1.11 times as of December 31, 2016, primarily due to the increases in our inventories, our trade and other payables, and borrowings. See "– Working Capital" for reasons behind the movement for the balances of these accounts.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

CONTINGENT LIABILITIES

As of December 31, 2014, 2015 and 2016, we did not record any significant contingent liability, guarantee or any litigation against us. We confirm as of the Latest Practicable Date that there have been no material changes to our contingent liabilities.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors believe that each of the related party transactions set out in note 34 to the Accountant's Report in Appendix I to this prospectus were carried out in the ordinary course of business on an arm's length basis and confirm that all non-trade balances and guarantees with related parties will be settled and released before Listing. Our Directors are of the view that the related party transactions did not cause any distortion of our results of operations or make our historical results not reflective in the Track Record Period.

See "Connected Transactions" for more information of our related party transactions that are trade in nature.

DISTRIBUTABLE RESERVES

Distributable reserves represent share premium and retained earnings. As of December 31, 2016 the total of share premium and retained earnings was US$1,084.8 million.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

In the ordinary course of our business, we are exposed to various market risks, including foreign exchange risk, price risk, cash flow and fair value interest risk, credit risk and liquidity risk. Our overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

Foreign Exchange Risk

We operate in various locations and most of our sales, purchases or other transactions are denominated in U.S. dollars, NT dollars and Renminbi. Foreign exchange fluctuations may have a significant positive or negative effect on our results of operations. Majority of our Group's entities are exposed to foreign currency risks related to purchasing, selling, financing and investing in currencies other than the functional currencies in which we operate. As we enter into transactions denominated in currencies other than the functional currencies in which we or our subsidiaries operate, we face foreign currency transaction risk to the extent that the amounts and relative proportions of various currencies in which our costs and liabilities are denominated deviate from the amounts and relative proportions of the various currencies in which our sales and assets are denominated. Approximately 99.5%, 99.5% and 85.4% of our sales in 2014, 2015 and 2016, respectively, were denominated in currencies other than the functional currencies of our subsidiaries and the Taiwan branch office of our Company making the sales, while approximately 84.8%, 83.2% and 84.9% of costs in 2014, 2015 and 2016, respectively, were denominated in currencies other than the functional currencies of our subsidiaries and the Taiwan branch office of our Company making the purchases of raw materials and components. Such exposures primarily arise from the sales and purchases of the Taiwan branch office of our Company denominated in U.S. dollars, Renminbi and other transactional currencies while its functional currency is NT dollars.

Our consolidated financial information is reported in the U.S. dollar. Our PRC and other non-U.S. subsidiaries prepare financial statements in Renminbi or their respective local currencies as their functional currencies, which are then translated into the U.S. dollar prior to being consolidated in our financial information. As a result, changes in the value of the U.S. dollar relative to the functional currencies of these subsidiaries create translation gains and losses in other comprehensive income or loss upon consolidation.

Assets or liabilities denominated in non-U.S. dollar currencies are generally translated into the U.S. dollar at the prevailing exchange rate as of the end of each financial period. Sales, purchases or other transactions denominated in non-U.S. dollar currencies are generally translated into the U.S. dollar for reporting purpose at the average exchange rate during the financial period. Consequently, as our PRC and other non-U.S. subsidiaries generally have significant U.S. dollar-denominated sales and accounts receivables, depreciation of the U.S. dollar would result in foreign exchange losses while appreciation of the U.S. dollar would result in foreign exchange gains.

We generally purchase raw materials and components denominated in the same currencies as the currencies in which we generate revenues. To further mitigate the foreign exchange risk, we have also adopted a prudent foreign exchange hedging policy. We have implemented internal procedures to monitor our hedging transactions which include limitations on transaction types and transaction value, formulation and review of hedging strategies in light of different market risks involved and other risk management measures. Pursuant to our policy, the nominal amount of our total hedging transaction contracts shall not exceed the value of our existing and future assets or liabilities being hedged, and in any event, shall not in aggregate exceed 50% of the total equity of our Group during the terms of such contracts. In addition, the maximum loss limit is 20% of the contract amount for each individual contract and all of the contracts combined. Taking into account our business practice, our existing hedging policy and our historical transactions, our Directors are of the view that our foreign exchange hedging arrangements and risk control measures are adequate and effective in managing our foreign currency exposure.

We enter into forward foreign exchange contracts for hedging purposes only but not for speculative purposes. We only enter into such contracts with well-established financial institutions, with the nominal principal amount not exceeding the cash and cash equivalents balance at the time when such contracts are entered into. By entering into such contracts, we hedge our foreign exchange exposures by locking in the exchange rates for our trade receivables and payables arising from our sales and purchases, respectively, denominated in foreign currencies. Accordingly, we believe the market risks associated with these contracts are low. Our forward foreign exchange contracts typically have a maturity date ranging from three days to two months after the respective dates of such contracts. As of December 31, 2014, 2015 and 2016, the nominal principal amount of our forward foreign exchange contracts was nil, RMB408.1 million and RMB227.8 million, respectively.

In 2014, 2015 and 2016, if the U.S. dollars had strengthened/weakened by 10% against NT dollars and Renminbi while all other variables had been held constant, our net profit for the year would have changed as follows, mainly as a result of exchange gains/losses on translation of various financial assets and liabilities denominated in NT dollars and Renminbi.

	Year Ended December 31,		
	2014	2015	2016
	(in US$ thousands)		
Net profit increase/(decrease):			
NT dollars	-/+ 20,947	-/+ 19,375	-/+ 22,808
Renminbi	-/+ 23,579	-/+ 7,712	-/+ 42,651

Credit Risk

The carrying amounts of cash and cash equivalents and trade and other receivables included in our financial information represent our maximum exposure to credit risk in relation to its financial assets. The objective of our measures to manage credit risk is to control and limit potential exposure to any recoverability issues.

Cash and cash equivalents and short-term bank deposits were deposited in the major financial institutions in Taiwan and the PRC, which our Directors believe are of high credit quality.

We have established policies in place to ensure that sales of our interconnect solutions and other products are made to customers with an appropriate credit history and we assess the credit worthiness and financial strength of our customers taking into account prior dealing history with the customers and volume of sales. Our management makes periodic collective assessments as well as individual assessments on the recoverability of trade and other receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any trade disputes with the debtors.

Liquidity Risk

We monitor rolling forecasts of our liquidity requirements to ensure we have sufficient cash to meet operational needs while maintaining sufficient undrawn borrowing facilities at all times so that we do not breach borrowing limits or covenants (where applicable) on any of our borrowing facilities. We expect to fund our future cash flow needs through cash generated from our operations, bank borrowings, as well as net proceeds from the Global Offering.

The tables set forth our financial liabilities that will be settled on a net basis by relevant maturity profile based on the remaining period at the respective consolidated balance sheet date to the contractual maturity date. The amounts disclosed in the tables below are the contractual undiscounted cash flows.

	As of December 31,		
	2014	2015	2016
	(in US$ thousands)		
Within one year			
Trade and other payables	933,319	692,591	899,036
Borrowings, including interest payables	451,076	342,702	384,913
	1,384,395	1,035,293	1,283,949

Interest Rate Risk

Our interest rate risk arises from our bank borrowings. Our bank borrowings are carried at floating rates which expose to cash flow interest rate risk. We have not entered into any interest rate swaps to hedge our exposure to interest rate risk.

As of December 31, 2014, 2015 and 2016, if the interest rates on floating-rate borrowings had been 100 basis points higher/lower with all other variables held constant, our profit before tax for the year would have been approximately US$3.3 million, US$3.4 million and US$3.8 million lower/higher respectively, mainly as a result of higher/lower interest expense on floating-rate borrowings.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission (excluding the incentive fees) and fees incurred in connection with the Listing and the Global Offering. Listing expenses to be borne by us are estimated to be approximately US$17.3 million (approximately HK$134.3 million) (assuming an Offer Price of HK$2.73, being the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus and that the Over-allotment Option will not be exercised), of which approximately US$7.6 million (approximately HK$59.2 million) is directly attributable to the issue of new Shares to the public and to be capitalized and to be accounted for as a deduction from equity, and approximately US$9.7 million (approximately HK$75.1 million) has been or is expected to be reflected in our consolidated income statement. Approximately US$6.9 million (approximately HK$53.5 million) of the listing expenses in relation to services already performed has been reflected in our consolidated income statement during the Track Record Period, and the remaining amount of approximately US$2.8 million (approximately HK$21.6 million) is expected to be reflected in our consolidated income statement for the year ending December 31, 2017. Our Directors do not expect such expenses to materially impact our results of operations for the year ending December 31, 2017.

DIVIDENDS

We may distribute dividends by way of cash or by other means that we consider appropriate. We paid cash dividends of nil, US$41.7 million and US$44.2 million to our Shareholders in 2014, 2015 and 2016, respectively. We currently do not have a fixed dividend payout ratio. Any future determination to declare and pay any dividends will be at the discretion of our Board and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our Board deems relevant. In addition, any final dividends for a financial year will be subject to the Shareholders' approval.

Dividends may be paid only out of our distributable profits as permitted under the relevant laws. To the extent profits are distributed as dividends, such portion of profits may not be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set forth in any plan to our Board or at all. Furthermore, if we or any of our subsidiaries incur debt on our or its own behalf in the future, the instruments governing the debt may restrict our ability to pay dividends. The past dividend distribution record may not be used as a reference or basis in determining the level of dividends that may be declared or paid by us in the future.

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial and trading position or prospects since December 31, 2016, and there is no event since December 31, 2016 which would materially affect the information shown in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For illustrative purpose only, the following statement of unaudited pro forma adjusted net tangible assets of our Company prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is prepared to show the effect on the audited net tangible assets of our Company as of December 31, 2016 as if the Global Offering had occurred on December 31, 2016 and is based on the consolidated net assets derived from the audited financial information of our Company as of December 31, 2016, as set out in the Accountant's Report in Appendix I to this prospectus and adjusted as follows:

	Audited consolidated net tangible assets of our Group attributable to the owners of our Company as of December 31, 2016[(1)]	Estimated net proceeds from the Global Offering[(2)]	Unaudited pro forma adjusted net tangible assets attributable to the owners of our Company as of December 31, 2016	Unaudited pro forma adjusted net tangible assets per Share	
	(in thousands of US$)			US$[(3)]	HK$[(5)]
Based on an Offer Price of HK$2.38 per Share	1,283,520	294,237	1,577,757	0.2396	1.86
Based on an Offer Price of HK$3.08 per Share	1,283,520	382,052	1,665,572	0.2529	1.96

Notes:

(1) *The audited consolidated net tangible assets of our Group attributable to the owners of our Company as of December 31, 2016 is extracted from the Accountant's Report set forth in Appendix I to this prospectus, which is based on the audited consolidated net assets of our Group attributable to the owners of our Company as of December 31, 2016 of US$1,283,951,000 with an adjustment for the intangible assets as of December 31, 2016 of US$431,000.*

(2) *The estimated net proceeds from the Global Offering are based on the Offer Price of HK$2.38 (equivalent to US$0.31) and HK$3.08 (equivalent to US$0.40) per Share, respectively, after deduction of estimated underwriting fees (excluding the incentive fees) and other related expenses payable by the Company (excluding approximately US$6.9 million listing expenses which have been charged to our consolidated income statement up to December 31, 2016) and takes no accounts of any Shares which may be granted and issued by the Company pursuant to the exercise of the Over-allotment Option or any Shares which may be granted and issued by the Company pursuant to the Share Grant Scheme or any Shares which may be granted and issued or repurchased by the Company pursuant to the General Mandate and the Repurchase Mandate.*

(3) *The unaudited pro forma net tangible assets per Share are determined after the adjustments as described in the paragraph above and on the basis that 6,585,345,888 Shares are in issue (assuming that the Global Offering had been completed on December 31, 2016), without taking into account of any Shares which may be issued upon the exercise of the Over-allotment Option.*

(4) *No adjustments have been made to the unaudited pro forma adjusted net tangible assets of the Group to reflect any trading result or other transactions of the Group entered into subsequent to December 31, 2016.*

(5) *In connection with the preparation of this unaudited pro forma statement of adjusted net tangible assets, the translation of U.S. Dollar into Hong Kong dollars has been made at a rate of US$1.00 to HK$7.7534.*

DISCLOSURE REQUIRED UNDER THE LISTING RULES

As of the Latest Practicable Date, except as otherwise disclosed in this prospectus, our Directors confirmed that there are no circumstances that will give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), Foxconn Far East Hong Kong will be entitled to exercise voting rights of approximately 78.65% of the issued share capital of our Company. Foxconn Far East Hong Kong is wholly owned by Foxconn Far East Cayman, which in turn is wholly owned by Hon Hai. Accordingly, Hon Hai, Foxconn Far East Cayman and Foxconn Far East Hong Kong are our Controlling Shareholders.

Two of our Controlling Shareholders, Foxconn Far East Cayman and Foxconn Far East Hong Kong, are investment holding companies with no substantive business operations. The other Controlling Shareholder, Hon Hai, is the world's largest provider of end-to-end product and solutions for all aspects of global electronics contract manufacturing.

BUSINESS INTERESTS OF HON HAI AND DELINEATION

Apart from our Group's business, Hon Hai has interests in other businesses including (i) modules comprising system boards and subassemblies; and (ii) systems comprising full system assembly of electronic products (together the "**Other Hon Hai Businesses**"). The Other Hon Hai Businesses are operated through various companies directly and indirectly owned and controlled by Hon Hai, which do not form part of our Group.

The core business of our Group focuses on the design, development and production of interconnect solutions and related products that provide critical functionality to computer and consumer electronics, mobile and wireless devices, communications infrastructure, including cloud computing, and emerging applications. As the Other Hon Hai Businesses are not involved in the development and manufacture of interconnect solutions, our core business is different from Other Hon Hai Businesses, and our Directors are of the view that there is a clear delineation between Other Hon Hai Businesses and our business.

Our Company was incorporated in 2013 as an indirect subsidiary of Hon Hai. Since our establishment, we have been independently operating the interconnect technology business formerly operated by another business unit of Hon Hai. Please see the section headed "Our History and Development – History – Overview" in this prospectus for details. Following our establishment, as part of the Reorganization, we acquired all subsidiaries, production facilities and inventories of Hon Hai that related to the interconnect solutions business.

In view of the foregoing, our Directors are of the view that our operations are independent of and separate from the Other Hon Hai Businesses, and that there is a clear separation between the Other Hon Hai Businesses and our business, and that the Other Hon Hai Businesses do not compete and are unlikely to compete, either directly or indirectly, with the business of our Group. Pursuant to the Non-Competition Undertaking, details of which are set out in the paragraph headed "Non-Competition Undertaking" below, Hon Hai has undertaken not to engage in activities that compete with our core business.

NON-COMPETITION UNDERTAKING

Hon Hai (the "**Covenantor**") made an irrevocable undertaking in favor of our Company on June 6, 2016 (the "**Non-Competition Undertaking**"), pursuant to which the Covenantor irrevocably undertook to our Company that it shall not, and shall procure that its affiliates and its close associates (as ascribed under the Listing Rules, other than any member of our Group) shall not, directly or indirectly, invest in, participate in, carry on, and/or operate any business (including the design, development, production and sales of connectors, antennas, acoustics component, cables and cable assemblies products) or any other business that the Group plans to engage as described in this prospectus (the "**FIT Core Business**") which is in any respect in competition with or is likely to be in competition with or benefit from either on its own account, through its representatives or together with any third parties.

The Non-Competition Undertaking commencing from the date of the Non-Competition Undertaking and ending on either (1) the Shares being ceased to be listed on the Stock Exchange (not including the trading halts or suspensions under the Listing Rules); or (2) the Covenantor and its close associates, individually or collectively and directly and/or indirectly ceasing to be entitled to exercise or control the exercise of 30% or more in aggregate of the voting power at Shareholders' general meetings of our Company (the "**Restricted Period**").

Option for New Business Opportunities

The Covenantor has undertaken that, during the Restricted Period, if the Covenantor, its affiliates or its close associates become aware of, being recommended or offered with a new business opportunity which will directly or indirectly compete or is likely to compete with the FIT Core Business, including but not limited to the opportunities which are the same with or similar to the FIT Core Business (the "**New Business Opportunities**"), the Covenantor shall, and shall procure its affiliates or close associates to refer or recommend the New Business Opportunities to our Group, and subject to relevant laws or contractual arrangements with third parties:

(a) the Covenantor, its affiliates or close associates, as the case may be, shall provide us with a written notification which includes all reasonable and necessary information; and

(b) if there are circumstances which prevent our Group from engaging in the New Business Opportunities, the Covenantor, after obtaining the approval of the committee comprising our independent non-executive Directors and seeking the opinion of independent experts, may engage in the New Business Opportunities. However, when such circumstances no longer exist, our Group, subject to relevant laws or contractual arrangements with third parties, is entitled, at any time, to acquire the business commenced as a result of engaging in the New Business Opportunities.

Further Undertaking

The Covenantor has further undertaken that, subject to relevant laws or contractual arrangements with third parties:

(a) if the Covenantor, its affiliates or its close associates intend to transfer, sell, lease, or license any business or interest, which is or is likely to compete, directly or indirectly, with the FIT Core Business, to a third party, they shall first offer to our Company the rights to acquire such business or interest on terms no less favorable than those that would have been offered to others; and

(b) our Group has the right at any time to acquire any business of the Covenantor, its affiliates, or its close associates, which is or is likely to compete with the FIT Core Business, or any business commenced as a result of engaging in the New Business Opportunities. The terms of acquisition shall be decided by the committee comprising our independent non-executive Directors after obtaining the opinion of independent experts, to be on normal commercial terms, fair and reasonable and in the interests of our Group.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Controlling Shareholders and their respective associates after the Listing.

Management Independence

Our Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors, none of whom serves as a director of Hon Hai. Except and save for Dr. Ga-Lane Chen, our non-executive Director, who has a role as chief technology officer in Hon Hai, none of our Directors has a position in Hon Hai or involved in Other Hon Hai Businesses.

Our management and operational decisions are made by our executive Directors and senior management, most of whom have served our Group for a long time and have substantial experience in the industry in which we are engaged. Please see the section "Directors and Senior Management" for further details. Each of our Directors is aware of his fiduciary duties as a director which require, among others, that he must act for the benefit of and in the best interests of our Company and not allow any conflict between his duties as a Director and his personal interests. The Directors shall abstain from voting in any Board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest and shall not be counted in the quorum present at the particular Board meeting.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team is able to perform the managerial role in our Group independently.

Operational Independence

We have full rights to make all decisions regarding, and to carry out, our own business operations independently. Our Company (through our subsidiaries) holds or is entitled to or enjoys the benefit of all relevant licenses necessary to carry out our businesses, and has sufficient capital, equipment and employees to operate our business independent from our Controlling Shareholders.

We have established our own sales and marketing, research and development, finance, accounting and legal functions operated independently from our Controlling Shareholders. We have also adopted a set of internal control procedures to maintain effective and independent operation of our business.

Sales to Hon Hai Group

Our sales to Hon Hai Group amounted to US$1,090.5 million, US$861.7 million and US$661.1 million, respectively, and represented approximately 43.9%, 37.0% and 23.0% of our total revenue in 2014, 2015 and 2016. While we will continue to sell to Hon Hai Group, our Directors are of the view that our Group is operationally independent from our Controlling Shareholders for the following reasons. During the Track Record Period, our sales to Hon Hai Group as a percentage of our total revenue have demonstrated a declining trend. In addition, over 50% of such sales were for interconnect solutions and other products designated by the top five brand companies, the selling prices, specifications and volumes of which we negotiated and agreed directly with the relevant brand companies. In such instances, brand companies have significant influence on the interconnect solutions and other products we provide. Please see the section headed "Business – Our Customers" in this prospectus for further details. We believe such arrangement is common within the supply chain of the industries that our customers belong to, which helps these brand companies retain control over their supply chains. Moreover, we also have a broad range of independent third-party customers, covering each of the four major end markets that we serve, and we plan to continue diversifying our customer base in the future. Furthermore, our cooperation with Hon Hai Group is mutually complementary. Since Hon Hai is one of the world's leading providers of electronics contract manufacturing services and we are a leading provider of interconnect solutions along the relevant supply chain, being the designated and approved supplier of many brand companies as to their purchases of assembled products from Hon Hai Group for better quality control and better compliance with confidentiality requirements, we are, and we believe we will continue to be, a key supplier to Hon Hai Group. Our commercial relationship with Hon Hai Group is a natural result of our and Hon Hai's leading positions in our respective industries.

Purchase and Other Transactions

We also conduct various other transactions with Hon Hai Group including but not limited to purchase of various raw materials, semi-finished components and assembled products, and procurement of molding parts from Hon Hai Group. In 2014, 2015 and 2016, purchases of various raw materials, semi-finished components and assembled products from Hon Hai Group represented approximately 20.6%, 26.6% and 23.6% of our total purchases. In 2014, 2015 and 2016, our procurement of molding parts represented 2.0%, 2.9% and 2.8% respectively, of our total cost of sales. These transactions are required to be conducted on normal commercial terms. The reasons for entering into these transactions are set out in the section headed "Connected Transactions" in this prospectus. On the basis of these reasons and that these transactions are required to be conducted on normal commercial terms and there are alternative suppliers in the markets, our Directors consider that purchases from Hon Hai Group as a proportion of our total purchases do not result in our reliance on Hon Hai to the extent that we do not operate independently.

Sub-contracting Services

In order to enhance our production efficiency and manage our production cost, we from time to time sub-contract certain labor-intensive production processing of our interconnect solutions and other products to Hon Hai Group. In 2014, 2015 and 2016, our subcontracting expenses to Hon Hai Group represented 4.5%, 4.1% and 3.2% respectively, of our total cost of sales. As of December 31, 2016, we engaged 66 sub-contracting manufacturers in total, of which 53 were independent third parties and only 13 were from Hon Hai Group. In 2016, 66.8% of subcontracting expenses were charged by entities that are not within Hon Hai Group, all of which are independent third parties. Moreover, since these sub-contracting arrangements generally do not involve our core production processes or technologies, we believe we can choose to either subcontract these production processes to either Hon Hai Group or third parties with comparable capability and quality in close proximity of our production facilities or recruit additional workforce with minimal training to conduct the same production processes, whichever way being most commercially beneficial and viable.

Patent Licensing Arrangement

Prior to the Reorganization, as our predecessor then still formed a business unit of Hon Hai, the patents developed prior to the Reorganization were registered under Hon Hai's name. Given that the patents were developed specifically for the use of Interconnect Solutions Business by our predecessor and of no use to Other Hon Hai Businesses, following our establishment in 2013, the parties entered into an exclusive patent licensing arrangement on November 27, 2013 whereby our Group had the exclusive right to use over 8,000 interconnect technology related patents registered under Hon Hai and/or its other subsidiaries, that were developed by our predecessor when it was part of Hon Hai for an initial term of three years ended on December 31, 2016. Since our separation, we have carried out our own research and development and registered new patents in our name. The irrevocable and exclusive licensing agreement was renewed on June 27, 2016 for a term of seven years effective from January 1, 2017, subject to further renewal by our Group for a period until the expiry of the underlying patents. Please see the section headed "Connected Transactions" in this prospectus for a summary of the terms of the exclusive license agreement.

We believe that such patent licensing arrangement instead of an one-off acquisition of the relevant patents is commercially favorable to our Group based on the following considerations:

- *Impact on our cash flow positions.* In view of the significant number of patents involved, if the Group acquired the relevant patents, the potential transfer consideration would impose substantial burden on our cash flow positions.

- *Diminishing significance of our patent portfolio over time.* We evaluate our patent portfolio and do not pay the maintenance fee for those patents that represent diminishing significance to our overall business operations in our patent portfolio on annual basis. Out of approximately 8,000 patents that we originally licensed exclusively from Hon Hai Group starting from January 1, 2014, we selectively stopped licensing or maintaining certain patents based on our annual review of patent portfolio and as of December 2016, only approximately 6,000 of such patents was remained effective in our patent portfolio. Since the total consideration of patent transfer was based on the actual number of patents involved at the time when we entered into the licensing agreement, we believe by entering into patent license arrangements with Hon Hai Group with an initial term of three years and subsequent renewals, we are able to optimize our cost control initiatives based on our business needs from time to time. In addition, all patents that we require for our business have been either exclusively licensed to us or registered in our name. In light of the different products and services provided by our business and the Other Hon Hai Businesses, our Directors do not expect there to be competition between the Other Hon Hai Businesses and our Group's business after the Listing.

On the other hand, all the Interconnect Solutions Business related patents we develop after the Reorganization are registered under our own name, which become increasingly important to our business over time. We have over 800 registered patents and 1,000 active patent applications worldwide as of December 31, 2016.

In addition to the above reasons, our Directors consider that our patent licensing arrangement with Hon Hai Group does not result in our reliance on Hon Hai Group since (i) pursuant to the aforementioned patent licensing agreement, our Group was irrevocably granted the exclusive and non-assignable rights to use certain interconnect technology related patents registered under Hon Hai Group. We are entitled to use these patents in any way permitted by law, including but not limited to, for manufacturing, sub-contracting, sale and other related purposes; (ii) upon the expiration of the first term, the patent licensing agreement would be renewed automatically for a second term until the expiration of all relevant patents. In essence, the licensing period will cover the entire lifetime of the patent portfolio. Our Group also has the right to adjust the scope of patents covered under the licensing agreement when renewing for the second term by removing certain patents that we consider no longer of value or importance to our business; and (iii) we believe that patent licensing is a widely adopted means in the industry for acquiring patent access rights and the licensing arrangement between our Group and Hon Hai Group is considered as normal course of business with commercial rationale.

Based on the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders during the Track Record Period and will continue to operate independently.

Financial Independence

During the Track Record Period and up to the Latest Practicable Date, our Group has our own internal control, accounting and financial management system, accounting and finance department and independent treasury functions for cash receipts and payment and we make financial decisions according to our own business needs.

In addition, we also have our own treasury function and independent access to third party financing. As of the Latest Practicable Date, all loans due from our Controlling Shareholders and their respective associates have been fully settled and all loans due to our Controlling Shareholders and their respective associates have been fully repaid. As such, our Group does not rely on our Controlling Shareholders and/or their associates by virtue of their historical provision of financial assistance.

As of the Latest Practicable Date, our Controlling Shareholders and their associates did not extend any loans to us, and did not provide guarantee or other collateral to secure any of our borrowings. Our Directors believe that we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders.

Prior to the Reorganization, our predecessor and Hon Hai adopted centralized cash management and financing, whereby Hon Hai would collect trade receivables and settle payments on our predecessor's behalf. Following the establishment of our Group, the Group has a system to manage its cash and financing functions independently from Hon Hai. Hon Hai transferred the retained earnings of our predecessor during the disclosed period from January 1, 2013 to October 31, 2013 as a deemed distribution to the Group. Subsequently and during the Track Record Period, none of our Controlling Shareholders or their respective associates financed our operations (except for those connected transactions that are trade in nature). Our Directors confirm that our Group does not intend to obtain any borrowings from our Controlling Shareholders.

Based on the above, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders.

CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders has confirmed that it/he/she fully comprehends its/his/her obligations to act as our Shareholders' and our best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

(a) the independent non-executive Directors will review, at least on an annual basis, the compliance by our Controlling Shareholders with the Non-Competition Undertaking;

(b) as part of our preparation for the Listing, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(c) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and abstain from voting at the Board meetings on matters in which such Director or his associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

(d) we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section headed "Directors and Senior Management – Directors – Independent Non-executive Directors" in this prospectus;

(e) in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between the Group on the one hand and the Controlling Shareholders and/or the Directors on the other, the Controlling Shareholders and/or the Directors shall provide the independent non-executive Directors with all necessary information and the Company shall disclose the decisions of the independent non-executive Directors (including why business opportunities referred to it by the Controlling Shareholders were not taken up) either through its annual report or by way of announcements; and

(f) we have appointed China International Capital Corporation Hong Kong Securities Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.

OVERVIEW

We have entered into a number of continuing agreements and arrangements with our connected persons (as defined under Chapter 14A of the Listing Rules) in our ordinary and usual course of business. Upon the listing of the Shares on the Stock Exchange, the transactions disclosed under this section will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The historical amounts disclosed for the financial years ended December 31, 2014, 2015 and 2016 in respect of the continuing connected transactions in this section constitute only a portion of the amounts disclosed in respect of transactions with related parties for the financial years ended December 31, 2014, 2015 and 2016 in Note 34 to the financial information in the Accountant's Report set forth in Appendix I to this prospectus. The remaining portion of the amounts disclosed in Note 34 to the financial information in the Accountant's Report is attributable to transactions between members of our Group and (a) associates of our connected persons that will not continue after the Listing; and (b) parties that fall under the definition of our "related parties" under IFRS but not our "connected persons" as defined in the Listing Rules and therefore do not constitute continuing connected transactions requiring disclosure in this section.

CONNECTED PERSONS

The following entities will be our connected persons upon Listing:

- Hon Hai, a Controlling Shareholder and hence our connected person;

- Hon Hai Group, each entity being a subsidiary or associate of our Controlling Shareholder and hence our connected persons; and

FULLY-EXEMPTED CONTINUING CONNECTED TRANSACTIONS

Since Hon Hai Group are connected persons of our Company, and our transactions with these entities in each of the following categories are of a similar nature, each category of transactions will be aggregated and treated as if they were one transaction respectively, pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules.

Premises leased from Hon Hai Group

As of the date of this prospectus, we have entered into various lease agreements pursuant to which we leased various properties from Hon Hai Group for manufacturing facilities and offices purpose. The terms of the lease agreements are not more than three years. These transactions are conducted on normal commercial or better terms and the lease agreements are entered into in the ordinary and usual course of business of our Group.

As the applicable percentage ratios (except for the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules are, and total annual rental payable by us under such leases will be, as our Directors currently expect, less than 0.1%, the transactions contemplated under such lease agreements are exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Premises leased to Hon Hai Group

As of the date of this prospectus, we have also entered into various property leasing agreements between the relevant members of our Group, as the lessor, and Hon Hai Group, as the lessee. The terms of the lease agreements are not more than three years. These transactions are conducted on normal commercial terms and the lease agreements are entered into in the ordinary and usual course of business of our Group.

As the applicable percentage ratios (except for the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules are, and total annual rental payable by Hon Hai Group under such leases will, as our Directors currently expect, be less than 0.1%, the transactions contemplated under such lease agreements are exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Equipment leased from Hon Hai Group

We leased production equipment from Hon Hai Group in the peak season of 2016. Going forward, we expect to enter into similar equipment leasing transactions, which will be conducted on normal commercial or better terms and the agreements be entered into in the ordinary and usual course of business of our Group.

As the applicable percentage ratios (except for the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules are, and total annual payable by us under such agreements will be, as our Directors currently expect, less than 0.1%, the transactions contemplated under such agreements are exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

General services and costs sharing agreement (as income) with Hon Hai Group

Our Group entered into a general services and costs sharing agreement with Hon Hai, pursuant to which Hon Hai will share the costs of certain services and office spaces of our Group including telecommunication, general administrative and IT system support, utility, logistics and other services. The term of the agreement is three years commencing on the Listing Date, pursuant to which the transactions under the general services and costs sharing agreement will be conducted on normal commercial or better terms and the agreement is entered into in the ordinary and usual course of business of our Group.

As the applicable percentage ratios (except for the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules are, and total annual payable by us under such agreements will be, as our Directors currently expect, less than 0.1%, the transactions contemplated under such agreements are exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Patent Licensing Agreement with Hon Hai Group

Our Group entered into a patent licensing agreement with Hon Hai Group with a term effective from January 1, 2014 and ended December 31, 2016 (the "**Patent Licensing Agreement**"), pursuant to which Hon Hai Group agreed to grant to our Group the right to use exclusively certain patents registered under its names with a fee of NT dollars 280,161,000. We were entitled to exclusively use the patents for the purpose of the ordinary business operation of our Group.

We renewed the existing Patent Licensing Agreement on June 27, 2016 for a term of seven years effective from January 1, 2017 with a fee of NT dollars 298,374,000 (US$9,209,074) in total, subject to further renewal by both parties. Pursuant to the Patent Licensing Agreement, our Group was irrevocably granted the exclusive and non-assignable rights to use certain interconnect technology related patents (the "**Patents**") registered under Hon Hai Group. We are entitled to use the Patents in any way permitted by law, including but not limited to for manufacture, sub-contracting, sale and other related purposes. The Patent Licensing Agreement will expire upon the expiration of all the Patents, with the first term ending on December 31, 2023 and the second term automatically renewed until the expiration of all relevant Patents. Hon Hai Group is only entitled to terminate the Patent Licensing Agreement if (a) the Company explicitly refuses to pay relevant royalty fee; or (b) the Company has failed to pay relevant royalty fee on time and fails to make such delayed payment within 60 days upon Hon Hai Group's demand notice. For further details of these licensed patents which we consider to be or may be material to our business, please refer to the section headed "Statutory and General Information – B. Further Information about our Business – 2. Intellectual Property Rights of the Group" in Appendix IV to this prospectus.

Our Directors estimate that the annualized fee payable by us in relation to the Patent Licensing Agreement for each year during the first six years will be approximately US$1,388,889 each year and US$875,741 for the last year. As confirmed by our Patent Valuer, the patent royalty fees charged by Hon Hai Group under the Patent Licensing Agreement is within reasonable range of the patent royalty fees in the market. The fee for the second term of the Patent Licensing Agreement shall be determined pursuant to a valuation report issued by our Patent Valuer and shall not exceed the fee for the first term. As such, our Directors consider that the terms of the Patent Licensing Agreement are in the interests of both our Group and Hon Hai Group and are therefore on normal commercial terms. As the applicable percentage ratios (except for the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules are, and the annual royalty fee payable by us under the Patent Licensing Agreement will be, as our Directors currently expect, less than 0.1%, the transaction is exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Patent Licensing Agreement will continue after Listing. The duration of the Patent Licensing Agreement from the date of Listing until expiration is of a term exceeding three years. Our Directors are of the view that it is normal business practice for patent licensing agreements to be of a similar or longer duration to that of the Patent Licensing Agreement. Given that the licensing of various patents underlying the Patent Licensing Agreement is critical to the Group's business operation, it is essential for the Patent Licensing Agreement to be of a duration longer than three years. In addition, considering the nature of the licensed patents and the life cycle of our interconnect solutions and other products, our Patent Valuer is of the view that an initial seven years term in the Patent Licensing Agreement is sufficiently long to protect our interest in the licensed patents. We evaluate our patent portfolio on an annual basis and have the sole discretion to decide whether to maintain certain licensed patents based on our assessment of business needs and technology environment, or not pay the maintenance fee for those patents that are of diminishing significance to our overall business operations in our patent portfolio. Please see the section headed "Relationship with Our Controlling Shareholders – Independence from our Controlling Shareholders – Operational Independence – Patent Licensing Arrangement" in this prospectus for further details. The Patent Licensing Agreement will be automatically renewed upon the expiration of first term so that those licensed patents that we decide to retain will continue to be licensed to us under the arrangement. Considering the Patent Valuer's above view and that (a) the seven-year duration of a patent license agreement of this nature is within normal business practice for agreements of this type to be of such duration; (b) it is strategically important for the Group to exclusively use such patents; and (c) such seven-year term is sufficiently long to provide better protection to the Group given the nature of our licensed patents, the Joint Sponsors have no reason to believe that the Directors' view that it is normal business practice for the Patent Licensing Agreement to have such a duration is unreasonable. The automatic renewal of the Patent Licensing Agreement will be subject to the requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We set out below (a) procurement of molding parts transactions between our Group as the purchaser and Hon Hai Group as the supplier; and (b) general services and costs sharing with Hon Hai Group. Since Hon Hai Group are our connected persons and our transactions with these entities under each category of (a) and (b) above are respectively of a similar nature, the transactions within each category will be aggregated and treated as if they were one transaction for the respective category pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules. Accordingly, the annual caps in respect of the respective categories of transactions with each of these entities are aggregated, and such aggregate amount is used when calculating the relevant percentage ratios under Chapter 14 of the Listing Rules. As the applicable "percentage ratios" (other than the profits ratio) for the transactions under each of the above categories are more than 0.1% but below 5%, the transactions contemplated therein are exempted from the circular (including independent financial advice) and independent shareholders' approval requirements, but subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

Our Directors are of the view that these transactions will be conducted on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

(a) Framework Molding Parts Agreement

Parties:	The Group (as the customer) ; and Hon Hai (as the supplier)
Principal terms:	We entered into a framework molding parts agreement with Hon Hai, pursuant to which we procure various molding parts from Hon Hai Group. The term of the molding parts agreement is three years commencing on the Listing Date.

Reasons for the transaction: In order to meet our molding parts needs, we have engaged Hon Hai Group, who possesses the necessary production capacity for large scale production of molding parts. Due to the nature of customization, confidentiality and high precision of certain of our molding parts, it is key for the Group to have a reliable provider of molding parts.

Pricing policy: We would run a price quote process to check price quotes from a minimum of three independent third party qualified suppliers for the products of same specification and quality. If a lower price exists, we would either engage independent third party suppliers to carry out the work or request Hon Hai and its other subsidiaries to lower their fee quote. If no independent third party supplier is available, the price is determined on cost-plus basis, with a mark-up of up to 10%.

Historical figures: The historical figures of the procurement amount paid to Hon Hai Group are set out below:

	Year ended December 31,		
	2014	2015	2016
	(in US$ millions)		
Total procurement amount	39.3	54.6	66.1

Annual Caps: The maximum aggregate annual amount payable to Hon Hai and its other subsidiaries for the years ending December 31, 2017, 2018 and 2019 respectively shall not exceed the caps set out below:

	Year ended December 31,		
	2017	2018	2019
	(in US$ millions)		
Total procurement amount	72.4	79.7	86.2

Basis of Caps: In determining the above annual caps, our Directors have considered the historical figures and with reference to estimated research and development and manufacturing needs.

(b) General services and costs sharing agreement (as expenses) with Hon Hai Group

Our Group entered into a general services and costs sharing agreement with Hon Hai, pursuant to which our Group will share the costs of certain services and office spaces of subsidiaries of Hon

Hai Group including telecommunication, general administrative and IT system support, utility, logistics and other services. The term of the agreement is three years commencing on the Listing Date.

We incurred expenses of US$17.0 million, US$11.1 million and US$3.3 million for sharing of general services with Hon Hai Group for the years ended December 31, 2014, 2015 and 2016, respectively. The actual amount of sharing services are determined based on various factors including usage or costs allocation in proportion of headcount, procurement volume and floor area, as the case may be.

Our Directors estimate that the maximum annual fee payable by us to Hon Hai Group in relation to such general services provided by Hon Hai Group for each of the three years ending December 31, 2017, 2018 and 2019 will not exceed US$4.1 million, US$4.8 million and US$5.5 million, respectively.

We set out below (c) the sales transactions between our Group as the supplier and Hon Hai Group as the purchaser; (d) the procurement transactions between our Group as the purchaser and Hon Hai Group as the supplier; and (e) the sub-contracting transactions between our Group as the customer and Hon Hai Group as the sub-contractor. Since Hon Hai Group are our connected persons and our transactions with these entities under each category of (c) – (e) above are respectively of a similar nature, the transactions within each category will be aggregated and treated as if they were one transaction for the respective category pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules. Accordingly, the annual caps in respect of the respective categories of transactions with each of these entities are aggregated, and such aggregate amount is used when calculating the relevant percentage ratios under Chapter 14 of the Listing Rules. The transactions under each of the above categories where at least one of the relevant "percentage ratios" (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing rules will, as the Directors currently expect, be, on an annual basis, more than 5%. The transactions will be subject to the annual reporting, annual review, announcement, circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(c) Framework Sales Agreement

Parties:	Hon Hai (as the purchaser); and the Group (as the supplier)
Principal terms:	We entered into a framework sales agreement with Hon Hai, pursuant to which Hon Hai Group purchase various interconnect solutions and other related products from us. Such transactions mainly represent sales to Hon Hai Group as contract manufacturers, of which more than 50% are designated by the top five brand companies who are the primary decision makers when such sales are made. For details of the transaction model, please see the section headed "Business – Our Customers" of this prospectus.

The term of the sales agreement is three years commencing on the Listing Date.

Reasons for the transaction: Hon Hai Group is one of the leading contract manufacturers that are involved among others in assembling the finished products for brand companies, many brand companies often require our contract manufacturer customers, such as Hon Hai Group, to purchase the relevant parts and components, including our interconnect solutions, from specific approved suppliers like us, as part of the assembly process for better quality control and overall supply chain management. As a result, the cooperation arrangement between us and Hon Hai Group is mutually complementary. For details of the transaction model, please see the section headed "Business – Our Customers " of this prospectus.

Pricing policy: For the sales to Hon Hai Group that are designated by our brand company customers, the selling prices of our customized interconnect solutions and other products are negotiated and determined between our brand company customers and us.

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

Based on our long-term industry experience, we believe it is industry practice to (1) grant large customers volume discounts; (2) give long-term customers with repeated sales and sustainable businesses price discounts as this would incur lower negotiation, coordination and logistics costs and subject us to lower exposure to credit risks, as compared to dealing with new customers; and (3) offer better pricing terms to customers with long-term strategic value to us. Having considered that (a) Hon Hai Group accounted for 43.9%, 37.0% and 23.0% of our revenue in 2014, 2015 and

2016 respectively and the relative magnitude of such amounts vis-a-vis revenue contribution from the other customers, (b) our long-term business cooperation with Hon Hai Group since our inception which we believe subject us to minimal credit risk as compared to other third party customers, and (c) being part of the ecosystem of Hon Hai Group brings us significant strategic value, our Directors are of the view that the 6.5% capped difference in the blended profit margin is under normal commercial terms, fair and reasonable, and in the interests of the Shareholders as a whole. As advised by Frost & Sullivan, it is a typical industry practice for connector manufacturers to offer discount to customers with significant revenue contributions, representing gross profit margin concession in the range of 5% and 10%. Having considered the views of our Directors and Frost & Sullivan, the Joint Sponsors have no reason to believe that the Directors' view is unreasonable.

Historical figures: The historical figures of the sales to Hon Hai Group are set out below:

	Year ended December 31,		
	2014	2015	2016
	(in US$ millions)		
Total sales amount	1,090.5	861.7	661.1

Out of our sales to Hon Hai Group, no more than 50% of our sales to Hon Hai Group are negotiated and determined by Hon Hai Group in 2014, 2015 and 2016 respectively.

Annual Caps: The maximum aggregate annual sales amount to Hon Hai Group for the years ending December 31, 2017, 2018 and 2019 respectively shall not exceed the caps set out below:

	Year ended December 31,		
	2017	2018	2019
	(in US$ millions)		
Total sales amount	952.6	893.3	1,047.1

Basis of Caps: In determining the above annual caps, our Directors have considered historical sales figures, sales plans of the Group based on customer demand forecast and market research as well as potential expansion plans and opportunities.

(d) Framework Purchase Agreement

Parties: The Group (as the purchaser); and

Hon Hai (as the supplier)

Principal terms:

We entered into a framework purchase agreement with Hon Hai, pursuant to which we purchase from Hon Hai Group various raw materials, ancillary materials and semi-finished components and assembled products under the following three procurement models:

Model One

Purchase of gold salts from Hon Hai Group as our raw materials;

Model Two

Purchase of ancillary materials from Hon Hai Group; and

Model Three

Purchase of semi-finished components and assembled products from Hon Hai Group to whom we provide certain raw materials and components for their production of semi-finished components and assembled products.

The term of the purchase agreement is three years commencing on the Listing Date.

Reasons for the transaction:

Model One

Gold salts, one of the major raw materials, is a hazardous material allowed to be sold only by licensed suppliers in the PRC. Hon Hai Group is one of the licensed suppliers and have been suppliers of our Group. In addition, due to Hon Hai Group's economies of scale, the processing fees are generally competitive when compared with other suppliers.

Model Two

We purchase certain ancillary materials from Hon Hai Group, either as approved suppliers designated by our customers or due to its competitive prices compared to other suppliers.

Model Three

In order to enhance our production efficiency and manage our production cost, we from time to time engage Hon Hai

Group, for certain labor-intensive production processing of our interconnect solutions and certain other products. Hon Hai Group has been a long-term supplier of manufacturing vendor services of our Group with the expertise to manage a large workforce.

Pricing policy:

Model One

For our procurement of gold salts, the commodity spot prices represent the majority of our purchase prices, with the remainder being processing fees. We will obtain and compare fee proposals provided by Hon Hai Group and independent third party suppliers on a quarterly basis to the extent practicable.

As a risk control measure, we will procure gold salts from more than one supplier, but will allocate at least 70% annual purchase from the supplier with the lowest fee quote.

Model Two

For our procurement of ancillary raw materials, our purchase prices are, when designated by our customers, the prices agreed between Hon Hai Group and our customers, or determined with reference to comparable third-party prices to the extent independent-third-party suppliers are available.

Model Three

Under the framework purchase agreement, the purchase prices of our semi-finished goods and assembled products are determined based on (a) Hon Hai Group's purchase prices of raw materials supplied by us, (b) their purchase prices of other raw materials, (c) their labor costs and overheads and (d) handling fees up to 5% of relevant labor cost and overheads.

Historical figures:

The historical figures of the procurement from Hon Hai Group are set out below:

	Year ended December 31,		
	2014	2015	2016
	(in US$ millions)		
Total procurement amount . .	232.4	304.9	398.5

Annual Caps:

The maximum aggregate annual procurement amount from Hon Hai Group for the years ending December 31, 2017, 2018 and 2019 respectively shall not exceed the caps set out below:

	Year ended December 31,		
	2017	2018	2019
	(in US$ millions)		
Total procurement amount . . .	433.5	433.6	443.1

Basis of Caps:

Model One

In determining the above annual caps, our Directors have considered various factors including the historical average prices during the Track Record Period, the expected sales forecast and our outlook of movement of gold spot price.

Model Two

In determine the annual caps, our Directors have considered the historical figures plus the expected sales forecast.

Model Three

The annual caps are determined based on relevant (i) historical material cost, (ii) labor costs, (iii) overheads (iv) a handling fee which represents up to 5% of the combined labor costs and overheads and (v) production forecast. In addition, the Directors also considered relevant historical transaction amount together with the potential business expansion.

(e) Framework Sub-contracting Services Agreement

Parties:

The Group (as the customer); and

Hon Hai (as the sub-contractor)

Principal terms:

We entered into a framework sub-contracting services agreement with Hon Hai, pursuant to which Hon Hai Group provides us with subcontracting services from time to time.

The term of the sub-contracting services agreement is three years commencing on the Listing Date.

Reasons for the transaction: In order to enhance our production efficiency and manage our production cost, we from time to time sub-contract certain labor-intensive production processing of our interconnect solutions and other products to Hon Hai Group. Hon Hai Group has been a long term supplier of sub-contracting services to our Group and our predecessor, who possesses the necessary expertise or who are able to leverage its years of experience in employment and management of large workforce and its expertise in providing assembly services to quickly respond to increased demand from our customers and to deliver required products in large volumes.

Pricing policy: Under the framework sub-contracting services agreement, the sub-contracting fees are determined based on relevant (i) labor costs and overheads and (ii) handling fee up to 5% of relevant labor costs and overheads. Where such cost break-down is not readily available, the sub-contracting fees are determined with reference to comparable third-party prices.

Historical figures: The historical figures of the sub-contracting services by Hon Hai Group are set out below:

	Year ended December 31,		
	2014	**2015**	**2016**
	(in US$ millions)		
Total subcontracting amount	90.7	77.1	75.7

Annual Caps: The maximum aggregate annual sub-contracting services fee amount to Hon Hai Group for the years ending December 31, 2017, 2018 and 2019 respectively shall not exceed the caps set out below:

	Year ended December 31,		
	2017	**2018**	**2019**
	(in US$ millions)		
Total sub-contracting amount	88.3	99.7	106.7

Basis of Caps: In determining the above annual caps, our Directors have considered historical sub-contracting expenses during the Track Record Period and our expected business needs for sub-contracting services.

THE DIRECTORS' VIEWS

In the view of the Directors (including the independent non-executive Directors), it is in the interests of our Group to continue with all the connected transactions described in this section after the Listing, and that all these transactions are conducted on normal commercial terms or better, were entered into in the ordinary and usual course of business of our Group, the terms are fair and reasonable and are in the interests of the Shareholders as a whole. In addition, the proposed annual caps for the non-exempt continuing connected transactions described above are fair and reasonable and in the interests of the Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

Based on the data and information provided by the Company, having made reasonable inquiries and after due and careful consideration, the Joint Sponsors are of the view that as of the date of this prospectus, the non-exempt continuing connected transactions described above, and for which waivers have been sought, will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms or better that are fair and reasonable and in the interests of the Company and its Shareholders as a whole, and that the respective proposed annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

APPLICATION FOR WAIVER

In respect of the transactions described in categories (a) to (b) in "– Non-exempt Continuing Connected Transactions" above, at least one of the relevant "percentage ratios" (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules will, on an annual basis, be expected to be more than 0.1% but below 5%, the transactions, as aggregated, are subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval and circular requirements under Chapter 14A of the Listing Rules.

In respect of the transactions described in categories (c) to (e) in "– Non-exempt Continuing Connected Transactions" above, at least one of the relevant "percentage ratios" (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules will, on an annual basis, be expected to be more than 5%, the transactions, as aggregated, are subject to the reporting, annual review, announcement, independent shareholders' approval and circular requirements under Chapter 14A of the Listing Rules.

As described above, we expect these non-exempt continuing connected transactions to be carried out on a continuing basis and to extend over a period of time. Our Directors therefore consider that strict compliance with the announcement, circular and independent Shareholders' approval requirements under the Listing Rules would be impractical and unduly burdensome and would impose unnecessary administrative costs upon us.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirement relating to the continuing connected transactions under Rule 14A.35 of the Listing Rules in respect of the transactions described in categories (a) to (b) in "– Non-exempt Continuing Connected Transactions" and a waiver from strict compliance with the announcement, circular and independent Shareholders' approval requirements relating to the continuing connected transactions under Rules 14A.35 and 14A.36 of the Listing Rules in respect of the transactions described in categories (c) to (e) in "– Non-exempt Continuing Connected Transactions". Save for and to the extent as waived by the Stock Exchange in respect of the transactions described in "– Non-exempt Continuing Connected Transactions", our Company shall comply at all times the relevant requirements under Chapter 14A of the Listing Rules.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those as of the date of this prospectus on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized share capital of our Company after the share sub-division and immediately following the completion of the Global Offering:

Authorized share capital

		Total nominal value
		US$
15,360,000,000	Shares of US$0.01953125 each	300,000,000

The following is a description of the issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid prior to and immediately following the completion of the Global Offering:

Issued share capital

Shares	Description of Shares	Total nominal value	Approximate percentage of issued share capital
		US$	%
5,595,285,888	Shares in issue as of the date of this prospectus	109,282,927.50	84.97
990,060,000	Shares to be issued pursuant to the Global Offering	19,337,109.38	15.03
6,585,345,888	**Total**	128,620,036.88	100.00

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above does not take into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued under the Share Grant Scheme or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

So far as our Directors are aware, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, the following persons will have an interest or a short position in Shares or underlying Shares of our Company which will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

		As of the date of this prospectus		Immediately after the Global Offering (assuming the Over-allotment Option is not exercised)[(1)]	
Name	**Nature of interest**	**Number of Shares**	**Approximate percentage of interest in our Company**	**Number of Shares[(2)]**	**Approximate percentage of interest in our Company**
Hon Hai	Interest in controlled corporation[(3)]	5,179,557,888	92.57%	5,179,557,888	78.65%
Foxconn Far East Cayman	Interest in controlled corporation[(4)]	5,179,557,888	92.57%	5,179,557,888	78.65%
Foxconn Far East Hong Kong	Beneficial owner	5,179,557,888	92.57%	5,179,557,888	78.65%

Notes:

(1) The calculation is based on the total number of 6,585,345,888 Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

(2) All interests stated are long positions.

(3) Hon Hai holds the entire issued share capital of Foxconn Far East Cayman, which in turn holds the entire issued share capital of Foxconn Far East Hong Kong.

(4) Foxconn Far East Cayman holds the entire issued share capital of Foxconn Far East Hong Kong, which in turn holds 5,179,557,888 Shares of our Company.

Save as disclosed above and in the section headed "Statutory and General Information – C. Further Information about our Directors and Substantial Shareholders – Disclosure of Interests" in Appendix IV to this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, have an interest or a short position in the Shares or underlying Shares which will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

DIRECTORS

Our Board currently consists of seven Directors, comprising three executive Directors, one non-executive Director and three independent non-executive Directors. The functions and powers of the Board include, among other things, convening general meetings, implementing the resolutions passed at the general meetings, determining our business and investment plans, formulating our annual financial budget and final accounts, and formulating our proposals for profit distributions as well as exercising other powers, functions and duties as conferred by our Articles of Association.

Our senior management is responsible for the day-to-day management and operation of our business. The following table sets forth certain information in respect of our Directors and senior management:

Name	Age	Date of Joining our Group	Existing Position in our Company	Date of Appointment	Roles and Responsibilities	Relationship with Other Directors or Senior Management
Directors						
Sung- Ching Lu (盧松青) (also known as Sidney Lu)	58	October 1, 2013	Chairman of the Board, executive Director and CEO	December 30, 2013	Formulating and leading the implementation of the overall development strategies and business plans of our Group and overseeing the management and strategic development of our Group	Brother of Mr. Pochin Christopher Lu, our executive Director
Pochin Christopher Lu (盧伯卿)	58	March 16, 2015	Executive Director	March 16, 2015	Providing strategic advice and guidance on the business development of the Group	Brother of Mr. Sung-Ching Lu, Chairman of the Board, our executive Director and CEO
William Ralph Gillespie	69	October 1, 2013	Executive Director and chief operating officer	June 28, 2016	Overseeing our operations in the USA, Europe, the Middle East and Africa	N/A
Ga-Lane Chen (陳杰良)	64	April 1, 2016	Non-executive Director	April 1, 2016	Providing strategic advice and guidance on the business development of the Group	N/A
Peter D Curwen . . .	59	November 4, 2016	Independent non-executive Director	November 4, 2016	Supervising and providing independent judgment for the Board	N/A
Kwai Chang, Tang (鄧貴彰)	64	November 4, 2016	Independent non-executive Director	November 4, 2016	Supervising and providing independent judgment for the Board	N/A
Wing Yuen Hubert, Chan (陳永源)	59	November 4, 2016	Independent non-executive Director	November 4, 2016	Supervising and providing independent judgment for the Board	N/A

Name	Age	Date of Joining our Group	Existing Position in our Company	Date of Appointment	Roles and Responsibilities	Relationship with Other Directors or Senior Management
Senior management						
Chin-Tsun Lin (林金村)	57	October 1, 2013	Director of Financial and Accounting	November 1, 2014	Managing accounting and financial management related matters	N/A
Yu-Ming Ho (何有明)	50	October 1, 2013	Vice president for Mobile and Wireless Business	July 1, 2009	Managing the Group's mobile and wireless business	N/A
Ching-Ho Lai (賴清河)	51	October 1, 2013	Vice president for Computer and Consumer Business	July 1, 2009	Managing operation-related matters of the Group	N/A
Lee-Ming Cheng (鄭禮明)	62	October 1, 2013	Vice president for Emerging Application Business	July 1, 2009	Managing the Group's Emerging Application Business	N/A
Li-Chun Wu (吳立羣)	51	October 1, 2013	Assistant general manager for our Communication Business	November 1, 2014	Assisting with the management of operation-related matters of the Group	N/A
Maryam Ezedinlo	55	December 28, 2015	Vice president and general manager	February 1, 2017	Managing operation-related matters of FOIT USA (the Group's optical modules business)	N/A

Executive Directors

Mr. Sung-Ching Lu (盧松青), (also known as Sidney Lu), aged 58, was appointed as our executive Director on December 30, 2013. He is also the chairman and chief executive officer of our Company. Mr. Lu has extensive experience in the interconnect technology business and is primarily responsible for the overall management and operation, including formulating and leading the implementation of development strategies and business plans of our Group and overseeing the management and strategic development of our Group. Mr. Lu worked at General Motors Company between 1981 and 1988 in their Packard Electric Division in Ohio, carrying out load flow and dynamic analyses for connectors. Furthermore, he was involved in manufacturing work at TE Connectivity Ltd. (previously known as AMP Incorporated), a company engaged in the connector manufacturing business, between 1988 and 1990. Mr. Lu joined Hon Hai in January 1990 and held a number of positions, including manager, deputy general manager and general manager, during his more than two decades of experience developing its interconnect technology business. Prior to joining our Company in 2013, he was the general manager of our predecessor and continued to serve as chief executive officer post incorporation of our Company.

Mr. Lu obtained a bachelor's of liberal arts and science degree in mathematics and a bachelor's of science degree in mechanical engineering from the University of Illinois at Urbana-Champaign, USA, in 1981. In 2011, the University of Illinois at Urbana-Champaign's Department of Mechanical Science and Engineering awarded him a "Distinguished Alumni" honor to celebrate his extraordinary professional accomplishments, excellent leadership and generous philanthropic and professional commitment to his alma mater. Mr. Lu's achievements were further recognized in 2015, when he received the "Alumni Award for Distinguished Service" from the College of Engineering, in recognition of his outstanding leadership, service and commitment to the field of engineering, society at large and his impact at the University of Illinois at Urbana-Champaign.

During the period from February 2000 to June 2013, Mr. Lu was a director of Hon Hai, listed on the Taiwan Stock Exchange (stock code: 2317). Mr. Sung-Ching Lu is the brother of Mr. Pochin Christopher Lu, our executive Director.

Mr. Pochin Christopher Lu (盧伯卿), aged 58, was appointed as our executive Director on March 16, 2015. Mr. Lu is responsible for providing strategic advice and guidance on the business development of the Group. Mr. Lu joined the Los Angeles office of Deloitte Haskins & Sells, (now Deloitte Touche Tohmatsu) as an audit associate in 1981. During his 34 years of service with Deloitte Touche Tohmatsu, he held multiple executive positions, including Deloitte China CEO from 2008 to 2013, and member of the Deloitte Touche Tohmatsu Limited Global Executive Committee from 2012 to 2013. He has also led a number of Deloitte Touche Tohmatsu initiatives in support of national policies and programs such as those of the Ministry of Finance and the State-owned Assets Supervision & Administration Commission. He retired from Deloitte China in December 2014.

Mr. Lu's professional and personal contributions have been recognized by the community. He is a two-time winner of Shanghai's Magnolia Award in 2003 and 2005, which recognizes expatriates for their significant contributions to the development of the city of Shanghai.

Mr. Lu obtained a bachelor of science degree in accounting and a master of accounting science degree from the University of Illinois at Urbana-Champaign, USA, in 1980 and 1981, respectively. He has been a member of the American Institute of Certified Public Accountants since November 30, 1988 and he has been a member of the Chinese Institute of Certified Public Accountants since February 4, 1999.

Since August 12, 2015, Mr. Lu has been an independent non-executive director and chairman of the audit committee of Greenland Holdings Corp Ltd, a company listed on the Shanghai Stock Exchange (stock code: 600606). In addition, since September 18, 2016, Mr. Lu has been an independent non-executive director, chairman of the audit committee and a member of the nomination committee of Honma Golf Limited, a company listed on the Hong Kong Stock Exchange (stock code: 6858), engaging in the business of manufacturing and selling golf clubs, golf balls, apparel and other related products. In addition, since October 27, 2016, Mr. Lu has been an independent non-executive director, chairman of the audit committee and member of the remuneration committee of Pantronics Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 1611) and operating in the electronic manufacturing services industry. Mr. Pochin Christopher Lu is the brother of Mr. Sung-Ching Lu, our Chairman of the Board and executive Director.

Mr. William Ralph Gillespie, aged 69, was appointed as our executive Director on June 28, 2016. He has been the chief operating officer of our Group since 2013 and is primarily responsible for our operations in the USA, Europe, the Middle East and Africa. Prior to joining our Group, Mr. Gillespie had been working as a consultant to our predecessor from June 2010 to October 2013 and was appointed as senior vice president and chief operating officer of our predecessor in 2012. Prior to joining the Hon Hai Group, Mr. Gillespie joined Intel Corp, a company engaged in the semi-conductor business, in 1990. In addition to his experience and expertise in technology, Mr. Gillespie also served as a manager of MBG Holdings, a company engaged in consultancy and investment business, from 2001 to 2010.

Mr. Gillespie is a veteran of the US air force. He has been making personal contributions to his community, including the Urban League of Portland and he was appointed as a member on the board of directors of the Children Discovery Museum of San Jose in 2011. Mr. Gillespie also hosted a Presidential visit from President Ronald Reagan while he was a Plant Manager for Digital Equipment Corporation's Boston plant, in 1983.

Mr. Gillespie obtained a degree of associate in arts Magna Cum Laude from Los Angeles City College in June 1974 and attended California State University Los Angeles. He also completed a concentrated program of Executive Stress: A Management Tool organized by the American Management Associates, in January 1980.

Non-executive Directors

Dr. Ga-Lane Chen (陳杰良), aged 64, was appointed as our non-executive Director on April 1, 2016. He is primarily responsible for providing strategic advice and making recommendations on the operations and management of our Company. Dr. Chen is the Chief Investment Officer and the Chief Technology Officer of the Hon Hai Group. He joined the Hon Hai Group since 2000, previously serving as the president of Foxconn Optical Technology Inc..

Prior to joining the Hon Hai Group, Dr. Chen worked in Komag, Inc. a company engaged in the mixed media business since 1986. Dr. Chen also worked at HMT Technology Corporation, a company engaged in the hard disk and media business since 1993. He worked in the following companies which engaged in the data storage business: Conner Peripherals in 1995 and Seagate Technology, Inc. since 1996, during which he contributed to the development of new optical and magnetic technology.

Dr. Chen obtained a bachelor's of science degree in engineering from National Taiwan University in 1976, and a Ph.D. from the University of Minnesota, USA, in 1985.

Independent Non-executive Directors

Mr. Peter D Curwen, aged 59, was appointed as our independent non-executive Director on November 4, 2016. He is primarily responsible for providing strategic advice and making recommendations on the operations and management of our Company. Mr. Curwen has over 30 years of experience in the connector industry. Prior to joining the Group, Mr. Curwen worked at Amphenol FCI (previously known as E.I. du Pont de Nemours and Company, Berg Electronics Group Inc. and FCI), a company engaged in the connector and cable assembly solutions business, since May 1981, and he served as a vice president and general manager of various business divisions of FCI from 2007 to 2011, and the president of the electronics division from August 2011 to September 2012. From 2012 to 2013, he was a Strategy adviser of FCI Holding S.A.S., a company engaged in the electronic connectors and cable assemblies business. In addition, Mr. Curwen was appointed as the President of Conesys, a company engaged in the industrial electronic connectors business, in February 2013.

Mr. Curwen obtained a bachelor's degree in physics from Hartwick College, USA, and a bachelor's degree in mechanical engineering from Columbia University, USA, both in 1981.

Mr. Kwai Chang, Tang (鄧貴彰), aged 64, was appointed as our independent non-executive Director on November 4, 2016. He is primarily responsible for supervising and providing independent judgment for the Board. Mr. Tang is a fellow member of both the Chartered Association of Accountants (admitted on November 8, 1984) and the Hong Kong Institute of Certified Public Accountants (certified on February 23, 1988).

Mr. Tang has over 35 years of experience in accounting, auditing and audit risk management, including holding senior management positions as vice chairman of Deloitte China and a member of the board of Deloitte Global. He joined Deloitte Haskins & Sells (now Deloitte Touche Tohmatsu) as an audit trainee in 1976, and left in July 1980 as a senior accountant. Mr. Tang joined GPI (Holdings) Limited, a company engaged in the manufacturing and trading of electronics and electrical products, as an assistant finance manager in August 1980. Mr. Tang re-joined Deloitte Touche Tohmatsu in January 1982 as a senior accountant and became a partner in April 1988, and practiced as a certified public accountant. During his 35 years at Deloitte, Mr. Tang was responsible for providing audit and audit related services as well as undertaking management and governance roles within the firm, until he retired in May 2013.

Mr. Tang obtained his diploma in accounting from Hong Kong Baptist College (currently known as Hong Kong Baptist University) in June 1976. He was an honorary member of the Court of Hong Kong Baptist University from January 2007 to December 2011, has been a member of the Court of Hong Kong Baptist University since November 2011. Mr. Tang has also been a member of the disciplinary panel of the Hong Kong Institute of Certified Public Accountants since August 2008.

Mr. Tang has been an independent non-executive director of HKR International Limited, a company listed on the Hong Kong Stock Exchange (stock code: 480) since September 24, 2014 and is also the chairman of its audit committee. In addition, since April 1, 2017, Mr. Tang has been a director of Bank of Communications (Hong Kong) Limited, a company involved in the financial services industry. Furthermore, Mr. Tang is also currently a director for the following two subsidiaries under China Baowu Steel Group Corporation Limited, a company involved in the steel manufacturing industry: Baosteel Resources Co., Ltd (as of July 21, 2016) and Baosteel Resources International Company Limited (as of August 16, 2016).

Mr. Wing Yuen Hubert, Chan (陳永源), aged 59, was appointed as our independent non-executive Director on November 4, 2016. As of the Latest Practicable Date, he is engaged with the following listed companies in Hong Kong:

Company Name and Principal Business	Stock Code	Position	Date of Appointment	Roles and Responsibilities
Zhong Fa Zhan Holdings Limited (中發展控股有限公司) (previously known as Noble Jewelry Holdings Limited (億鑽珠寶控股有限公司)), engaging in the design, manufacturing and wholesale of fine jewelry products in China	475	Executive director and chief executive	November 2011	Formulating and executing business policies for the company
Northern New Energy Holdings Limited (北方新能源控股有限公司) (previously known as Noble House (China) Holdings Limited (名軒 (中國) 控股有限公司)), engaging in the new energy development and catering businesses	8246	Executive director and chief executive officer	August 2014	Overall corporate development and strategic planning for the company
Tian Ge Interactive Holdings Limited (天鴿互動控股有限公司), engaging in providing live social video platforms and the mobile games business	1980	Independent non-executive director	June 2014	As an independent director
Shanghai La Chapelle Fashion Co., Ltd (上海拉夏貝爾服飾股份有限公司), engaging in the design, marketing and selling apparel products in mainland China	6116	Independent non-executive director	July 2016	As an independent director

He spent over ten years with the Hong Kong Stock Exchange from February 1987 to August 1997 and his last position was director of the listing division (China Listing Affairs Department) and was responsible for formulating the policy of the Hong Kong Stock Exchange in dealing with mainland China listing related matters and providing support to the Corporate Finance Department in handling listing matters with mainland China issues (e.g. H share listing applications). In addition, Mr. Chan held various positions with companies listed in Hong Kong, including: as an executive director of Softpower International Limited (冠力國際有限公司) (previously known as China Pipe Group Limited (中國管業集團有限公司)) (stock code: 380) from June 2007 to February 2009, as an executive director and the chief executive officer of EverChina Int'l Holdings Company Limited (潤中國際控股有限公司) (previously known as Interchina Holdings Company Limited (國中控股有限公司)) (stock code: 202) from March 2002 to June 2009, as an independent non-executive director of China Smarter Energy Group Holdings Limited (中國智慧能源集團控股有限公司) (previously known as Rising Development Holdings Limited (麗盛集團控股有限公司)) (stock code: 1004) from September 1999 to September 2007, and as a director and deputy general manager of Guangdong Investment Limited (粵海投資有限公司) (stock code: 270) from August 1997 to January 2000.

Mr. Chan obtained a higher diploma in company secretaryship and administration from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1982. Mr. Chan has been an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries since February 1986 and August 1994 respectively, and has also been a member of the Hong Kong Securities and Investments Institute since April 1999. In addition, he has been a member of the Chinese People's Political Consultative Conference – Heilongjiang Province Committee (中國人民政治協商會議黑龍江省委員會) since January 2008.

We have entered into service contracts with Mr. Sung-Ching Lu, Mr. Pochin Christopher Lu, Mr. William Ralph Gillespie on June 20, 2017, June 20, 2017 and November 4, 2016, respectively. We have also issued letters of appointment to each of our non-executive Director and each of our independent non-executive Directors on November 4, 2016 . Each of the service contracts with our executive Directors and the letters of appointment with our non-executive Director and each of our independent non-executive Directors is for an initial fixed term of three years commencing from the respective date of service contracts/letters of appointment.

Save as disclosed above, none of our Directors has any other directorships in listed companies during the three years immediately prior to the date of this prospectus. Save as disclosed herein and their respective interests or short positions (if any) as set out in the section headed "Statutory and General Information – C. Further Information about our Directors and Substantial Shareholders" in Appendix IV to this prospectus, there are no other matters in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules and there is no other material matter relating to our Directors that need to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

Mr. Chin-Tsun Lin (林金村), aged 57, joined our Group on October 1, 2013 and was appointed as the director of Financial and Accounting on November 1, 2014. He is primarily responsible for managing, accounting and financial management related matters. From May 1999 to September 2013, he worked for our predecessor, holding positions of senior manager and head of the business management department immediately prior to joining our Group.

Mr. Lin obtained a master of science degree from the University of Florida, USA, in December 1989. Since June 2011, Mr. Lin has been a non-executive director of Pan-International Industrial Corp. (廣宇科技股份有限公司), a company that provides electronic manufacturing services and a subsidiary of one of our top 5 suppliers. Pan-International Industrial Corp. is listed on the Taiwan Stock Exchange (stock code: 2328).

Mr. Yu-Ming Ho (何有明), aged 50, joined our Group on October 1, 2013 and was appointed as Vice President for Mobile and Wireless Business of NWInG on July 1, 2009. He is in charge of the mobile and wireless business. Mr. Ho currently holds positions in a number of our subsidiaries, serving as the chairman of Foxconn Kunshan Connectors and a director in Fumeng Heze. He worked in Hon Hai from June 1991 to September 2013, and held a position as a deputy general manager immediately prior to joining our Group.

Mr. Ho obtained a bachelor's degree in mechanical engineering from National Taiwan University, Taiwan, in 1989.

Mr. Ching-Ho Lai (賴清河), aged 51, joined our Group on October 1, 2013 and was appointed as Vice President for Computer and Consumer Business of NWInG on July 1, 2009. He is in charge of the Group's computer and consumer business. He worked in Hon Hai from June 1988 to September 2013, where he was responsible for business management and product design, and held a position as a deputy general manager immediately prior to joining our Group.

Mr. Lai completed a two-year course in mechanical engineering at National Taipei University of Technology (formerly known as Taipei Institute of Technology), Taiwan, in 1986.

Mr. Lee-Ming Cheng (鄭禮明), aged 62, joined our Group on October 1, 2013 and was appointed as Vice President for Emerging Application Business of NWInG on July 1, 2009.

Prior to joining our Group, Mr. Cheng had worked in Hon Hai and one of its subsidiaries for more than two decades. He joined Foxconn Electronics Inc., a subsidiary of Hon Hai, as a manager and was responsible for running the product development center in July 1990. From July 1993 onwards, he worked within the wider Hon Hai Group and held a number of positions, including manager of the product development department, vice president of the marketing and sales department for our predecessor, and deputy general manager of our emerging application business.

Mr. Cheng obtained a master of science from Marquette University, USA, in 1985.

Dr. Li-Chun Wu (吳立羣), aged 51, joined our Group on October 1, 2013 and was appointed as an assistant general manager on the same date. He is in charge of our Company's communications business. He currently also serves as the chairman of Huai'an Tengyue Information Technology, a subsidiary of our Company.

Dr. Wu worked at Hon Hai from August 1997 to September 2013, where he was responsible for business management and operations, and held a position as the head of the communication and network business unit immediately prior to joining our Group.

Dr. Wu obtained a Ph.D. in mechanical engineering from The State University of New York at Stony Brook, USA, in 1997.

Ms. Maryam Ezedinlo, aged 55, joined our Group on December 28, 2015, and was appointed as our vice president and general manager of FOIT USA, on February 1, 2017. She is responsible for managing operation-related matters of FOIT USA's optical modules business. Prior to joining our Group, Ms. Ezedinlo worked for more than five years at Avago Technologies Inc. (now known as Broadcom Limited and listed on NASDAQ (stock code: AVGO)) until 2015.

Ms. Ezedinlo obtained a bachelor of science degree in computer science technology from Alabama Agricultural and Mechanical University, the USA, in 1982. She also completed a "Six Sigma" training program in 2001.

Save as disclosed above, none of our senior management has any other directorships in listed companies during the three years immediately prior to the date of this prospectus.

JOINT COMPANY SECRETARIES

Mr. Tsung-Han Yang (楊宗翰), aged 40, is our joint company secretary and was appointed conditionally upon the grant of the listing approval by the Stock Exchange on June 28, 2016. Mr. Yang joined Hon Hai in October 2007 and subsequently became a deputy manager in the business management division, and joined our Group in October 2013. Mr. Yang is also a manager of our Group. He currently also holds positions in a number of our subsidiaries, serving as a director in FIT Singapore (since June 2013), a supervisor in FIT Japan (since September 2014) and a director in New Beyond Maximum Industrial Limited (since June 2013). Prior to joining Hon Hai, Mr. Yang joined China Development Asset Management Corporation (中華開發資產管理股份有限公司) in 2004 and worked at different subsidiaries of China Development Industrial Bank (中華開發工業銀行股份有限公司) between 2004 and 2007.

Mr. Yang obtained a bachelor's degree in mathematics from National Tsing Hua University, Taiwan, in January 2000 and a master's degree in finance from National Chengchi University, Taiwan, in June 2002.

Ms. Sau Mei Ng (伍秀薇) ACIS ACS, aged 39, is a senior manager of the listing services department of TMF Hong Kong Limited, a company engaged in the business of providing corporate services. She was appointed as our joint company secretary conditionally upon the grant of the listing approval by the Stock Exchange on June 28, 2016. Ms. Ng has over 15 years of professional experience in the company secretarial field. Ms. Ng holds a bachelor degree in laws from City University of Hong Kong in November 2001, and is an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in United Kingdom since September 2007. Ms. Ng currently serves as the joint company secretary for various companies listed on the Stock Exchange, including Beijing Digital Telecom Co., Ltd. (stock code: 6188), COSCO SHIPPING Development Co. Ltd (stock code: 2866), JNBY Design Limited (stock code: 3306), and Niraku GC Holdings, Inc (stock code: 1245).

BOARD OF DIRECTORS COMMITTEES

Audit Committee

The Company established an audit committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three members, namely, Mr. Kwai Chang, Tang, Mr. Peter D Curwen and Mr. Wing Yuen Hubert, Chan. Mr. Kwai Chang, Tang has been appointed as the chairman of the Audit Committee, and is our independent non-executive Director with the appropriate professional qualifications. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control systems of the Group, oversee the audit process and perform other duties and responsibilities as assigned by our Board.

Nomination Committee

The Company established a nomination committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of two independent non-executive Directors, being Mr. Peter D Curwen and Mr. Wing Yuen Hubert, Chan, and one executive Director, being Mr. Sung-Ching Lu. Mr. Wing Yuen Hubert, Chan, has been appointed as the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of Directors of our Company.

Remuneration Committee

The Company established a remuneration committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The Remuneration Committee consists of two independent non-executive Directors, being Mr. Peter D Curwen and Mr. Kwai Chang, Tang, and one non-executive Director, being Dr. Ga-Lane Chen. Mr. Peter D Curwen has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations on employee benefit arrangement.

CODE PROVISION A.2.1 OF THE CORPORATE GOVERNANCE CODE

Mr. Sidney Lu is our chairman and chief executive officer. With extensive experience in the interconnect technology industry, Mr. Lu is responsible for the overall development strategies and business plans and overseeing the operation of our Group. We believe he has been instrumental to our growth and business expansion since the formation of our predecessor in 1990 and our establishment in 2013. Our Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of our Group. We believe that the balance of power and authority is ensured by the operation of the senior management and our Board, which comprises experienced and high-caliber individuals. Our Board currently comprises three executive Directors (including Mr. Lu), one non-executive Director and three independent non-executive Directors and therefore we believe it has a strong independence element in its composition. Save as disclosed above, we are in compliance with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

WAIVERS GRANTED BY THE STOCK EXCHANGE

Management presence

We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details of the waiver, please see the section headed "Waivers from Compliance with the Listing Rules – Management Presence in Hong Kong".

COMPLIANCE ADVISER

We have appointed China International Capital Corporation Hong Kong Securities Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance adviser will advise us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of salaries, bonuses and other benefits in kind such as contributions to pension plans.

The aggregate remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses and housing and other allowances) paid to our Directors for the years ended December 31, 2014, 2015 and 2016 was approximately US$3.1 million, US$24.5 million and US$27.5 million, respectively. Save as disclosed in this prospectus, no other amounts have been paid or are payable by any member of our Group to our Directors for the years ended December 31, 2014, 2015 and 2016.

The aggregate amount of fees, salaries, contributions to pension schemes, discretionary bonuses and housing and other allowances paid to our five highest paid individuals in respect of the years ended December 31, 2014, 2015 and 2016 was approximately US$5.0 million, US$26.4 million and US$29.3 million, respectively.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the years ended December 31, 2014, 2015 and 2016. Further, none of our Directors had waived or agreed to waive any remuneration during the same period.

Pursuant to the existing arrangements that are currently in force as of the date of this prospectus, the amount of remuneration (excluding discretionary bonuses) payable to our Directors by our Company for the year ending December 31, 2017 is estimated to be approximately US$2.19 million in aggregate.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the Listing, will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

SHARE GRANT SCHEME

In order to assist us in attracting, retaining and motivating our key employees, we have conditionally adopted the Share Grant Scheme, pursuant to which we may grant restrictive share grants to eligible directors, officers and employees of our Group. A summary of the principal terms of the Share Grant Scheme is set out in the section headed "Statutory and General Information – D. Share Grant Scheme" in Appendix IV of this prospectus.

FUTURE PLANS

See the section headed "Business – Our Strategies and Future Plans" for a detailed description of our future plans.

USE OF PROCEEDS

The table below sets forth the estimated net proceeds of the Global Offering which we will receive after deduction of underwriting fees and commissions (excluding the incentive fees) and estimated expenses payable by us in connection with the Global Offering:

	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Assuming an Offer Price of HK$2.73 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus)	Approximately HK$2,569 million	Approximately HK$2,967 million
Assuming an Offer Price of HK$3.08 per Offer Share (being the high end of the Offer Price range stated in this prospectus)	Approximately HK$2,909 million	Approximately HK$3,358 million
Assuming an Offer Price of HK$2.38 per Offer Share (being the low end of the Offer Price range stated in this prospectus)	Approximately HK$2,228 million	Approximately HK$2,575 million

We intend to use the net proceeds of the Global Offering for the following purposes (assuming an Offer Price of HK$2.73 per Offer Share, being the mid-point of the Offer Price range stated in this prospectus, after deduction of underwriting fees and commissions (excluding the incentive fees) and estimated expenses payable by us in connection with the Global Offering, and the Over-allotment Option is not exercised):

Amount	Approximate % of total estimated net proceeds	Intended use
Approximately HK$642 million	25%	Investment in the communications infrastructure end market, including: (i) approximately 22% of the net proceeds (approximately HK$565 million) being applied towards the research and business development of advanced optical transmission solutions and other interconnect solutions and technology for use in advanced data centers for big data, cloud computing and similar applications, including but not limited to the recruitment of research and development

Amount	Approximate % of total estimated net proceeds	Intended use
		personnel, the purchase of new laboratory equipment and the purchase of raw materials and consumables; and (ii) approximately 3% of the net proceeds (approximately HK$77 million) being applied towards the enhancement of production facility for high-speed optical transceivers and the establishment of additional facilities focused on the production expansion of advanced optical modules, including but not limited to the purchase of automated production equipment and upgrades to existing production and quality testing equipment.
Approximately HK$514 million	20%	New product development in the mobile and wireless devices end market, including: (i) approximately 15% of the net proceeds (approximately HK$385 million) being applied towards the research and business development of other products, including but not limited to the expansion of our production capability by purchasing new production equipment for mobile batteries, wireless power chargers and connectivity solutions; and (ii) approximately 5% of the net proceeds (approximately HK$128 million) being applied towards the research and development of new acoustics products and technologies, including but not limited to the establishment of additional and improvement of existing research and development facilities, potential strategic investments in new acoustic technologies and complementary assets, which may include but are not limited to intellectual properties and production facilities, machinery and equipment, cooperation opportunities with complementary strategic partners and the purchase of raw materials and consumables.

Amount	Approximate % of total estimated net proceeds	Intended use
Approximately HK$385 million	15%	Business expansion in the automotive, industrial and medical end markets and other opportunities for emerging applications of our interconnect solutions and other products, including: (i) approximately 7.5% of the net proceeds (approximately HK$193 million) being applied towards investment in new interconnect technologies and solutions for car camera modules, an essential part of advanced driver-assistance systems, and for automotive electronics; and (ii) approximately 7.5% of the net proceeds (approximately HK$193 million) being applied towards investment in new interconnect technologies and solutions for batteries for electric vehicles and for electronic vehicle connectivity solutions.
Approximately HK$642 million	25%	To selectively pursue acquisitions of assets and businesses which are complementary to our business and are in line with our growth strategies. See "Business – Business Strategies – Pursue Strategic Acquisitions, Investments and Business Cooperation Opportunities."
Approximately HK$128 million	5%	To establish an enhanced management information technology platform including purchase of enterprise resource planning systems and modules, as well as implementation.
Approximately HK$257 million	not more than 10%	Working capital and other general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the estimated Offer Price range.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purposes.

HONG KONG UNDERWRITERS

(*Below in alphabetical order*)

China International Capital Corporation Hong Kong Securities Limited
Credit Suisse (Hong Kong) Limited
Merrill Lynch Far East Limited
UBS AG Hong Kong Branch

(*Below in alphabetical order*)

CCB International Capital Limited
China Merchants Securities (HK) Co., Limited
DBS Asia Capital Limited
Nomura International (Hong Kong) Limited

UNDERWRITING AGREEMENT AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering initially 99,006,000 Shares (subject to adjustment) for subscription by way of the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price.

Subject to (i) the Listing Committee granting the listing of, and permission to deal in, the Shares; (ii) the International Underwriting Agreement having been signed and becoming unconditional; and (iii) certain other conditions set forth in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to apply or procure applications, on the terms and conditions of this prospectus and the related Application Forms, for their respective proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering.

Grounds for Termination

The Joint Global Coordinators, for themselves and on behalf of the Hong Kong Underwriters, shall be entitled in their sole discretion by notice (in writing) to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date:

(a) there shall develop, occur, exist or come into effect:

(i) any change or development involving a prospective change, or any event or series of events resulting in or representing a change or development involving a prospective change, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions or any monetary or trading settlement system (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Renminbi against any foreign currencies) in or affecting the Cayman Islands, Taiwan, Hong Kong, China, the United States, Vietnam, Mexico, the United Kingdom or the European Union (together, the "**Relevant Jurisdictions**"); or

(ii) any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority, in or affecting any Relevant Jurisdiction; or

(iii) any event or series of events in the nature of force majeure (including, without limitation, any acts of government, labor dispute, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infectious disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), other state of emergency, acts of God or acts of terrorism, in or affecting any Relevant Jurisdiction; or

(iv) (A) any moratorium, suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange or (B) a general moratorium on commercial banking activities in any Relevant Jurisdiction declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or payment or clearance services in or affecting any Relevant Jurisdiction; or

(v) any change or development involving a prospective change in or affecting taxes, exchange controls, currency exchange rates or foreign investment regulations in any of the Relevant Jurisdictions; or

(vi) any litigation or claim being threatened, instigated or commenced against any member of our Group; or

(vii) any litigation or claim being threatened, instigated or commenced against any Director, where such litigation or claim would disqualify such Director from taking part in the management of a company; or

(viii) any of the Directors or the chief executive officer being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(ix) the chairman and the chief executive officer of our Company vacating his or her office; or

(x) an authority or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of our Group, any of the Directors or the chief executive officer; or

(xi) a contravention by any member of our Group or any Director of the Listing Rules or applicable laws; or

(xii) a prohibition by an authority on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xiii) the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents issued or used in connection with the contemplated offer and sale of the Offer Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC unless such supplement or amendment has been issued with the prior written approval of the Joint Global Coordinators; or

(xiv) non-compliance of this prospectus (or any other documents used by or on behalf of our Company in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(xv) an order or petition for the winding-up of any member of our Group, or any demand by any of its creditors for repayment of indebtedness of any member of our Group, or any composition or arrangement made by any member of our Group with its creditors, or a scheme of arrangement entered into by any member of our Group, or any resolution for the winding-up of any member of our Group, or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group, or anything analogous thereto occurring in respect of any member of our Group; or

(xvi) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction on any member of our Group,

which, individually or in the aggregate, in the sole opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), (A) has or will have or is likely to have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or (B) has or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the Global Offering; or (C) makes or will make or is likely to make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or (D) has or will have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Global Coordinators:

(i) any statement contained in any of this prospectus, the Application Forms, the formal notice, or in any notices, announcements, advertisements, written communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) ("**Offer Related Documents**") which was, when it was issued, or has become untrue, inaccurate, incomplete in any material respect, or misleading, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Offer Related Documents is not fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions; or

(ii) any matter that has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission therefrom; or

(iii) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the representations, warranties and undertakings of our Company and Foxconn Far East Hong Kong set out in the Hong Kong Underwriting Agreement; or

(iv) any event, act or omission which gives or is likely to give rise to any material liability of any of our Company and Foxconn Far East Hong Kong pursuant to the indemnities given under the Hong Kong Underwriting Agreement; or

(v) any material breach on the part of our Company or Foxconn Far East Hong Kong of any of the obligations under the Hong Kong Underwriting Agreement; or

(vi) any material adverse change, or any development involving a prospective material adverse change in the assets, business, general affairs, management, shareholders' equity, profits, losses, results of operations, financial or trading position or prospects of our Group as a whole; or

(vii) that the approval by the Listing Committee for the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) our Company withdraws this prospectus or the Global Offering; or

(ix) any of the persons or experts (other than the Joint Sponsors) named in this prospectus has withdrawn or is subject to withdrawing its respective consent to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions, as the case may be, and references to its name included in the form and context in which it respectively appears.

UNDERTAKINGS TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Undertaking by Us

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within such period), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertaking by the Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange that except pursuant to the Global Offering and the Over-allotment Option, it shall not and shall procure that the relevant registered holder(s) shall not:

(a) in the period commencing from the Latest Practicable Date and ending on the date which is six months from the Listing Date, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities of our Company in respect of which it is or they are shown by this prospectus to be the beneficial owner; or

(b) in the period of six months commencing on the date on which the period referred to in the preceding paragraph expires, dispose of or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities of our Company referred to in the preceding paragraph if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company.

Pursuant to Note 3 to Rule 10.07(1) of the Listing Rules, each of the Controlling Shareholders has further undertaken to the Stock Exchange and our Company that, within a period commencing on the Latest Practicable Date and ending on a date which is 12 months from the Listing Date, it will:

(a) when it pledges or charges any Shares or securities of our Company beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of such Shares or securities of our Company so pledged or charged; and

(b) when it receives any indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities of our Company will be disposed of, immediately inform us of any such indications.

We have agreed and undertaken to the Stock Exchange that, we shall inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of the Controlling Shareholders and disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

UNDERTAKINGS PURSUANT TO THE HONG KONG UNDERWRITING AGREEMENT AND DEEDS OF LOCK-UP

Undertaking by Us

Pursuant to the Hong Kong Underwriting Agreement, except for the issue, offer and sale of the Shares pursuant to the Share Grant Scheme, we have undertaken to each of the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-Allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the "**First Six-Month Period**"), it will not, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other equity securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other equity securities of our Company, as applicable), or deposit any share capital or other securities convertible into equity securities of our

Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or other equity securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other equity securities of our Company, as applicable); or

(c) enter into any transaction with the same economic effect as any transaction described in sub-paragraph (a) or (b) above; or

(d) offer to or agree to do any of the foregoing or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other equity securities, in cash or otherwise (whether or not the issue of such share capital or other securities convertible into equity securities will be completed within the First Six-Month Period). Our Company further agrees that, in the event our Company enters into any of the transactions described in sub-paragraph (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), our Company will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market in the securities of our Company.

Undertaking by Foxconn Far East Hong Kong

Pursuant to the Hong Kong Underwriting Agreement**,** Foxconn Far East Hong Kong has undertaken to each of the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that:

(a) without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, or unless pursuant to Note (2) to Rule 10.07 of the Listing Rules or the Stock Borrowing Agreement, it will not, during the First Six-Month Period:

(i) offer, pledge, charge, sell, contract to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other equity securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other equity securities of our Company); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein; or

(iii) enter into any transaction with the same economic effect as any transaction described in sub-paragraph (a)(i) or (a)(ii) above; or

(iv) offer to or agree to do any of the foregoing or announce any intention to do so,

whether any such transaction described in sub-paragraph (a)(i), (a)(ii), (a)(iii) or (a)(iv) above is to be settled by delivery of such capital or securities, in cash or otherwise;

(b) unless in compliance with the requirements of the Listing Rules,

(i) it will not, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) or unless pursuant to Note (2) to Rule 10.07 of the Listing Rules or the Stock Borrowing Agreement, enter into any transaction described in sub-paragraph (a)(i), (ii), (iii) or (iv) above or agree or contract to or publicly announce any intention to enter into any such transaction if, immediately following such transaction, Foxconn Far East Hong Kong would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company during the Second Six-Month Period; and

(ii) until the expiry of the Second Six-Month Period, in the event that it enters into any such transactions specified in sub-paragraph (a)(i), (a)(ii), (a)(iii) or (a)(iv) above or agrees or contracts to, or publicly announces an intention to enter into any such transactions, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

For the avoidance of doubt, the foregoing restrictions shall not prevent Foxconn Far East Hong Kong from purchasing additional Shares and selling any such additional Shares so purchased, subject to compliance with the requirements of Rule 8.08 of the Listing Rules to maintain an open market in the securities and a sufficient public float.

Undertaking by Hon Hai and Foxconn Far East Cayman

Pursuant to deeds of lock-up entered into by Hon Hai and Foxconn Far East Cayman respectively in favor of the Underwriters, each of Hon Hai and Foxconn Far East Cayman has undertaken to the Underwriters that except pursuant to the Global Offering and the Over-allotment Option, it shall not and shall procure that the relevant registered holder(s) shall not:

(a) in the period commencing from the Latest Practicable Date and ending on the date which is six months from the Listing Date, directly or indirectly, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities of our Company in respect of which it is or they are shown by this prospectus to be the beneficial owner; or

(b) in the period of six months commencing on the date on which the period referred to in the preceding paragraph expires, directly or indirectly, dispose of or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities of our Company referred to in the preceding paragraph if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company.

Each of Hon Hai and Foxconn Far East Cayman has further undertaken to the Underwriters that, within a period commencing on the Latest Practicable Date and ending on a date which is 12 months from the Listing Date, it will:

(a) when it pledges or charges any Shares or securities of our Company beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, to the extent permitted by applicable law, immediately inform the Joint Global Coordinators of such pledge or charge together with the number of such Shares or securities of our Company so pledged or charged; and

(b) when it receives any indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities of our Company will be disposed of, to the extent permitted by applicable law, immediately inform the Joint Global Coordinators of any such indications.

INTERNATIONAL PLACING

International Underwriting Agreement

In connection with the International Placing, it is expected that we and Foxconn Far East Hong Kong will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters, subject to certain conditions, will agree severally and not jointly to procure purchasers for, or to purchase, their respective proportions of the International Placing Shares being offered under the International Placing.

Under the International Underwriting Agreement, it is expected that we will grant to the International Underwriters the Over-Allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters, at any time within 30 days from the last day for lodging applications under the Hong Kong Public Offering, to require us to allot and issue up to an aggregate of 148,509,000 additional Shares, representing in aggregate not more than 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocations, if any, in the International Placing.

It is expected that the International Underwriting Agreement may be terminated on similar grounds as those in the Hong Kong Underwriting Agreement. Potential investors shall be reminded that if the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

We have agreed to indemnify the International Underwriters against certain liabilities, including liabilities under the U.S. Securities Act.

UNDERWRITING COMMISSIONS AND LISTING EXPENSES

The Underwriters will receive an underwriting commission per Offer Share of 1.75% of the Offer Price from our Company (including Offer Shares sold pursuant to the Over-allotment Option). Our Company may pay the Underwriters an incentive fee of up to 1.00% of the Offer Price per Offer Share to be allocated pursuant to the Company's discretion. For any unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the International Underwriters (but not the Hong Kong Underwriters).

The aggregate underwriting commission and fees (excluding the incentive fees), together with the Stock Exchange listing fees, the SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, are estimated to be approximately HK$134.3 million in aggregate (based on an Offer Price of HK$2.73 per Share, being the mid-point of the Offer Price range stated in this prospectus and the assumption that the Over-allotment Option is not exercised) and are to be borne by us.

ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that each of the underwriters of the Hong Kong Public Offering and the International Placing, together referred to as "**Syndicate Members**," may individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

(a) under the agreement among the Syndicate Members, all of them (except for the Stabilizing Manager or its designated affiliate as the stabilizing manager) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transaction relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the accounts of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving directly or indirectly, buying and selling the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by the Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All of these activities may occur both during and after the end of the stabilizing period described under the section headed "Structure of the Global Offering – Stabilization" in this prospectus. These activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares, and the volatility of the Shares' share price, and the extent to which this occurs from day to day cannot be estimated.

UNDERWRITERS' INTEREST IN OUR GROUP

Except as disclosed in this prospectus and the obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement and, if applicable, the Stock Borrowing Agreement, none of the Underwriters has any shareholding interest in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

JOINT SPONSORS' INDEPENDENCE

Credit Suisse (Hong Kong) Limited, one of the Joint Sponsors, does not consider itself to be independent from our Company according to Rule 3A.07 of the Listing Rules. Credit Suisse (Hong Kong) Limited and/or its affiliates have current business relationships with a Director and may enter into business relationships with other Directors which may together be considered to affect its independence for the purpose of Rule 3A.07 of the Listing Rules.

Each of China International Capital Corporation Hong Kong Securities Limited and Merrill Lynch Far East Limited satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- the Hong Kong Public Offering of 99,006,000 Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described below under "– the Hong Kong Public Offering"; and

- the International Placing of 891,054,000 Offer Shares (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States in offshore transactions in reliance on Regulation S, and in the United States solely to QIBs as defined in Rule 144A pursuant to an exemption from the registration requirements under the U.S. Securities Act, as described below in "– the International Placing".

In connection with the Global Offering, it is expected that we will grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters, at any time within 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require us to allot and issue up to an aggregate of 148,509,000 additional Shares, representing 15.0% of the initial number of Offer Shares under the Global Offering, at the Offer Price to cover over-allocations, if any, in the International Placing.

Investors may either:

- apply for the Hong Kong Offer Shares under the Hong Kong Public Offering; or

- apply for or indicate an interest for the International Placing Shares under the International Placing,

but may not do both.

The 990,060,000 Offer Shares in the Global Offering will represent approximately 15.04% of our enlarged share capital immediately after the completion of the Global Offering, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 16.91% of our enlarged share capital immediately following the completion of the Global Offering.

References to applications, Application Forms, application or subscription monies, or procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

We are initially offering 99,006,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10.0% of the total number of Shares initially available under the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth below in "– Conditions of the Global Offering."

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. We may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools:

Pool A: the Offer Shares will be allocated on an equitable basis to applicants who have applied for the Offer Shares with an aggregate subscription price of HK$5.0 million or less (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee); and

Pool B: the Offer Shares will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate subscription price of more than HK$5.0 million (excluding brokerage, SFC transaction levy and Stock Exchange trading fee).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this subsection only, the "subscription price" for the Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 49,503,000 Hong Kong Offer Shares will be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Placing is subject to reallocation under the Listing Rules. In accordance with the clawback requirements set forth in paragraph 4.2 of Practice Note 18 of the Listing Rules, if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents

(i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Placing. As a result of such reallocation, the total number of Hong Kong Offer Shares will be increased to 297,018,000 Offer Shares (in the case of (i)), 396,024,000 Offer Shares (in the case of (ii)) and 495,030,000 Offer Shares (in the case of (iii)), representing 30.0%, 40.0% and 50.0% of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), respectively.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B in equal proportion and the number of Offer Shares allocated to the International Placing will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators shall have the discretion to reallocate Offer Shares from the International Placing to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, regardless of whether any reallocation pursuant to paragraph 4.2 of Practice Note 18 of the Listing Rules is triggered.

If the Hong Kong Public Offering is not fully subscribed for, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Joint Global Coordinators deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Placing Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Placing Shares under the International Placing.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$3.08 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in "– Pricing and Allocation", is less than the maximum price of HK$3.08 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For more details, see "How to Apply for the Hong Kong Offer Shares."

THE INTERNATIONAL PLACING

Number of Offer Shares Initially Offered

We will be initially offering for subscription under the International Placing 891,054,000 Offer Shares, representing 90.0% of the Offer Shares under the Global Offering and approximately 13.53% of our enlarged issued share capital immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised.

Allocation

The International Placing will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for our Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of the Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to the Price Determination Date.

Allocation of the Offer Shares pursuant to the International Placing will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to hold or sell its Shares, after the Listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares under the International Placing on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of us and our shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any applications of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Placing may change as a result of the clawback arrangement described in "– The Hong Kong Public Offering – Reallocation" or the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that we will grant the Over-allotment Option to the International Underwriters.

Pursuant to the Over-Allotment Option, the International Underwriters have the right, exercisable by the Joint Global Coordinators on behalf of the International Underwriters at any time during the 30-day period from the last date for lodging applications under the Hong Kong Public Offering, to require our Company to issue up to 15.0% of the total number of the Offer Shares initially available under the Global Offering at the Offer Price under the International Placing to cover over-allocations in the International Placing, if any.

If the Over-allotment Option is exercised in full, the additional Shares to be issued pursuant thereto will represent approximately 2.21% of our issued share capital immediately following the completion of the Global Offering. In the event that the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the Underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the Offer Price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager or any persons acting for it, to conduct any such stabilizing action. Such stabilizing action, if taken, will be conducted at the absolute discretion of the Stabilizing Manager or any person acting for it and may be discontinued at any time, and is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering. Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our Shares, (iii) purchasing, or agreeing to purchase, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimizing any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in Shares should note that:

- the Stabilizing Manager may, in connection with the stabilizing action, maintain a long position in the Shares;

- there is no certainty as to the extent to which and the time period for which the Stabilizing Manager will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager or any person acting for it and selling in the open market, may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date and is expected to expire on August 3, 2017, being the 30th day after the last day for lodging applications under the Hong Kong Public Offer. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of any security (including the Shares) cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Offer Shares. Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-Allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager or any person acting for it may cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilizing Manager or any person acting for it in the secondary market at prices that do not exceed the Offer Price, or through the stock borrowing arrangement as detailed below or a combination of these means.

Stock Borrowing Arrangement

To facilitate the settlement of over-allocation in connection with the Global Offering, the Stabilizing Manager may choose to borrow, whether on its own or through its affiliates, up to 148,509,000 Shares, representing 15% of the Offer Shares (being the maximum number of Offer Shares which may be issued upon exercise of the Over-allotment Option), from Foxconn Far East Hong Kong, a Controlling Shareholder, pursuant to the Stock Borrowing Agreement which is expected to be entered into between the Stabilizing Manager and Foxconn Far East Hong Kong. Such stock borrowing arrangement under the Stock Borrowing Agreement, if entered into, will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with.

Such stock borrowing arrangement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option. The same number of Offer Shares so borrowed must be returned to Foxconn Far East Hong Kong or its nominees on or before the third Business Day following the earlier of (a) the last day on which the

Over-allotment Option may be exercised, (b) the day on which the Over-allotment Option is exercised in full and the relevant Offer Shares subject to the Over-allotment Option having been issued and allotted by the Company, or (c) such earlier time as the Stabilizing Manager and Foxconn Far East Hong Kong may agree in writing. No payment will be made to Foxconn Far East Hong Kong by the Stabilizing Manager or its agent in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between us and the Joint Global Coordinators (on behalf of the Underwriters), on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around July 6, 2017 (Hong Kong time), and in any event, not later than July 11, 2017 (Hong Kong time). Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Offer Price range stated in this prospectus.

The Offer Price will not be more than HK$3.08 and is expected to be not less than HK$2.38, unless otherwise announced by no later than the morning of the last day for lodging applications under the Hong Kong Public Offer as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offer, you must pay the maximum offer price of HK$3.08 per Offer Share, plus 1% brokerage fee, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee.

If the Offer Price, as finally determined in the manner described below, is lower than HK$3.08, we will refund the respective difference, including the brokerage fee, Stock Exchange trading fee and SFC transaction levy attributable to the surplus application monies. We will not pay interest on any refunded amounts. For more details, see “How to Apply for the Hong Kong Offer Shares.”

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Placing. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Global Coordinators, on behalf of the Underwriters, may, where considered appropriate based on the level of interest expressed by prospective professional, institutional and other investors during a book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering publish a notice in South China Morning Post (in English), Hong Kong Economic Journal (in Chinese) of the reduction and posted on the website of the Stock Exchange (**www.hkexnews.hk**) and on our website (**www.fit-foxconn.com**) (the contents of the website do not form a part of this prospectus).

Upon issue of such a notice, the revised number of Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon by us, will be fixed within such revised Offer Price range. Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also confirm or revise, as appropriate, the working capital statement, the Global Offering statistics as currently set out in the section "Summary", and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Joint Global Coordinators (on behalf of the Underwriters) will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If you have already submitted an application for the Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offering, you will not be allowed to subsequently withdraw your application. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

The Offer Price, an indication of the level of interest in the International Placing, the basis of allotment of Offer Shares available under the Hong Kong Public Offering and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in the section "How to Apply for the Hong Kong Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies."

UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Global Coordinators (on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date. These underwriting agreement, and the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarized in the section "Underwriting."

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares is conditional on, among others:

- the Listing Committee granting approval for the listing of, and permission to deal in, the Shares to be issued pursuant to the Global Offering (including any Shares which may be issued by us pursuant to the exercise of the Over-allotment Option and any Shares which may be granted under the Share Grant Scheme);

- the Offer Price being duly determined;
- the execution and delivery of the International Underwriting Agreement on the Price Determination Date; and
- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Tuesday, July 11, 2017.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before Tuesday, July 11, 2017, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, each other offering becoming unconditional and not having been terminated in accordance with its respective terms. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in South China Morning Post (in English), Hong Kong Economic Journal (in Chinese) and on the website of the Stock Exchange (**www.hkexnews.hk**) and on our website (**www.fit-foxconn.com**) on the next day following such lapse. In such situation, all application monies will be returned, without interest, on the terms set forth in the section "How to Apply for the Hong Kong Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies". In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, July 13, 2017, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, July 13, 2017.

The Shares will be traded in board lots of 1,000 Shares each and the stock code of the Shares will be 6088.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online through the designated website **www.eipo.com.hk** of the White Form eIPO service; or
- give electronic application instructions to HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf.

None of you or your joint applicant(s) may make more than one application (whether individually or jointly), except where you are a nominee and provide the required information in your application.

Our Company, the Joint Global Coordinators, the White Form eIPO Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are not a U.S. person (as defined in Regulation S);
- are outside the United States and will be acquiring the Hong Kong Offer Shares in an offshore transaction (as defined in Regulation S); and
- are not a legal or natural person of China (except qualified domestic institutional investors).

If you apply online through the White Form eIPO service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of White Form eIPO service for the Hong Kong Offer Shares.

We, the Joint Global Coordinators or the designated White Form eIPO Service Provider (where applicable), or our or their respective agents, have full discretion to reject or accept any application, in full or in part, without assigning any reason.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a close associate of any of the above;
- a core connected person of our Company (or the subsidiaries) or will become a core connected person of our Company (or the subsidiaries) immediately upon completion of the Global Offering; or
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a WHITE Application Form or apply online through White Form eIPO service at www.eipo.com.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, June 29, 2017 until 12:00 noon on Tuesday, July 4, 2017 from:

- any of the following offices of the Hong Kong Underwriters:

China International Capital Corporation Hong Kong Securities Limited	29th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Credit Suisse (Hong Kong) Limited	Level 88, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Merrill Lynch Far East Limited	55th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong
UBS AG Hong Kong Branch	52/F, Two International Finance Centre 8 Finance Street Central Hong Kong
CCB International Capital Limited	12/F., CCB Tower 3 Connaught Road Central Central, Hong Kong
China Merchants Securities (HK) Co., Limited	48/F, One Exchange Square Central Hong Kong
DBS Asia Capital Limited	17/F, The Center 99 Queen's Road Central Hong Kong
Nomura International (Hong Kong) Limited	30/F, Two International Finance Centre 8 Finance Street Central Hong Kong

- any of the following branches/sub-branches of the receiving bankers:

Standard Chartered Bank (Hong Kong) Limited

District	Branch name	Branch address
Hong Kong Island	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
	Hennessy Road Branch	399 Hennessy Road, Wanchai
	Wanchai Southorn Branch	Shop C2 on G/F and 1/F to 2/F, Lee Wing Building, No. 156-162 Hennessy Road, Wanchai
	North Point Centre Branch	Shop G, G/F, North Point Centre, 284 King's Road, North Point
Kowloon	Kwun Tong Branch	G/F, 414 Kwun Tong Road, Kowloon
	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
	Mei Foo Stage I Branch	G/F, 1C Broadway, Mei Foo Sun Chuen Stage I, Lai Chi Kok
	Mei Foo Manhattan Branch	Shop Nos.07 & 09, Ground Floor, Mei Foo Plaza, Mei Foo Sun Chuen
New Territories	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan
	Tai Po Branch	G/F Shop No. 2, 23-25 Kwong Fuk Road, Tai Po Market, Tai Po
	Yuen Long Fung Nin Road Branch	Shop B at G/F and 1/F, Man Cheong Building, 239-247&247A Castle Peak Road, Yuen Long
	Shatin Plaza Branch	Shop No. 8, Shatin Plaza, 21-27 Shatin Centre Street, Shatin

You can collect a **YELLOW** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Thursday, June 29, 2017 until 12:00 noon on Tuesday, July 4, 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "HORSFORD NOMINEES LIMITED— FIT PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches/sub-branches of the receiving banks listed above, at the following times:

- Thursday, June 29, 2017 – 9:00 a.m. to 5:00 p.m.
- Friday, June 30, 2017 – 9:00 a.m. to 5:00 p.m.
- Monday, July 3, 2017 – 9:00 a.m. to 5:00 p.m.
- Tuesday, July 4, 2017 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, July 4, 2017, the last application day or such later time as described in "– 10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the White Form eIPO service, among other things, you:

- undertake to execute all relevant documents and instruct and authorize our Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles;
- agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form(s) and agree to be bound by them;
- confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- confirm that you are aware of the restrictions on the Global Offering in this prospectus;

- agree that none of our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

- undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;

- agree to disclose to our Company, the Hong Kong Share Registrar, receiving bankers, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

- if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

- agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

- agree that your application will be governed by the laws of Hong Kong;

- represent, warrant and undertake that (a) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act and, prior to the expiration of the period of 40 days after the commencement of the International Placing, may not be offered, resold, pledged or transferred within the United States except in certain transactions in reliance on Rule 144A; (b) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S; and (c) the purchaser is not an "affiliate" (within the meaning of Regulation S) of our Company or a person acting on the behalf of our Company or an affiliate of our Company;

- warrant that the information you have provided is true and accurate;

- agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

- authorize our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or our agents to deposit any share certificate(s) into CCASS and to send any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "Personal Collection" section in the Prospectus to collect refund cheque(s) in person;

- declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

- understand that our Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

- (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the White Form eIPO Service Provider by you or by any one as your agent or by any other person; and

- (if you are making the application as an agent for the benefit of another person) warrant that (a) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC; and (b) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria as described in "– 2. Who Can Apply" in this section, may apply through the White Form eIPO service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the White Form eIPO service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the White Form eIPO Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the White Form eIPO service.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application through the White Form eIPO Service Provider at **www.eipo.com.hk** from 9:00 a.m. on Thursday, June 29, 2017 until 11:30 a.m. on Tuesday, July 4, 2017 (24 hours daily, except on the last application day) and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, July 4, 2017 or such later time specified under "– 10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you apply by means of the White Form eIPO service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the White Form eIPO service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under the White Form eIPO service more than once and obtaining payment application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the White Form eIPO service or by any other means, all of your applications are liable to be rejected.

Environmental Protection

The obvious advantage of White Form eIPO is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited being the designated White Form eIPO Service Provider, will contribute HK$2 for each "FIT Hon Teng Limited" White Form eIPO application submitted via the website www.eipo.com.hk to support the funding of "Source of Dong Jiang – Hong Kong Forest" project initiated by Friends of the Earth (HK).

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give electronic application instructions to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System **https://ip.ccass.com** (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;

- (if the electronic application instructions are given for your benefit) declare that only one set of electronic application instructions has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that our Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving bankers, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for Hong Kong Offer Shares;

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

- Thursday, June 29, 2017 – 9:00 a.m. to 8:30 p.m.[(1)]
- Friday, June 30, 2017 – 8:00 a.m. to 8:30 p.m.[(1)]
- Monday, July 3, 2017 – 8:00 a.m. to 8:30 p.m.[(1)]
- Tuesday, July 4, 2017 – 8:00 a.m.[(1)] to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Thursday, June 29, 2017 until 12:00 noon on Tuesday, July 4, 2017 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Tuesday, July 4, 2017, the last application day or such later time as described in "–10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as (applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the White Form eIPO service is also only a facility provided by the White Form eIPO Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the White Form eIPO service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Tuesday, July 4, 2017.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or YELLOW Application Form or by giving electronic application instructions to HKSCC or through White Form eIPO service is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange. "Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the White Form eIPO service in respect of a minimum of 1,000 Hong Kong Public Offer Shares. Each application or electronic application instruction in respect of more than 1,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure of the Global Offering – Pricing and Allocation".

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, July 4, 2017. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 am and 12:00 noon.

If the application lists do not open and close on Tuesday, July 4, 2017 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, July 12, 2017 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on our Company's website at **www.fit-foxconn.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.fit-foxconn.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m., Wednesday, July 12, 2017;
- from the designated results of allocations website at **www.iporesults.com.hk** with a "search by ID" function on a 24-hour basis from 8:00 a.m., Wednesday, July 12, 2017 to 12:00, midnight, Tuesday, July 18, 2017;
- by telephone enquiry line by calling (852) 2862 8669 between 9:00 a.m. and 10.00 p.m. from Wednesday, July 12, 2017 to Saturday, July 15, 2017;
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, July 12, 2017 to Friday, July 14, 2017 at all the designated branches and sub-branches of the receiving bankers.

If our Company accepts your offer to subscribe (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details, see "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or to White Form eIPO Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Global Coordinators, the White Form eIPO Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the White Form eIPO service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Global Coordinators believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$3.08 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering – Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, July 12, 2017.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangements for dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Wednesday, July 12, 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, July 13, 2017 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal collection

(i) ***If you apply using a WHITE Application Form***

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Computershare Hong Kong Investor Services Limited at shops 1712-1716 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, July 12, 2017 or such other date as is notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Wednesday, July 12, 2017, by ordinary post and at your own risk.

(ii) ***If you apply using a YELLOW Application Form***

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Wednesday, July 12, 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, July 12, 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Offering Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offering Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "– 11. Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, July 12, 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) ***If you apply through the White Form eIPO Service***

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from Computershare Hong Kong Investor Services Limited at shops 1712-1716 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, July 12, 2017, or such other date as is notified by our Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund checks.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, July 12, 2017 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) ***If you apply via Electronic Application Instructions to HKSCC***

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, July 12, 2017, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "– 11. Publication of Results" above on Wednesday, July 12, 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, July 12, 2017 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, July 12, 2017. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, July 12, 2017.

15. COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence from 9:00 a.m. on Thursday, July 13, 2017.

The Shares will be traded in board lots of 1,000 each. The stock code of the Shares is 6088.

16. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the Listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from Listing Date or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FIT HON TENG LIMITED (INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY UNDER THE NAME OF NEW WING INTERNATIONAL HOLDINGS LIMITED, AND WAS SUBSEQUENTLY RENAMED AS "FOXCONN INTERCONNECT TECHNOLOGY LIMITED", AND CARRYING ON BUSINESS IN HONG KONG AS "FIT HON TENG LIMITED") AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, CREDIT SUISSE (HONG KONG) LIMITED, AND MERRILL LYNCH FAR EAST LIMITED

Introduction

We report on the historical financial information of FIT Hon Teng Limited (the "Company", incorporated in the Cayman Islands with limited liability under the name of New Wing International Holdings Limited, and was subsequently renamed as "Foxconn Interconnect Technology Limited", and carrying on business in Hong Kong as "FIT Hon Teng Limited") and its subsidiaries (together, the "Group") set out on pages I-4 to I-71, which comprises the consolidated balance sheets as at December 31, 2014, 2015 and 2016, the company balance sheets as at December 31, 2014, 2015 and 2016, and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years then ended (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-71 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated June 29, 2017 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and

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preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at December 31, 2014, 2015 and 2016 and the consolidated financial position of the Group as at December 31, 2014, 2015 and 2016 and of its consolidated financial performance and its consolidated cash flows for the Relevant Periods in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 14 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
June 29, 2017

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "IAASB") ("Underlying Financial Statements").

The Historical Financial Information is presented in United States dollars and all values are recorded to the nearest thousands (USD'000) except when otherwise stated.

(a) Consolidated Income Statements

	Note	Year ended December 31,		
		2014	**2015**	**2016**
		USD'000	**USD'000**	**USD'000**
Revenue	6	2,482,214	2,327,902	2,880,260
Cost of sales	9	(2,004,655)	(1,892,662)	(2,389,850)
Gross profit		477,559	435,240	490,410
Distribution costs and selling expenses	9	(71,957)	(68,413)	(87,277)
Administrative expenses	9	(76,326)	(89,619)	(68,102)
Research and development expenses	9	(118,316)	(121,683)	(168,749)
Other income	7	5,575	7,008	9,109
Other gains – net	8	13,545	46,689	34,563
Operating profit		230,080	209,222	209,954
Finance income	11	7,333	5,915	5,530
Finance costs	11	(3,261)	(5,955)	(3,826)
Finance income/(costs) – net	11	4,072	(40)	1,704
Share of results of an associate	19	–	(109)	(59)
Profit before income tax		234,152	209,073	211,599
Income tax expense	12	(47,128)	(32,057)	(43,037)
Profit for the year		187,024	177,016	168,562
Profit/(loss) attributable to:				
Owners of the Company		187,025	177,009	168,562
Non-controlling interests		(1)	7	–
		187,024	177,016	168,562
Earnings per share for profit attributable to owners of the Company during the year (expressed in US cents per share)				
Basic earnings per share	13	3.57	3.21	3.01
Diluted earnings per share	13	3.57	3.15	2.90

(b) Consolidated Statements of Comprehensive Income

	Year ended December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
Profit for the year	187,024	177,016	168,562
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences	(23,068)	(51,855)	(60,711)
Total other comprehensive loss for the year, net of tax	(23,068)	(51,855)	(60,711)
Total comprehensive income for the year	163,956	125,161	107,851
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company	163,956	125,156	107,854
Non-controlling interests	–	5	(3)
	163,956	125,161	107,851

(c) Consolidated Balance Sheets

	Note	As at December 31, 2014	2015	2016
		USD'000	USD'000	USD'000
ASSETS				
Non-current assets				
Land use rights	15	23,872	22,094	21,027
Property, plant and equipment	16	755,268	690,683	710,647
Intangible assets	17	6,129	3,175	431
Available for sale financial assets	33	–	–	5,857
Deferred income tax assets	20	12,244	17,412	17,973
Interest in an associate	19	–	890	1,331
Deposits, prepayments and other receivables	22	3,402	967	14,114
		800,915	735,221	771,380
Current assets				
Inventories	21	246,137	243,281	368,481
Trade and other receivables	22	924,972	789,919	948,050
Short-term bank deposits	23	19,219	88,736	111,889
Cash and cash equivalents	23	514,124	409,239	414,899
		1,704,452	1,531,175	1,843,319
Total assets		2,505,367	2,266,396	2,614,699
EQUITY				
Equity attributable to owners of the Company				
Share capital	24	101,163	109,283	109,283
Reserves	25	952,719	1,077,238	1,174,668
		1,053,882	1,186,521	1,283,951
Non-controlling interests		31	36	33
Total equity		1,053,913	1,186,557	1,283,984
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	20	669	1	1
Deposits received and other payables	28	2,763	2,578	1,346
		3,432	2,579	1,347
Current liabilities				
Trade and other payables	28	954,636	702,557	902,849
Borrowings	27	445,999	339,337	384,818
Current income tax liabilities		47,387	35,366	41,701
		1,448,022	1,077,260	1,329,368
Total liabilities		1,451,454	1,079,839	1,330,715
Total equity and liabilities		2,505,367	2,266,396	2,614,699

(d) Balance Sheets

	Note	As at December 31, 2014	2015	2016
		USD'000	USD'000	USD'000
ASSETS				
Non-current assets				
Property, plant and equipment		59,884	58,889	42,552
Intangible assets		5,901	2,845	81
Interests in subsidiaries	18	709,343	851,691	960,941
Available for sale financial assets	33	–	–	5,857
Deferred income tax assets		1,305	8,057	10,138
Interest in an associate	19	–	890	1,331
Deposits, prepayments and other receivables	22	1,606	332	6,641
		778,039	922,704	1,027,541
Current assets				
Inventories		227,217	222,230	262,291
Trade and other receivables	22	777,474	742,692	827,537
Cash and cash equivalents	23	326,188	243,238	169,387
		1,330,879	1,208,160	1,259,215
Total assets		2,108,918	2,130,864	2,286,756
EQUITY				
Equity attributable to owners of the Company				
Share capital	24	101,163	109,283	109,283
Reserves	26	910,325	1,041,812	1,094,553
Total equity		1,011,488	1,151,095	1,203,836
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities		666	–	–
Deposits received and other payables	28	95	94	353
		761	94	353
Current liabilities				
Trade and other payables	28	842,215	703,782	807,177
Borrowings	27	221,169	249,772	261,163
Current income tax liabilities		33,285	26,121	14,227
		1,096,669	979,675	1,082,567
Total liabilities		1,097,430	979,769	1,082,920
Total equity and liabilities		2,108,918	2,130,864	2,286,756

(e) Consolidated Statements of Changes in Equity

	Note	Attributable to owners of the Company						
		Share capital	Share premium and capital reserve (note 25)	Other reserves (note 25)	Retained earnings	Sub-total	Non-controlling interests	Total equity
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance as at January 1, 2014		101,163	(284,733)	158,164	476,872	451,466	–	451,466
Comprehensive income								
- Profit for the year		–	–	–	187,025	187,025	(1)	187,024
Other comprehensive income								
– Currency translation differences		–	–	(23,069)	–	(23,069)	1	(23,068)
Total comprehensive income		–	–	(23,069)	187,025	163,956	–	163,956
Transaction with owners								
– Reversal of distribution to the then equity owner	25(a)	–	470,000	–	–	470,000	–	470,000
– Capital contribution by the non-controlling interests		–	–	–	–	–	31	31
– Distribution to shareholders pursuant to the Reorganization	1.2	–	(129,247)	–	–	(129,247)	–	(129,247)
– Appropriation to statutory reserve		–	–	2,764	(2,764)	–	–	–
– Share subscription scheme: Proceeds from shares to be issued and share-based payments	29(b)	–	–	84,301	–	84,301	–	84,301
– Employees' share award scheme: Capital contribution from the ultimate holding company	29(a)	–	–	13,406	–	13,406	–	13,406
Total transactions with owners, recognized directly in equity		–	340,753	100,471	(2,764)	438,460	31	438,491
Balance at December 31, 2014		101,163	56,020	235,566	661,133	1,053,882	31	1,053,913

	Note	Attributable to owners of the Company						
		Share capital	Share premium and capital reserve (note 25)	Other reserves (note 25)	Retained earnings	Sub-total	Non-controlling interests	Total equity
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance as at January 1, 2015		101,163	56,020	235,566	661,133	1,053,882	31	1,053,913
Comprehensive income								
– Profit for the year		–	–	–	177,009	177,009	7	177,016
Other comprehensive income								
– Currency translation differences		–	–	(51,853)	–	(51,853)	(2)	(51,855)
Total comprehensive income for the year		–	–	(51,853)	177,009	125,156	5	125,161
Transaction with owners								
– Share subscription scheme: Proceeds from shares to be issued	29(b)	–	–	26,708	–	26,708	–	26,708
– Completion of share registration in relation to the share subscription scheme	29(b)	8,120	100,766	(108,886)	–	–	–	–
– Appropriation to statutory reserve		–	–	2,984	(2,984)	–	–	–
– Senior management share grant scheme	29(c)	–	–	22,442	–	22,442	–	22,442
– Dividends paid	14	–	–	–	(41,667)	(41,667)	–	(41,667)
Total transactions with owners, recognized directly in equity		8,120	100,766	(56,752)	(44,651)	7,483	–	7,483
Balance at December 31, 2015		109,283	156,786	126,961	793,491	1,186,521	36	1,186,557
Balance as at January 1, 2016		109,283	156,786	126,961	793,491	1,186,521	36	1,186,557
Comprehensive income								
– Profit for the year		–	–	–	168,562	168,562	–	168,562
Other comprehensive income								
– Currency translation differences		–	–	(60,708)	–	(60,708)	(3)	(60,711)
Total comprehensive income for the year		–	–	(60,708)	168,562	107,854	(3)	107,851
Transaction with owners								
– Appropriation to statutory reserve		–	–	9,570	(9,570)	–	–	–
– Senior management and employees' share grant scheme	29(c) & (d)	–	–	33,779	–	33,779	–	33,779
– Dividends paid	14	–	–	–	(44,203)	(44,203)	–	(44,203)
Total transactions with owners, recognized directly in equity		–	–	43,349	(53,773)	(10,424)	–	(10,424)
Balance at December 31, 2016		109,283	156,786	109,602	908,280	1,283,951	33	1,283,984

(f) Consolidated Statements of Cash Flows

	Note	Year ended December 31, 2014	2015	2016
		USD'000	USD'000	USD'000
Cash flow from operating activities				
Cash (used in)/generated from operations	30(a)	(40,183)	489,364	277,797
Income tax paid		(16,257)	(50,014)	(37,263)
Net cash (used in)/generated from operating activities		(56,440)	439,350	240,534
Cash flow from investing activities				
Payment for the purchase of property, plant and equipment		(109,976)	(138,693)	(198,246)
Purchase of land use rights		–	(40)	–
Payment for the purchase of intangible assets		–	(9,445)	(378)
Proceeds from disposal of property, plant and equipment	30(b)	33,386	7,387	10,182
Proceeds from disposal of intangible assets		–	–	135
Net payment in relation to acquisition of business	32	–	(69,687)	–
Investment in an associate	19	–	(1,000)	(500)
Increase in short-term bank deposits		(19,219)	(69,517)	(23,153)
Interest received		7,333	5,915	5,530
Purchases of available for sale financial assets		–	–	(5,857)
Net cash used in investing activities		(88,476)	(275,080)	(212,287)
Cash flow from financing activities				
Distribution to the then shareholders for transfer of entities as a result of Reorganization	1.2	(8,459)	(120,788)	–
Capital contribution from non-controlling interests		31	–	–
Increase/(decrease) in short-term borrowings		299,632	(106,662)	45,481
Proceeds from share issuance in relation to share subscription scheme	29(b)	82,178	26,708	–
Interest paid		(3,261)	(5,955)	(3,826)
Cash dividends paid		–	(41,667)	(44,203)
Listing expenses		–	(230)	(4,040)
Net cash generated from/(used in) financing activities		370,121	(248,594)	(6,588)
Net increase/(decrease) in cash and cash equivalents		225,205	(84,324)	21,659
Cash and cash equivalents at beginning of the year		285,535	514,124	409,239
Exchange gains/(losses) on cash and cash equivalents		3,384	(20,561)	(15,999)
Cash and cash equivalents at end of the year	23	514,124	409,239	414,899

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP

1 General information, principal activities and presentation of the historical financial information of the Group

1.1 General information of the Group

The Company was formerly known as New Wing International Holdings Limited, which was incorporated in the Cayman Islands on April 8, 2013 as an exempted company with limited liability under the laws of the Cayman Islands, carrying on business in Hong Kong as "FIT Hon Teng Limited". On June 27, 2013, the Company was renamed as "Foxconn Interconnect Technology Limited".

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

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

The Company and its subsidiaries is collectively defined as the Group.

The English names of certain companies and auditors mentioned in this report represented the best efforts by the directors of the Company in translating their Chinese names as they may not have official English names.

1.2 Principal activities of the Group and major changes

Prior to the Relevant Periods, New Wing Interconnection Business Group ("NWInG") was a division of Hon Hai and certain subsidiaries of Hon Hai are engaged in the operation of the interconnect technology business (the "Interconnect Technology Business"). The Interconnect Technology Business develops, manufactures and markets electronic and optoelectronic connectors, antennas, acoustic components, cables and modules for applications in computers, communication equipment, consumer electronics, automobiles, industrial and green energy field products. Pursuant to Hon Hai's corporate plan, the Company took over the Interconnect Technology Business from Hon Hai since October 2013 and certain subsidiaries, namely: In-Output Precision Industrial Ltd. ("In-Output Precision") and Foxconn (Kunshan) Computer Connectors Company Limited ("Foxconn Kunshan") and its subsidiaries, were transferred to the Company in 2013.

In preparation for the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), a reorganization (the "Reorganization") was carried out which principally involved the following:

(a) In December 2013, the Company entered into certain agreements to acquire the entire equity interests in Fuding Precision Components (Shenzhen) Company Limited ("Fu Ding Shenzhen") and Fuyu Electronics Technology (Huai'an) Company Limited ("Fu Yu Huaian") from Foxconn HK for a consideration of USD165,251,625 and USD343,614,309, respectively. The transfer of Fu Ding Shenzhen and Fu Yu Huaian were completed on January 2, 2014 and January 21, 2014, respectively. Since then, Fu Ding Shenzhen, Fu Yu Huaian and its subsidiaries became indirectly owned subsidiaries of the Company.

(b) In January 2014, Foxconn Interconnect Technology Singapore Pte. Ltd. ("Foxconn Interconnect Singapore"), a wholly owned subsidiary of the Company, entered into certain agreements to acquire the entire interests in

Foxconn Kunshan, Fu Ding Shenzhen and Fu Yu Huaian from the Company for a consideration of USD198,926,748, USD165,251,625 and USD343,614,309, respectively. As the consideration of such transfers, Foxconn Interconnect Singapore allotted and issued 707,792,682 shares with a total value of USD707,792,682 to the Company. Pursuant to an instrument of transfer on February 14, 2014, Foxconn Interconnect Singapore acquired the entire equity interests in Grand Occasion International Limited and Best Gold Trading Limited, the immediate holding companies of Foxconn Electronics Industrial Development (Kunshan) Company Limited, from Foxconn HK for a cash consideration of USD65,200,400 and USD55,588,000, respectively. Upon completion of the equity transfer on February 14, 2014, Foxconn Electronics Industrial Development (Kunshan) Company Limited became an indirect wholly-owned subsidiary of the Company. Such amount was fully settled in year 2015.

(c) Pursuant to an agreement dated August 13, 2014, Foxconn Interconnect Singapore acquired the entire equity interests in Foxteq (UK) Limited from Foxteq Holdings Inc., a subsidiary of Hon Hai for a cash consideration of British Pounds ("£")108,554 (approximately USD183,935). Upon the transfer, Foxteq (UK) Limited became an indirectly wholly-owned subsidiary of the Company. Such amount was fully settled in year 2014.

(d) Pursuant to an agreement dated October 27, 2014, Foxconn Interconnect Singapore acquired the entire equity interests in Foxconn Korea Limited from Foxconn Singapore Pte. Ltd., a subsidiary of Hon Hai for a cash consideration of Korean Won 861,115,692 (approximately USD861,116). Since then, Foxconn Korea Limited became an indirectly wholly-owned subsidiary of the Company. Such amount was fully settled in year 2014.

(e) In October 2014, Foxconn Interconnect Singapore acquired the remaining interest of 25% equity interests in Fuding Precision Industrial (Zhengzhou) Company Limited ("Fu Ding Zhengzhou") from China Galaxy Enterprises Limited, a subsidiary of Hon Hai, for a cash consideration of USD7,413,829. Since then, Fu Ding Zhengzhou became a wholly owned subsidiary of the Company. Such amount was fully settled in year 2014.

(f) As part of the Reorganization, in 2014 Hon Hai entered into patent license agreements with the Company pursuant to which certain patents in relation to NWInG were licensed to the Company at a consideration of USD8.9 million for a term of three years effective from January 1, 2014. Such amount was settled in cash in year 2015.

(g) After the completion of the Reorganization steps as described above, the Company became the holding company of the subsidiaries now comprising the Group.

During the Relevant Periods, the Company had direct or indirect interests in the following subsidiaries:

Name	Place and date of incorporation	Principal activities/place of operation	Registered/ Issued and paid up capital	Note	Attributable effective equity interests to the Company as at December 31, 2014	December 31, 2015	December 31, 2016
富士康(昆山)電腦接插件有限公司 ("Foxconn (Kunshan) Computer Connectors Company Limited")*	The People's Republic of China ("PRC") on January 20, 1993	Production of interconnect solutions and related products, the PRC	USD44,600,000	a, o	100%	100%	100%
富士康電子工業發展(昆山)有限公司 ("Foxconn Electronics Industrial Development (Kunshan) Company Limited")*	The PRC on November 29, 1995	Production of interconnect solutions and related products, the PRC	USD124,000,000	a, o	100%	100%	100%
富頂精密組件(深圳)有限公司 ("Fuding Precision Components (Shenzhen) Company Limited")*	The PRC on December 7, 1995	Production of interconnect solutions and related products, the PRC	USD48,000,000	b	100%	100%	100%
富鼎精密工業(鄭州)有限公司 ("Fuding Precision Industrial (Zhengzhou) Company Limited")*	The PRC on September 2, 2010	Production of interconnect solutions and related products, the PRC	USD40,000,000	c	100%	100%	100%
淮安市富利通貿易有限公司 ("Huai'an City Fulitong Trading Company Limited")*	The PRC on July 12, 2007	Sale of interconnect solutions and related products, the PRC	RMB30,000,000	d	100%	100%	100%

Name	Place and date of incorporation	Principal activities/place of operation	Registered/ Issued and paid up capital	Note	Attributable effective equity interests to the Company as at December 31, 2014	December 31, 2015	December 31, 2016
富譽電子科技(淮安)有限公司 ("Fuyu Electronics Technology (Huai'an) Company Limited")*	The PRC on December 6, 2006	Production of interconnect solutions and related products, the PRC	USD296,200,000	d	100%	100%	100%
淮安安亞貿易有限公司 ("Huai'an Anya Trading Company Limited")*	The PRC on November 25, 2016	Sale of interconnect solutions and related products, the PRC	RMB1,000,000	i	–	–	100%
淮安鴻裕電子科技有限公司 ("Huai'an Hongyu Electronics Technology Company Limited")*	The PRC on September 25, 2010	Sale of interconnect solutions and related products, the PRC	RMB10,000,000	d	100%	100%	100%
淮安騰躍信息科技有限公司 ("Huai'an Tengyue Information Technology Company Limited")*	The PRC on April 30, 2014	Structure cabling, installation and maintenance of intelligent control system, the PRC	RMB1,000,000	e	80%	80%	80%
重慶市鴻騰科技有限公司 ("Chongqing Hongteng Technology Company Limited")*	The PRC on September 17, 2014	Production of interconnect solutions and related products, the PRC	USD3,000,000	f	100%	100%	100%

Name	Place and date of incorporation	Principal activities/place of operation	Registered/ Issued and paid up capital	Note	Attributable effective equity interests to the Company as at December 31, 2014	December 31, 2015	December 31, 2016
富盟電子科技(菏澤)有限公司 ("Fumeng Electronics Technology (Heze) Company Limited")*	The PRC on December 23, 2014	Production of interconnect solutions and related products, the PRC	USD5,000,000	g	100%	100%	100%
淮安富啟電子科技有限公司 ("Huai'an Fuqi Electronics Technology Company Limited")*	The PRC on October 17, 2015	Production of interconnect solutions and related products, the PRC (currently dormant)	RMB10,000,000	i	–	100%	100%
Foxconn Interconnect Technology Singapore Pte. Ltd.	Singapore on June 17, 2013	Sale of interconnect solutions and related products, Singapore	USD708,792,682 as at December 31, 2014 and USD851,139,961 as at December 31, 2015 and USD872,389,961 as at December 31, 2016	h, n	100%	100%	100%
昆山安亞鴻貿易有限公司 ("Kunshan Anyahong Trading Company Limited")*	The PRC on August 9, 2016	Sale of interconnect solutions and related products, the PRC	RMB1,000,000	i	–	–	100%
New Beyond Maximum Industrial Limited	Samoa on June 18, 2013	Consolidation and allocation of purchase orders, Samoa	USD1	i	100%	100%	100%
Foxconn Interconnect Technology (USA), Inc.	United States of America ("USA") on July 12, 2013	Sale of interconnect solutions and related products, USA	Limited by guarantee	i	100%	100%	100%

Name	Place and date of incorporation	Principal activities/place of operation	Registered/ Issued and paid up capital	Note	Attributable effective equity interests to the Company as at December 31, 2014	December 31, 2015	December 31, 2016
FIT Electronics, Inc.	USA on December 20, 2013	Sale, research and development of interconnect solutions and related products, USA	USD500,000	i	100%	100%	100%
In-Output Precision Industrial Limited	British Virgin Islands on August 19, 1998	Consolidation and allocation of purchase orders, BVI	USD1	i	100%	100%	100%
Grand Occasion International Limited	British Virgin Islands on June 2, 1999	Investment holding, BVI	USD65,200,400	i	100%	100%	100%
Best Gold Trading Limited	British Virgin Islands on January 8, 1999	Investment holding, BVI	USD55,588,000	i	100%	100%	100%
Foxconn Interconnect Technology Japan Co., Ltd.	Japan on September 17, 2014	Sale of interconnect solutions and related products, Japan	JPY10,000,000	i	100%	100%	100%
Foxteq (UK) Limited	United Kingdom ("UK") on November 4, 1997	Sale of interconnect solutions and related products, UK	GBP100,000	j	100%	100%	100%
Foxconn Korea Limited	Korea on June 25, 2010	Sale of interconnect solutions and related products, Korea	USD780,000	i	100%	100%	100%
Foxconn Optical Interconnect Technologies Singapore Pte. Ltd.	Singapore on August 25, 2015	Sale of interconnect solutions and related products, Singapore	USD1 as at December 31, 2015 and USD88,000,000 as at December 31, 2016	m, n	–	100%	100%
FIT Optoelectronica de Mexico ("FIT Mexico", formerly known as "Lucent Technologies Optoelectrónica, Agere Systems de México, TriQuint de México, CyOptics de México")	Mexico on August 18, 2000	Production of interconnect solutions and related products, Mexico	MXN10,095,897	l, n	–	100%	100%

Name	Place and date of incorporation	Principal activities/place of operation	Registered/ Issued and paid up capital	Note	Attributable effective equity interests to the Company as at December 31, 2014	December 31, 2015	December 31, 2016
Foxconn Optical Interconnect Technologies Inc.	USA on August 25, 2015	Sale, research and development of interconnect solutions and related products, USA	USD1 as at December 31, 2015 and USD1,500,000 as at December 31, 2016	i	–	100%	100%
Foxconn Optical Component Technologies Inc.	USA on August 27, 2015	Research and development of interconnect solutions and related products, USA	USD1	i	–	100%	100%
深圳安亞貿易有限公司 ("Shenzhen Anya Trading Company Limited")*	The PRC on November 30, 2016	Sale of interconnect solutions and related products, the PRC	RMB1,000,000	i	–	–	100%
New Wing Interconnect Technology (Bac Giang) Co., Ltd.	Vietnam on January 30, 2015	Production of interconnect solutions and related products, Vietnam	VND225,400,000,000 as at December 31, 2015 and VND676,200,000,000 as at December 31, 2016	k	–	100%	100%

Notes:

(a) *The statutory financial statements of these companies for each of the years ended December 31, 2014 and 2015 were audited by Kunshan Fengrui Certified Public Accountants* (昆山豐瑞聯合會計師事務所).*

(b) *The statutory financial statements of this company for each of the years ended December 31, 2014, 2015 and 2016 were audited by Ruihua Certified Public Accountants, Shenzhen Branch* (瑞華會計師事務所(特殊普通合夥)深圳分所).*

(c) *The statutory financial statements of this company for each of the years ended December 31, 2014, 2015 and 2016 were audited by Henan Guangming Certified Public Accountants* (河南省光明會計師事務所有限公司).*

(d) *The statutory financial statements of these companies for each of the years ended December 31, 2014, 2015 and 2016 were audited by Huaian Guoxin Certified Public Accountants* (淮安國信會計師事務所有限公司).*

(e) *The statutory financial statements of this company for the period from April 30, 2014 (date of incorporation) to December 31, 2014 and for each of the years ended December 31, 2015 and 2016 were audited by Huaian Guoxin Certified Public Accountants* (淮安國信會計師事務所有限公司).*

(f) *The statutory financial statements of this company for the period from September 17, 2014 (date of incorporation) to December 31, 2015 and for the year ended December 31, 2016 were audited by Ruihua Certified Public Accountants, Chongqing Branch* (瑞華會計師事務所(特殊普通合夥)重慶分所).*

(g) *The statutory financial statements of this company for the period from December 23, 2014 (date of incorporation) to December 31, 2015 and for the year ended December 31, 2016 were audited by Shandong Zhonghui Certified Public Accountants* (山東中慧會計師事務所有限公司).*

(h) *The statutory financial statements of this company for each of the years ended December 31, 2014 and 2015 were audited by P G Wee Partnership LLP.*

(i) *No audited financial statements were issued for these entities as it is not required to issue audited financial statements under the relevant statutory requirements or the relevant rules and regulations in the respective places.*

(j) *The statutory financial statements of this company for each of the years ended December 31, 2014, 2015 and 2016 were audited by Treetops Chartered Accountants.*

(k) *The statutory financial statements of this company for the period from January 30, 2015 (date of incorporation) to December 31, 2015 and for the year ended December 31, 2016 were audited by KPMG Limited in Vietnam.*

(l) *The statutory financial statements of this company for the year ended December 31, 2015 was audited by Mancera, S.C..*

(m) *The statutory financial statements of this company for the period from August 25, 2015 (date of incorporation) to December 31, 2015 was audited by P G Wee Partnership LLP.*

(n) *Up to the date of this report, the statutory financial statements of these entities for the year ended December 31, 2016 are yet to be issued.*

(o) *The statutory financial statements of these entities for the year ended December 31, 2016 was audited by Kunshan Zhongyu Certified Public Accountants*(昆山中玉會計師事務所).*

* *for identification purpose only*

1.3 Basis of presentation

During the Relevant Periods, the Interconnect Technology Business and the entities now comprising the Group are controlled by Hon Hai and they have been managed as a business together. For the purpose of this report, the consolidated historical financial information of the Company is prepared in accordance with IFRS 10, "Consolidated Financial Statements", issued by the International Accounting Standard Board (the "IASB"), using the carrying values of the Interconnect Technology Business under Hon Hai for all years presented, or since the respective dates of incorporation/ establishment of the subsidiaries within the Group, or since the date when the subsidiaries within the Group first came under control of Hon Hai, whichever is later.

For companies acquired from third parties during the year ended December 31, 2015, they are included in the historical financial information of the Group from the date of the acquisition (Note 32).

Inter-company transactions, balances and unrealized gains/losses on transactions between group companies are eliminated on consolidation.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied during the Relevant Periods.

2.1 Basis of preparation

The consolidated historical financial information of the Company has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the IASB. The consolidated historical financial information has been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments and available-for-sale financial assets which are carried at fair value.

New standards and amendments to existing standards have been issued but not yet effective and have not been early adopted by the Group:

Amendment to IAS 7 "Statement of cash flows" (effective for annual periods beginning on or after January 1, 2017). The amendment introduces an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

Amendment to IAS 12 "Recognition of deferred tax assets for unrealized losses" (effective for annual periods beginning on or after January 1, 2017). The amendment clarifies how to account for deferred tax assets related to debt instruments measured at fair value.

Amendment to IFRS 2 "Classification and measurement of share-based payment transactions" (effective for annual periods beginning on or after January 1, 2018). The amendment provides requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Group expects to adopt the amendment on January 1, 2018 and the impact is not expected to be material.

Amendments to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture" (effective date to be determined). The amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture.

IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after January 1, 2018). IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. The Group has performed a preliminary assessment of the potential impact of the application of IFRS 15 and identified the key areas which might be accounted for differently under this new standard, including but not limited to the timing of revenue recognition and the accounting treatment of contract costs and the impact is not expected to be material.

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after January 1, 2018). IFRS 9 (2014) replaces the whole of IAS 39. IFRS 9 has three financial asset classification categories for investments in debt instruments: amortized cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortized cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognized in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognized in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss. The Group does not expect that the adoption of IFRS 9 will have a significant impact on classification and measurement of its financial assets and liabilities. It expects to continue measuring at fair value all financial assets and liabilities currently held at fair value.

IFRS 16, "Leases" (effective for annual periods beginning on or after January 1, 2019 and earlier application is permitted subject to the entity adopting IFRS 15 "Revenue from contracts with customers" at the same time) addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 "Leases", and related interpretations.

The Group is a lessee of variance offices, factories and staff quarters which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in Note 2.25 under which operating lease payment is accounted for in the consolidated statements of comprehensive income when incurred and the Group's future operating lease commitments are not reflected in the consolidated balance sheets but are disclosed in Note 31. As of December 31, 2016, the aggregated future lease payments of the Group under operating leases was USD28,776,000. IFRS 16 provides new provisions for the accounting treatment of leases and all non-current leases, including future operating lease commitments, must be recognized in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated balance sheets. In the income statement, leases will be recognized in the future as capital expenditure on the purchase side and will no longer be recorded as an operating expenses. As a result, the operating expenses under otherwise identical circumstances will decrease, with depreciation and amortization and the interest expense will increase. The new standard will impact both the balance sheet and related ratios (gearing ratio), the impact is not expected to be material. The management of the Group does not expect the adoption of IFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results and financial position but it is expected that certain portion of these lease commitments will be required to be recognized in the consolidated balance sheet as right of use assets and lease liabilities. The new standard is not expected to apply until the financial year 2019, including the adjustment of prior years.

The management is in the process of assessing the impact of these standards and amendments on the Historical Financial Information of the Group. The adoption of the above is currently not expected to have a material impact on the Historical Financial Information of the Group other than changes on the disclosure.

2.2 Subsidiaries

2.2.1 Business combination under common control

The Historical Financial Information incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognized in consideration or goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination. The Historical Financial Information includes the entities that were managed by management of the Interconnect Technology Business during the years presented. These activities were combined with all intra-group balances and transactions eliminated within the Group.

2.2.2 Consolidation

A subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Except for the Reorganization, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated income statement.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the polices adopted by the Group.

2.2.3 Separate financial information

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting in the Historical Financial Information. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

The Group's share of post-acquisition profit or loss is recognized in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to "share of profits of associates" in the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognized in the consolidated statement of profit or loss.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors of the Group that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the Historical Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Historical Financial Information are presented in USD which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within 'Other gains-net'.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

2.6 Land use rights

Land use rights are upfront payments to acquire long-term interests in the usage of land and they are accounted for as operating leases. They are carried at cost less accumulated amortization and accumulated impairment losses, if any (Note 2.9). Amortization is calculated using the straight-line method to allocate the cost of land use rights over the remaining period of each of the leases.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	Shorter of 6 to 51 years or remaining lease term
Machinery and equipment	2 to 9 years
Furniture, fixtures and office equipment	2 to 6 years
Molds and molding equipment	1 to 6 years
Leasehold improvement	2 to 6 years

Construction in progress represents property, plant and equipment under construction or pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for the intended use. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized within "other gains – net" in the consolidated income statement.

2.8 Intangible assets

(a) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into usage. Computer software is carried at cost less accumulated amortization and impairment, if any (Note 2.9). These costs are amortized over their estimated useful lives of 3 years.

(b) Trademarks and licenses

Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives of 3 years.

2.9 Impairment of non-financial assets

Intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "short-term bank deposits" and "cash and cash equivalents".

(ii) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Available for sale financial assets for investments in equity security that do not have a quoted market price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognized in the consolidated balance sheets at cost less impairment loss (see note 2.12). Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of profit or loss as "gains and losses from investment securities".

Dividends on available for sale equity instruments are recognized in the statement of profit or loss as part of other income when the group's right to receive payments is established.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Impairment of financial assets

(a) Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

(b) Assets classified as available for sale

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is reclassified from equity and recognized in profit or loss. Impairment losses recognized in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated statement of profit or loss.

2.13 Derivative financial instruments

Derivative financial instruments refer to the forward foreign exchange contracts. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The Group uses these currency forward contracts to mitigate exposure to changes in foreign exchange rate. These forward foreign exchange contracts are held for "economic hedge", which do not qualify for hedge accounting.

Changes in the fair value of all derivative instruments are recognized immediately in the consolidated income statement within 'other gains – net'.

2.14 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Trade and other receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within twelve months after the reporting period (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.19 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fees are deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fees are capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.21 Current and deferred income tax

The tax expense comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, and the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable consolidated income statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 Employee benefits

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Employees of the Group are covered by various government-sponsored defined contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expenses as incurred and contributions paid to the defined-contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the staff leave the Group.

The contributions are recognized as employee benefit expense when they are due.

(b) Housing funds, medical insurances and other social insurances

The PRC employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period, and recognized as employee benefit expense when they are due.

(c) Employee leaves entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

2.23 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees, a customer, a supplier and Hon Hoi Group as consideration for equity instruments (options) of the Group. The fair value of the services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

(b) Share-based payment transactions with the ultimate holding company

The grant by the ultimate holding company of its shares to the employees of the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an share-based payment expenses, with a corresponding credit to equity under "share-based payment reserve".

2.24 Provisions and contingent liabilities

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the Historical Financial Information. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as a provision.

2.25 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statements on a straight-line basis over the period of the lease.

2.26 Revenue recognition

(a) Sales of products

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns, rebates, and value added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(b) Sales of scrap materials

Sale proceeds of scrap materials arising from production are taken into revenue in the year of sale.

(c) Sales of service

Service income is recognized when services are provided.

(d) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

(e) Rental income from operating lease

Rental income from operating lease is recognized in the consolidated income statements on a straight-line basis over the term of the lease.

2.27 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.28 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight- line basis over the expected lives of the related assets.

2.29 Research and development cost

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects relating to design and testing of new or improved products are recognized as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

3.1 Market risk

(a) Foreign exchange risk

The Group operates in various locations. Most of the transactions for the Taiwan reporting entity are denominated in USD, NTD, whereas that for the PRC and Vietnam reporting entities are denominated in RMB and USD, and Vietnam Dong ("VND") and USD, respectively. Moreover, certain cash and cash equivalents, short-term bank deposits, trade and other receivables and trade and other payables are denominated in foreign currencies, which expose the Group to foreign exchange risk, primarily with respect of USD, NTD and RMB. The Group currently does not use any forward exchange contract to reduce the foreign exchange risk.

For the years ended December 31, 2014, 2015 and 2016, if USD had strengthened/weakened by 10% against the primary foreign currencies while all other variables had been held constant, the Group's net profit for the year would have changed as follows, mainly as a result of exchange gains/losses on translation of various financial assets and liabilities denominated in foreign currencies:

	Year ended December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
Net profit (decrease)/increase			
NTD			
– Strengthened 10%	(20,947)	(19,375)	(22,808)
– Weakened 10%	20,947	19,375	22,808
Net profit (decrease)/increase			
RMB			
– Strengthened 10%	(23,579)	(7,712)	(42,651)
– Weakened 10%	23,579	7,712	42,651

(b) Cash flow interest rate risk

The Group's interest rate risk arises from bank borrowings. The Group's bank borrowings are carried at floating rates which expose the Group to cash flow interest rate risk. The Group has not entered into any interest rate swaps to hedge its exposure to interest rate risk.

As at December 31, 2014, 2015 and 2016, if the interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, the profit before tax for the year would have been approximately USD3,300,000, USD3,368,000, and USD3,848,000 lower/higher respectively, mainly as a result of higher/lower interest expense on floating-rate borrowings.

3.2 Credit risk

The carrying amounts of cash and cash equivalents and trade and other receivables included in the Historical Financial Information represent the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem.

Cash and cash equivalents and short-term bank deposits were deposited in the major financial institutions in the Taiwan and the PRC, which the directors believe are of high credit quality.

The Group established policies in place to ensure that sales of products are made to customers with an appropriate credit history and the Group assesses the credit worthiness and financial strength of its customers as well as considering prior dealing history with the customers and volume of sales. Please refer to Note 22 for aging analysis. Management make periodic collective assessment as well as individual assessment on the recoverability of trade and other receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any trade disputes with the debtors.

3.3 Liquidity risk

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

The table below analyzes the Group's financial liabilities that will be settled on a net basis into relevant maturity grouping based on the remaining period at each of the consolidated balance sheet dates to the respective contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
Within 1 year			
Trade and other payables	933,319	692,591	899,036
Borrowings, including interest payables	451,076	342,702	384,913
	1,384,395	1,035,293	1,283,949

3.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

The Group's monitors capital by regularly reviewing the capital structure. As a part of this review, the directors of the Company consider the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on basis of the gearing ratio. This ratio is calculated as net debts divided by total capital. Net debts are calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the Historical Financial Information plus net debts.

The gearing ratios at December 31, 2014, 2015 and 2016 were as follows:

	As at December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Borrowings (Note 27)	445,999	339,337	384,818
Less: cash and cash equivalents (Note 23)	(514,124)	(409,239)	(414,899)
Net surplus cash	68,125	69,902	30,081
Total equity	1,053,913	1,186,557	1,283,984
Net debts	–	–	–
Total capital	1,053,913	1,186,557	1,283,984
Gearing ratio	Not applicable	Not applicable	Not applicable

3.5 Fair value estimation

The carrying amounts of the Group's current financial assets, including cash and cash equivalents, short-term bank deposits, trade and other receivables and the Group's current financial liabilities, including trade and other payables and borrowings, approximate their fair values due to their short maturities. The nominal value less estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

4.1 Estimated useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will revise the depreciation charges where useful lives are different to that of previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in future periods.

4.2 Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. Write-downs of inventories are recorded where events or changes in circumstances indicate that the balances may not be realized. The identification of write-downs requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the period in which such estimate has been changed. Management reassesses these estimates at each balance sheet date.

4.3 Current and deferred income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

Deferred income tax liabilities have not been established for the withholding taxation that would be payable on the undistributed profits of certain subsidiaries which were under certain jurisdictions as the directors consider that the timing of the reversal of related temporary differences can be controlled (Note 20).

4.4 Impairment of receivables

The Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and the current market condition, and requires the use of judgments and estimates. Management reassesses the provisions at each balance sheet date.

4.5 Recognition and fair value of identifiable net assets through business combination

The acquisition method is applied to account for acquisition of the 100% equity interests of FIT Mexico and certain assets in relation to the operation of optical modules business (together, the "Avago Business") by the Company in December 2015. The cost of an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred, equity instruments issued, and costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair values as of the acquisition date. The excess of the cost of the acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill.

The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions and valuation methodologies requiring considerable management judgment. The most significant variables in these valuations are discount rates, terminal values, the number of years on which the cash flow projections are based, as well as the assumptions and estimates used to determine the cash inflows and outflows. Management determines discount rates to be used based on the risk inherent in the related activity's current business model and industry comparisons. Terminal values are based on the expected useful life of licenses required for operating the Avago Business, which is 5 years, and forecasted cash flows over that period. Although the assumptions applied in the determination are reasonable based on information available at the date of acquisition, actual results may differ from the forecasted amounts and the difference could be material.

Upon an acquisition of a business it is necessary to attribute fair values to any intangible assets acquired (provided they meet the criteria to be recognized). The fair values of these intangible assets are dependent on estimates of attributable future revenue, margin, cash flow, useful lives and discount rate used.

5 Segment information

The Group operates as a single operating segment. The single operating segment is reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors that make strategic decisions. CODM assesses the performance of the operating segment based on a measure of operating profit.

The Group is principally engaged in manufacture, sales and service of connectors, case, thermal module, wired/wireless communication products, optical products, power supply modules, and assemblies for use in the information technology, communications, automotive equipment, precision molding, automobile, and consumer electronics industries. The Group carries out its manufacturing process mainly through the production complexes located in the PRC and Vietnam during the Relevant Periods, while the sales and services of the Group are principally conducted in Taiwan, Singapore, Hong Kong, the PRC and the United States of America.

During the years ended December 31, 2014, 2015 and 2016, revenue by geographical areas is as follows:

	Year ended December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Mainland China	1,467,620	1,349,643	1,074,700
Taiwan	487,575	358,574	284,054
Hong Kong	173,501	164,755	140,899
United States of America	97,641	163,576	942,031
Singapore	82,905	102,052	139,989
Others	172,972	189,302	298,587
	2,482,214	2,327,902	2,880,260

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

The geographical analysis of the Group's non-current assets (excluding intangible assets, available for sale financial assets and deferred income tax assets) is as follows:

	As at December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Mainland China	752,422	637,329	619,772
Taiwan	25,890	14,845	7,526
United States of America	1,108	5,297	5,901
Singapore	–	54,444	49,308
Vietnam	–	–	62,805
Others	3,122	2,719	1,807
	782,542	714,634	747,119

The measures of assets and liabilities have not been disclosed for each reportable segment as they are not regularly provided to the chief operating decision-maker for their review.

During the years ended December 31, 2014, 2015 and 2016, there were one, one and two customers, respectively, which individually contributed over 10% of the Group's total revenue. During the Relevant Periods, the revenue contributed from these customers are as follows:

	Year ended December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Customer A	1,115,384	883,845	689,001
Customer B	Not applicable	Not applicable	673,355
	1,115,384	883,845	1,362,356

A major portion of the Group's sales is made to a number of customers which are contract manufacturers nominated by a limited number of brand companies; while the others are sales to a number of distributors, retailers, brand companies and trading companies.

6 Revenue

	Year ended December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Sales of goods	2,411,241	2,274,040	2,824,819
Provision of services	8,255	10,331	15,694
Sales of scrap materials	62,718	43,531	39,747
	2,482,214	2,327,902	2,880,260

7 Other income

	Year ended December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Rental income from properties	1,971	3,858	2,075
Government grant income	1,204	490	2,543
Others	2,400	2,660	4,491
	5,575	7,008	9,109

8 Other gains – net

	Year ended December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Fair value gain on forward contract	1,683	7,589	330
Net exchange gains	9,678	36,250	34,522
Gain on disposal of property, plant and equipment	2,405	3,400	29
Others	(221)	(550)	(318)
	13,545	46,689	34,563

9 Expenses by nature

	Year ended December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Cost of inventories	1,106,846	1,066,836	1,566,028
Auditor's remuneration	344	294	242
Subcontracting expenses	154,289	143,537	228,235
Utilities	59,833	55,678	48,644
Employee benefit expenses (Note 10)	516,862	511,233	433,084
Amortization of land use rights (Note 15)	860	860	798
Depreciation of property, plant and equipment (Note 16)	141,320	133,968	148,495
Amortization of intangible assets (Note 17)	2,998	3,018	3,021
Molding and consumables	147,085	123,460	117,945
Shared services expenses (Note 34)	17,387	11,179	3,285
Listing expenses	–	1,070	5,786
Provision for impairment of trade receivables (Note 22)	–	–	652
Others	123,430	121,244	157,763
Total cost of sales, distribution cost and selling expenses, administrative expenses and research and development expenses	2,271,254	2,172,377	2,713,978

10 Employee benefit expenses (including directors and senior management's emoluments)

	Year ended December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Salaries, wages and bonuses	449,517	441,378	350,661
Pension, housing fund, medical insurance and other social insurances	34,125	31,377	30,703
Share-based payment expenses (Note 29)	15,529	22,442	33,779
Staff welfare and other benefits	17,691	16,036	17,941
	516,862	511,233	433,084

(a) Directors and chief executive's emoluments

The remuneration of each director of the Company paid/payable by the Group for the years ended December 31, 2014, 2015 and 2016 are set out as follows:

For the year ended	Director's fee	Salaries, wages and bonuses	Pension, housing fund, medical insurance and other social insurances	Share-based payment expenses	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
December 31, 2014					
Executive Director					
Lu, Sungching (Note 1)	–	2,550	2	442	2,994
Lu, Fang-Ming (Note 2)	–	–	–	–	–
Yang, Tsung Han	–	37	4	62	103
	–	2,587	6	504	3,097
December 31, 2015					
Executive Director					
Lu, Sungching (Note 1)	–	1,953	10	22,442	24,405
Lu, Fang-Ming (Note 2)	–	–	–	–	–
Yang, Tsung Han (Note 3)	–	14	1	–	15
Lu, Pochin Christopher (Note 4)	99	–	–	–	99
	99	1,967	11	22,442	24,519
December 31, 2016					
Executive Director					
Lu, Sungching	–	3,152	9	22,442	25,603
Lu, Pochin Christopher	111	500	–	–	611
William Ralph Gillespie (Note 6)	541	257	35	424	1,257
Non-Executive Director					
Chen, Galane (Note 5)	–	–	–	–	–
Independent Non-Executive Director					
CURWEN Peter D (Note 7)	12	–	–	–	12
TANG Kwai Chang (Note 7)	12	–	–	–	12
CHAN, Wing Yuen Hubert (Note 7)	12	–	–	–	12
	688	3,909	44	22,866	27,507

The remuneration shown above represents remuneration received and receivable from the Group by these directors in their capacity as employees to the Group and/or in their capacity as directors of the Company during the years ended December 31, 2014, 2015 and 2016. No directors waived or agreed to waive any emoluments during the years ended December 31, 2014, 2015 and 2016.

Note 1: Lu, Sungching was acted as general manager during the period from January 1, 2014 to October 23, 2014 and he was appointed as a director on October 24, 2014. The balance for the year ended December 31, 2014 represented the emoluments paid or payable to Lu, Sungching in connection with the management of the affairs of the Group.

Note 2: During the year ended December 31, 2014 and the period from January 1, 2015 to December 24, 2015, the emoluments of a director of the Company, Lu Fang-Ming, was borne by Hon Hai Group. Lu Fang-Ming resigned as a director of the Company with effective from December 24, 2015.

Note 3: Resigned on March 15, 2015.

Note 4: Appointed on March 15, 2015.

Note 5: Appointed on April 1, 2016. During the period from April 1, 2016 to December 31, 2016, the emoluments of a director of the Company, Chen Galane, was borne by Hon Hai Group.

Note 6: Appointed on June 28, 2016.

Note 7: Appointed on November 4, 2016.

(b) Directors' retirement benefits

During the years ended December 31, 2014, 2015 and 2016, no retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

(c) Directors' termination benefits

No payment was made to directors as compensation for early termination of the appointment during the years ended December 31, 2014, 2015 and 2016.

(d) Consideration provided to third parties for making available directors' services

No payment was made to third parties for making available directors' services during the years ended December 31, 2014, 2015 and 2016.

(e) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors during the years ended December 31, 2014, 2015 and 2016.

(f) Directors' material interests in transactions, arrangements or contracts

There are no significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended December 31, 2014, 2015 and 2016.

(g) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include one, one and two directors for the years ended December 31, 2014, 2015 and 2016 respectively, and their emoluments are reflected in the analysis shown in Note 10(a). The emoluments payable to the remaining four, four and three individuals during the years ended December 31, 2014, 2015 and 2016 are as follows:

	Year ended December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
Salaries, wages and bonuses	1,350	1,663	1,512
Pension, housing fund, medical insurance and other social insurances	71	72	101
Share-based payment expenses (Note 29)	621	304	799
	2,042	2,039	2,412

The emoluments fell within the following bands:

	Number of individuals		
	Year ended December 31,		
	2014	2015	2016
Emoluments bands:			
HK$2,500,001 to HK$3,000,000	1	1	–
HK$3,000,001 to HK$3,500,000	1	1	–
HK$3,500,001 to HK$4,000,000	1	1	–
HK$4,500,001 to HK$5,000,000	–	–	1
HK$5,000,001 to HK$5,500,000	–	–	1
HK$5,500,001 to HK$6,000,000	1	1	–
HK$8,500,001 to HK$9,000,000	–	–	1
	4	4	3

During the years ended December 31, 2014, 2015 and 2016, neither directors nor other members of the five highest paid individuals received any emoluments from the Group as an inducement to join, upon joining the Group, to leave the Group or as compensation for loss of office.

11 Finance income/(costs) – net

	Year ended December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Finance income:			
– Interest income on short-term bank deposits	7,333	5,915	5,530
	7,333	5,915	5,530
Finance costs:			
– Interest expense on loan from related parties	(502)	(600)	(51)
– Interest expense on bank borrowings	(2,759)	(5,355)	(3,775)
	(3,261)	(5,955)	(3,826)
Finance income/(costs) – net	4,072	(40)	1,704

12 Income tax expense

The amounts of income tax expense charged to the consolidated income statements represent:

	Year ended December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Current income tax			
– Current tax on profits for the year	51,768	41,301	43,804
– Over-provision in prior years	(5,999)	(3,408)	(206)
Deferred income tax (Note 20)	1,359	(5,836)	(561)
Income tax expense	47,128	32,057	43,037

(a) PRC corporate income tax

The corporate income tax ("CIT") is calculated based on the statutory profit of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations. The standard PRC CIT rate is 25% during the years ended December 31, 2014, 2015 and 2016.

Two subsidiaries of the Group, Fu Ding Shenzhen, and Foxconn Kunshan are qualified for new/high-technology enterprises status and enjoyed preferential income tax rate of 15% during the years ended December 31, 2014, 2015 and 2016.

Chongqing Hong Teng Technology Co., Ltd. is qualified for a preferential income tax rate of 15% under Notice of the Ministry of Finance, The General Administration of Customs and the State Administration of Taxation on the Taxation Policies for Deepening the Implementation of the Western Development Strategy during the years ended December 31, 2015 and 2016.

(b) Taiwan profit-seeking enterprise income tax

Taiwan profit-seeking enterprise income tax has been provided for at the rate of 17% on the estimated taxable income during the years ended December 31, 2014, 2015 and 2016.

(c) Singapore corporate income tax

Singapore corporate income tax is calculated at the rate of 17% on the chargeable income of the subsidiaries incorporated in Singapore in accordance with Singapore Income Tax Act during the years ended December 31, 2014, 2015 and 2016.

(d) Vietnam corporate income tax

The current tax regulations allow the Company to be exempted from income tax for 2 years starting from the first year with taxable profit and is entitled to a 50% reduction in income tax for the next 4 succeeding years. The income tax regulations also specify that if the Company does not generate any taxable profit in three consecutive years from the first year it generates revenue, the above tax exemption period will start in the fourth year despite the fact that no taxable profit has been made. All the above tax exemption and reduction are not applicable to other income which is taxed at a rate of 22% and 20% during the years ended December 31, 2015 and 2016, respectively.

The tax on the Group's profit before income tax differs from the theoretical amount that could arise using the weighted average tax rates applicable to profits of the consolidated entities during the respective years is as follows:

	Year ended December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
Profit before income tax	234,152	209,073	211,599
Tax calculated at domestic tax rate applicable to profits in the respective countries	53,096	40,419	45,021
Tax effect of:			
Expenses not deductible for tax purpose	755	890	143
Income not subject to income tax	(1,103)	(2,289)	(1,921)
Utilization of previously unrecognized tax losses	(3,232)	(2,328)	–
Over-provision in prior years	(5,999)	(3,408)	(206)
Tax incentive	(1,389)	(1,227)	–
Others (Note)	5,000	–	–
Income tax expense	47,128	32,057	43,037

Note: This amount represents tax payable arising from the Reorganization in 2014.

13 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the Company's owners by the weighted average number of ordinary shares in issue during the years ended December 31, 2014, 2015 and 2016.

	Year ended December 31,		
	2014	**2015**	**2016**
Net profit attributable to the owners of the Company (USD'000)	187,025	177,009	168,562
Weighted average number of ordinary shares in issue (in thousands) (Notes)	5,231,496	5,518,717	5,595,286
Basic earnings per share (US cents)	3.57	3.21	3.01

Notes:

(i) *Pursuant to a shareholder's resolution passed on October 15, 2014, every then existing ordinary share of the Company was split into 3.2 shares (Note 24). The number of ordinary shares outstanding increased from 101,163,240 shares to 323,722,368 shares. Such increase has been adjusted retrospectively in the calculation of earnings per share as if the new number of shares was effective since the beginning of the year ended December 31, 2014.*

(ii) *The 20,545,000 and 5,438,000 ordinary shares subscribed by the employees of the Group and Hon Hai Group, a customer of the Group and Fulbond Venture Capital Co., Ltd. under the share subscription scheme during the years ended December 31, 2014 and 2015 (Note 29 (b)), respectively, have been included in the calculation of basic earnings per share since the date of subscription.*

(iii) *Pursuant to a shareholder's resolution passed on November 3, 2016, every then existing ordinary share of the Company was split into 16 shares. The number of ordinary shares outstanding increased from 349,705,368 shares to 5,595,285,888 shares. Such increase has been adjusted retrospectively in the calculation of earnings per share as if the new number of shares was effective since the beginning of the year ended December 31, 2014.*

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended December 31, 2014, 2015 and 2016, the Group has nil, one and two categories of dilutive potential ordinary shares, respectively.

For the senior management and employees' share grant schemes, the number of shares calculated as above is compared with the number of shares that would have been outstanding assuming the completion of the share issue to the grantees.

	Year ended December 31,		
	2014	**2015**	**2016**
Net profit attributable to the owners of the Company (USD'000)	187,025	177,009	168,562
Weighted average number of ordinary shares in issue (in thousands)	5,231,496	5,518,717	5,595,286
Adjustments for:			
– impact of the senior management and employees' share grant schemes (in thousands) (Notes 29(c) and (d))	–	108,082	224,275
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	5,231,496	5,626,799	5,819,561
Diluted earnings per share (US cents)	3.57	3.15	2.90

14 Dividends

The dividend of USD0.12 per share in respect of the net profit for the year ended December 31, 2014, amounting to a total dividend of USD41,667,404 was approved at the Company's shareholders meeting on November 16, 2015. Such dividends were paid to shareholders in year 2015.

The dividend of USD0.08 per share in respect of the net profit for the year ended December 31, 2015, amounting to a total dividend of USD44,202,759 was approved at the Company's shareholders meeting on November 14, 2016. Such dividends were paid to shareholders in year 2016.

15 Land use rights

The Group's interests in land use rights represent prepaid operating lease payments and their net book value is analyzed as follows:

	Year ended December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
At beginning of the year	25,398	23,872	22,094
Additions	–	40	–
Amortization of land use rights	(860)	(860)	(798)
Exchange difference	(666)	(958)	(269)
At end of the year	23,872	22,094	21,027
Land use rights held in the PRC of between 10 to 50 years	23,872	22,094	21,027

16 Property, plant and equipment

	Buildings	Machinery and equipment	Furniture, fixtures and office equipment	Molds and molding equipment	Leasehold improvement	Construction in progress	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
As at January 1, 2014							
Cost	512,151	581,468	206,122	51,236	–	28,548	1,379,525
Accumulated depreciation	(163,251)	(206,648)	(119,230)	(41,782)	–	–	(530,911)
Net book amount	348,900	374,820	86,892	9,454	–	28,548	848,614
Year ended December 31, 2014							
Opening net book amount	348,900	374,820	86,892	9,454	–	28,548	848,614
Transfer	3,198	12,073	–	–	–	(15,271)	–
Additions	19,480	22,993	4,564	1,443	–	56,257	104,737
Disposals	(32)	(18,108)	(12,823)	(18)	–	–	(30,981)
Depreciation	(30,912)	(78,710)	(24,984)	(6,714)	–	–	(141,320)
Exchange difference	(9,876)	(10,796)	(3,179)	(212)	–	(1,719)	(25,782)
Closing net book amount	330,758	302,272	50,470	3,953	–	67,815	755,268
As at December 31, 2014							
Cost	519,823	571,996	185,652	49,659	–	67,815	1,394,945
Accumulated depreciation	(189,065)	(269,724)	(135,182)	(45,706)	–	–	(639,677)
Net book amount	330,758	302,272	50,470	3,953	–	67,815	755,268
As at January 1, 2015							
Cost	519,823	571,996	185,652	49,659	–	67,815	1,394,945
Accumulated depreciation	(189,065)	(269,724)	(135,182)	(45,706)	–	–	(639,677)
Net book amount	330,758	302,272	50,470	3,953	–	67,815	755,268
Year ended December 31, 2015							
Opening net book amount	330,758	302,272	50,470	3,953	–	67,815	755,268
Transfer	751	29,645	1,868	3,990	–	(36,254)	–
Additions	1,355	15,564	5,969	196	–	23,627	46,711
Acquisition of subsidiaries (Note 32)	–	44,034	324	–		14,867	59,225
Disposals	(3,698)	(1,197)	(1,178)	(267)	–	–	(6,340)
Depreciation	(32,351)	(76,888)	(20,002)	(4,727)	–	–	(133,968)
Exchange difference	(13,720)	(12,104)	(1,791)	(145)	–	(2,453)	(30,213)
Closing net book amount	283,095	301,326	35,660	3,000	–	67,602	690,683

	Buildings	Machinery and equipment	Furniture, fixtures and office equipment	Molds and molding equipment	Leasehold improvement	Construction in progress	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
As at December 31, 2015							
Cost	490,118	621,734	174,397	33,822	–	67,602	1,387,673
Accumulated depreciation	(207,023)	(320,408)	(138,737)	(30,822)	–	–	(696,990)
Net book amount	283,095	301,326	35,660	3,000	–	67,602	690,683
As at January 1, 2016							
Cost	490,118	621,734	174,397	33,822	–	67,602	1,387,673
Accumulated depreciation	(207,023)	(320,408)	(138,737)	(30,822)	–	–	(696,990)
Net book amount	283,095	301,326	35,660	3,000	–	67,602	690,683
Year ended December 31, 2016							
Opening net book amount	283,095	301,326	35,660	3,000	–	67,602	690,683
Transfer	1,139	10,764	5,240	38,031	16,641	(71,815)	–
Additions	1,625	64,240	33,408	19,433	–	104,013	222,719
Disposals	–	(6,043)	(2,885)	(855)	–	–	(9,783)
Depreciation	(29,297)	(73,041)	(25,460)	(20,146)	(551)	–	(148,495)
Exchange difference	(17,406)	(11,541)	(5,838)	(1,809)	(3,218)	(4,665)	(44,477)
Closing net book amount	239,156	285,705	40,125	37,654	12,872	95,135	710,647
As at December 31, 2016							
Cost	460,608	633,451	187,852	81,052	13,313	95,135	1,471,411
Accumulated depreciation	(221,452)	(347,746)	(147,727)	(43,398)	(441)	–	(760,764)
Net book amount	239,156	285,705	40,125	37,654	12,872	95,135	710,647

Depreciation of property, plant and equipment has been charged to the consolidated income statements (Note 9) as follows:

	Year ended December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Cost of sales	128,165	121,032	132,644
Distribution costs and selling expenses	30	41	194
Administrative expenses	4,021	3,617	3,102
Research and development expenses	9,104	9,278	12,555
	141,320	133,968	148,495

17 Intangible assets

	Software	Licenses	Total
	USD'000	USD'000	USD'000
As at January 1, 2014			
Cost	228	–	228
Accumulated amortization	(114)	–	(114)
Net book amount	114	–	114
Year ended December 31, 2014			
Opening net book amount	114	–	114
Additions (Note)	176	8,852	9,028
Disposals	(11)	–	(11)
Amortization	(47)	(2,951)	(2,998)
Exchange difference	(4)	–	(4)
Closing net book amount	228	5,901	6,129
As at December 31, 2014			
Cost	375	8,852	9,227
Accumulated amortization	(147)	(2,951)	(3,098)
Net book amount	228	5,901	6,129
Year ended December 31, 2015			
Opening net book amount	228	5,901	6,129
Additions	177	–	177
Acquisition of subsidiaries (Note 32)	9	–	9
Amortization	(76)	(2,942)	(3,018)
Exchange difference	(8)	(114)	(122)
Closing net book amount	330	2,845	3,175
As at December 31, 2015			
Cost	561	8,852	9,413
Accumulated amortization	(231)	(6,007)	(6,238)
Net book amount	330	2,845	3,175

	Software	Licenses	Total
	USD'000	USD'000	USD'000
Year ended December 31, 2016			
Opening net book amount	330	2,845	3,175
Additions	378	–	378
Disposal	(135)	–	(135)
Amortization	(126)	(2,895)	(3,021)
Exchange difference	(16)	50	34
Closing net book amount	431	–	431
As at December 31, 2016			
Cost	804	8,852	9,656
Accumulated amortization	(373)	(8,852)	(9,225)
Net book amount	431	–	431

Note: As part of the Reorganization, in 2014 Hon Hai entered into patent license agreements with the Company pursuant to which certain patents in relation to NWInG were licensed to the Company at a consideration of USD8.9 million for a term of three years effective from January 1, 2014.

The patent license agreements were renewed at a consideration of USD$9.2 million for a term of seven years effective from January 1, 2017.

Amortization of intangible assets has been charged to the consolidated income statements (Note 9) as follows:

	Year ended December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Cost of sales	2,981	2,971	2,947
Distribution costs and selling expenses	–	6	11
Administrative expense	4	8	14
Research and development expenses	13	33	49
	2,998	3,018	3,021

18 Interests in subsidiaries

	As at December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Unlisted shares, at cost	709,343	851,691	960,941

Movements of the Company's interests in subsidiaries were as follows:

	Year ended December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
At beginning of the year	199,977	709,343	851,691
Capital injection to subsidiaries	509,366	142,348	109,250
At end of the year	709,343	851,691	960,941

19 Interest in an associate

	Year ended December 31,	
	2015	2016
	USD'000	USD'000
At beginning of the year	–	890
Additions	1,000	500
Share of losses	(109)	(59)
Exchange difference	(1)	–
At end of the year	890	1,331

During the year ended December 31, 2015, the Group acquired 21.21% equity interest in BLU-CASTLE, S.A. from an independent third party. The total consideration was USD1,000,000.

During the year ended December 31, 2016, the Group further injected USD500,000 to BLU-CASTLE, S.A.. Subsequent to the capital injection, the Group's equity interest in BLU-CASTLE, S.A. has been increased to 28.77% and it remained as an associate of the Group.

Set out below are the particulars of the associate of the Group as at December 31, 2015 and December 31, 2016.

		% of ownership interest as at		
Name of entity	Place of establishment	December 31, 2015	December 31, 2016	Nature of business
BLU-CASTLE, S.A.	Luxembourg	21.21%	28.77%	Supply of telecommunication equipment and software

The associate was a private company.

There were no contingent liabilities relating to the Group's interest in an associate.

20 Deferred income tax assets and liabilities

	As at December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Deferred income tax assets:			
– to be recovered within 12 months	4,435	12,737	13,814
– to be recovered after more than 12 months	7,809	4,675	4,159
	12,244	17,412	17,973
Deferred income tax liabilities:			
– to be recovered within 12 months	(669)	(1)	(1)

Movement in deferred income tax assets and liabilities during the Relevant Periods, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Tax losses	Unrealized profit in inventories	Impairment provision	Decelerated tax depreciation	Provision for employee benefits	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
As at January 1, 2014	–	3,511	493	5,926	3,170	13,100
Recognized in the consolidated income statements	–	(1,914)	732	1,882	(1,556)	(856)
At December 31, 2014	–	1,597	1,225	7,808	1,614	12,244
Recognized in the consolidated income statements	–	(596)	335	(3,328)	8,757	5,168
At December 31, 2015	–	1,001	1,560	4,480	10,371	17,412
Recognized in the consolidated income statements	354	(1,001)	582	(321)	947	561
At December 31, 2016	354	–	2,142	4,159	11,318	17,973

Deferred income tax liabilities

	Unrealized exchange loss	Others	Total
	USD'000	USD'000	USD'000
As at January 1, 2014	157	9	166
Recognized in the consolidated income statements	511	(8)	503
At December 31, 2014	668	1	669
Recognized in the consolidated income statements	(668)	–	(668)
At December 31, 2015	–	1	1
Recognized in the consolidated income statements	–	–	–
At December 31, 2016	–	1	1

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC.

As at December 31, 2014, 2015 and 2016, deferred income tax liabilities of USD72,479,000, USD95,833,000 and USD116,414,000, respectively have not been recognized for the withholding tax that would be payable on the remittance of earnings of PRC subsidiaries. The related unremitted earnings amounted to USD547,089,000, USD685,592,000, and USD819,128,000 as at December 31, 2014, 2015 and 2016 respectively, and the Group does not intend to remit these unremitted earnings from the relevant subsidiaries to the Company in the foreseeable future.

Deferred income tax assets are recognized for tax loss carried forward to the extent that realization of the related tax benefit through the future taxable profits is probable. The Group has unrecognized deferred tax assets of approximately USD1,454,000, USD122,000 and USD1,350,500 in respect of tax losses of approximately USD5,823,000, USD486,000 and USD5,402,000 as at December 31, 2014, 2015 and 2016 respectively, that can be carried forward against future taxable income and the losses are subject to expiry period of five years.

21 Inventories

	As at December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Raw materials	65,742	67,474	111,254
Work in progress	57,830	44,965	69,556
Finished goods	130,083	139,777	202,043
	253,655	252,216	382,853
Less: provision for impairment	(7,518)	(8,935)	(14,372)
	246,137	243,281	368,481

The cost of inventories recognized as expenses and included in "cost of sales" amounted to approximately USD1,106,846,000, USD1,066,836,000 and USD1,566,028,000 for the years ended December 31, 2014, 2015 and 2016, respectively. It includes raw materials and consumables used amounted to USD553,344,000, USD454,188,000 and USD802,132,000, consumption of inventories of finished goods and work in progress amounted to USD548,914,000, USD611,231,000 and USD758,459,000 for the years ended December 31, 2014, 2015 and 2016, respectively and provision for impairment of inventories amounted to USD4,588,000, USD1,417,000 and USD5,437,000 for the years ended December 31, 2014, 2015 and 2016.

22 Trade and other receivables

Group

	As at December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Trade receivables due from third parties	367,825	354,383	558,938
Trade receivables due from related parties (Note 34(b))	382,379	253,162	246,145
Total trade receivables	750,204	607,545	805,083
Less: provision for impairment of trade receivables	–	–	(652)
Total trade receivables – net	750,204	607,545	804,431
Other receivables	6,707	11,229	17,382
Amounts due from related parties (Note 34(b))	90,637	90,872	70,249
Prepayments for tooling expenses	37,954	36,360	2,407
Value-added tax receivable and recoverable	37,148	40,864	47,976
Deposits and prepayments	5,724	4,016	19,719
	928,374	790,886	962,164
Less: Non-current portion:			
– Deposits, prepayments and other receivables	(3,402)	(967)	(14,114)
Current portion	924,972	789,919	948,050

Amounts due from related parties are unsecured, interest-free, and repayable on demand.

As at December 31, 2014, 2015 and 2016, the fair value of trade and other receivables of the Group, except for the prepaid expenses which are not financial assets, approximated their carrying amounts.

As at December 31, 2014, 2015 and 2016, the carrying amounts of trade and other receivables are denominated in the following currencies:

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
RMB	111,225	122,115	114,447
Hong Kong dollar ("HKD")	59	98	80
USD	781,608	654,632	829,756
NTD	33,814	12,458	10,951
Others	1,668	1,583	6,930
	928,374	790,886	962,164

The credit period granted to third parties and the related parties are ranging from 30 to 180 days. The aging analysis of trade receivables based on invoice date, before provision for impairment, as at December 31, 2014, 2015 and 2016, was as follows:

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
Trade receivables – gross			
– Within 3 months	657,578	537,603	706,354
– 3 to 4 months	82,270	44,482	80,894
– 4 to 6 months	8,416	14,915	13,016
– 6 to 12 months	313	4,866	1,558
– Over 1 year	1,627	5,679	3,261
	750,204	607,545	805,083

As at December 31, 2014, 2015 and 2016, trade receivables of USD22,465,000, USD32,896,000 and USD27,841,000, respectively, were past due but not impaired. Based on the past experience, the directors believe that no impairment allowance is necessary in respect of these balances as there is no significant change in their credit quality and the balances are considered fully recoverable. These trade receivables relate to a number of debtors for whom there is no recent history of default. The aging analysis of these trade receivables past due but not impaired at respective balance sheet dates is as follows:

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
– Within 3 months	20,845	21,606	24,264
– 3 to 4 months	31	4,127	148
– 4 to 6 months	10	1,525	773
– 6 to 12 months	84	4,431	863
– Over 1 year	1,495	1,207	1,793
	22,465	32,896	27,841

The Group does not hold any collateral as security over these debtors as at December 31, 2014, 2015 and 2016.

Movements on the Group's provision for impairment of trade receivables are as follows:

	Year ended December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
At beginning of the year	–	–	–
Provision for receivables impairment	–	–	652
At end of the year	–	–	652

Company

	As at December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Trade receivables due from third parties	354,324	338,066	474,101
Trade receivables due from subsidiaries and related parties	375,142	244,091	235,854
Total trade receivables	729,466	582,157	709,955
Less: provision for impairment of trade receivables	–	–	(652)
Total trade receivables-net	729,466	582,157	709,303
Other receivables	4,422	5,309	5,073
Amounts due from related parties	41,321	40,538	41,318
Amounts due from subsidiaries	2,034	111,764	70,451
Deposits and prepayments	1,837	3,256	8,033
	779,080	743,024	834,178
Less: Non-current portion:			
– Deposits, prepayments and other receivables	(1,606)	(332)	(6,641)
Current portion	777,474	742,692	827,537

Amounts due from related parties and subsidiaries are unsecured, interest-free, and repayable on demand.

As at December 31, 2014, 2015 and 2016, the fair value of trade and other receivables of the Company, except for the prepaid expenses which are not financial assets, approximated their carrying amounts.

As at December 31, 2014, 2015 and 2016, the carrying amounts of trade and other receivables are denominated in the following currencies:

	As at December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
USD	743,772	729,225	820,497
NTD	33,814	12,458	10,951
Others	1,494	1,341	2,730
	779,080	743,024	834,178

The credit period granted to third parties and the related parties are ranging from 30 to 180 days. The aging analysis of trade receivables based on invoice date, before provision for impairment, as at December 31, 2014, 2015 and 2016, was as follows:

	As at December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Trade receivables – gross			
– Within 3 months	631,775	530,408	616,984
– 3 to 4 months	84,499	37,284	78,899
– 4 to 6 months	10,256	9,751	12,727
– 6 to 12 months	2,759	353	326
– Over 1 year	177	4,361	1,019
	729,466	582,157	709,955

As at December 31, 2014, 2015 and 2016, trade receivables of USD42,802,000, USD19,798,000 and USD10,901,000, respectively, were past due but not impaired. Based on the past experience, the directors believe that no impairment allowance is necessary in respect of these balances as there is no significant change in their credit quality and the balances are considered fully recoverable. These trade receivables relate to a number of debtors for whom there is no recent history of default. The aging analysis of these trade receivables past due but not impaired at respective balance sheet dates is as follows:

	As at December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
– Within 3 months	38,621	15,478	10,357
– 3 to 4 months	1,160	161	107
– 4 to 6 months	1,652	–	65
– 6 to 12 months	1,369	4,159	203
– Over 1 year	–	–	169
	42,802	19,798	10,901

The Company does not hold any collateral as security over these debtors.

Movements of the Company's provision for impairment of trade receivables are as follows:

	Year ended December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
At beginning of the year	–	–	–
Provision for receivables impairment	–	–	652
At end of the year	–	–	652

23 Cash and cash equivalents and short-term bank deposits

Group

	As at December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Cash and cash equivalents	514,124	409,239	414,899
Short-term bank deposits	19,219	88,736	111,889
	533,343	497,975	526,788

The carrying amounts of the cash and cash equivalents and short-term fixed deposits are denominated in the following currencies:

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
– RMB	42,344	73,310	147,968
– USD	466,215	395,905	355,888
– HKD	2,215	100	246
– Japanese Yen ("JPY")	4,803	9,152	6,245
– NTD	15,004	14,984	9,813
– Great British Pound ("GBP")	1,279	1,439	202
– Mexican Peso ("MXN")	–	1,149	1,242
– Vietnamese Dong ("VND")	–	–	2,978
– Others	1,483	1,936	2,206
	533,343	497,975	526,788

As at December 31, 2014, 2015 and 2016, the Group's bank balances of approximately USD192,862,000, USD235,011,000 and USD233,308,000, respectively were deposited with banks in the PRC. The remittance of these funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Company

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
Cash and cash equivalent	326,188	243,238	169,387

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
– USD	303,768	218,321	146,272
– HKD	2,196	16	144
– JPY	4,722	9,058	6,206
– NTD	14,939	14,984	9,813
– RMB	–	2	6,248
– Others	563	857	704
	326,188	243,238	169,387

24 Share capital

	2014		2015		2016	
	Number of shares		Number of shares		Number of shares	
	'000	USD'000	'000	USD'000	'000	USD'000
Issued and fully paid of:						
Ordinary share of USD0.0195 (January 1, 2014: USD1.00; December 31, 2014, 2015 and 2016: USD0.3125) each						
At the beginning of the year	101,163	101,163	323,722	101,163	349,705	109,283
Share sub-division (Note a and Note c)	222,559	–	–	–	5,245,581	–
Shares issued in relation to the share subscription scheme (Note b)	–	–	25,983	8,120	–	–
At the end of the year	323,722	101,163	349,705	109,283	5,595,286	109,283

Notes:

(a) *Pursuant to a shareholder's resolution passed on September 30, 2014, every then existing share with par value of USD1.00 was split into 3.2 shares with par value of USD0.3125. The number of issued and fully paid ordinary shares increased from 101,163,240 shares to 323,722,368 shares.*

(b) *Under the share subscription schemes (Note 29), a total number of 25,983,000 ordinary shares have been subscribed by the employees of the Group and Hon Hai Group, a customer, and a supplier of the Group, during the years ended December 31, 2014 and 2015. On October 19, 2015, the Company completed the share registration in relation to the shares issued as a result of the share subscription schemes and allotted 23,506,000 shares to the employees of the Group. On December 24, 2015, the Company further completed the share registration in relation to the shares issued as a result of the share subscription schemes and allotted 1,957,000, 400,000 and 120,000 shares to the employees of the Hon Hai Group, a customer and a supplier of the Group, respectively.*

(c) *Pursuant to a shareholder's resolution passed on November 3, 2016, every then existing share with par value of USD0.3125 was split into 16 shares with par value of USD0.0195. The number of issued and fully paid ordinary shares increased from 349,705,368 shares to 5,595,285,888 shares.*

25 Reserves – Group

	Share premium and capital reserve	Other reserves: Proceeds received in advance	Other reserves: Statutory reserves	Other reserves: Share-based payments reserve	Other reserves: Currency translation differences	Other reserves: Sub-total	Retained earnings	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At January 1, 2014	(284,733)	–	36,302	5,000	116,862	158,164	476,872	350,303
Profit for the year	–	–	–	–	–	–	187,025	187,025
Distribution to shareholders pursuant to the Reorganization (Note 1.2)	(129,247)	–	–	–	–	–	–	(129,247)
Reversal of distribution to the then equity owner (Note a)	470,000	–	–	–	–	–	–	470,000
Appropriation to statutory reserve	–	–	2,764	–	–	2,764	(2,764)	–
Share subscription scheme: Proceeds from shares to be issued and share-based payments (Note 29(b))	–	82,178	–	2,123	–	84,301	–	84,301
Employees' share award scheme (Note 29(a))	–	–	–	13,406	–	13,406	–	13,406
Currency translation differences	–	–	–	–	(23,069)	(23,069)	–	(23,069)
At December 31, 2014	56,020	82,178	39,066	20,529	93,793	235,566	661,133	952,719

Note:

(a) *On December 30, 2013, the board of directors resolved that share premium of USD470,000,000 shall be distributed to the then equity owner in cash. On September 30, 2014, the board of directors resolved that the above-mentioned distribution shall be canceled.*

		Other reserves						
	Share premium and capital reserve	Proceeds received in advance	Statutory reserves	Share-based payments reserve	Currency translation differences	Sub-total	Retained earnings	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At January 1, 2015	56,020	82,178	39,066	20,529	93,793	235,566	661,133	952,719
Profit for the year	–	–	–	–	–	–	177,009	177,009
Dividends paid (Note 14)	–	–	–	–	–	–	(41,667)	(41,667)
Appropriation to statutory reserve	–	–	2,984	–	–	2,984	(2,984)	–
Share subscription scheme: Proceeds from shares to be issued (Note 29(b))	–	26,708	–	–	–	26,708	–	26,708
Completion of share registration in relation to the share subscription scheme (Note 29(b))	100,766	(108,886)	–	–	–	(108,886)	–	(8,120)
Senior management share grant scheme (Note 29(c))	–	–	–	22,442	–	22,442	–	22,442
Currency translation differences	–	–	–	–	(51,853)	(51,853)	–	(51,853)
At December 31, 2015	156,786	–	42,050	42,971	41,940	126,961	793,491	1,077,238
At January 1, 2016	156,786	–	42,050	42,971	41,940	126,961	793,491	1,077,238
Profit for the year	–	–	–	–	–	–	168,562	168,562
Dividends paid (Note 14)	–	–	–	–	–	–	(44,203)	(44,203)
Appropriation to statutory reserve	–	–	9,570	–	–	9,570	(9,570)	–
Senior management and employee share grant schemes (Note 29(c)&(d))	–	–	–	33,779	–	33,779	–	33,779
Currency translation differences	–	–	–	–	(60,708)	(60,708)	–	(60,708)
At December 31, 2016	156,786	–	51,620	76,750	(18,768)	109,602	908,280	1,174,668

26 Reserves – Company

	Share premium	Proceeds received in advance	Share-based payments reserve	Currency translation differences	Retained earnings	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At January 1, 2014	136,680	–	5,000	(95)	96,974	238,559
Profit for the year	–	–	–	–	113,002	113,002
Reversal of distribution to the then equity owner (Note 25(a))	470,000	–	–	–	–	470,000
Currency translation differences	–	–	–	(8,943)	–	(8,943)
Employees' share award scheme (Note 29(a))	–	–	13,406	–	–	13,406
Share subscription scheme: Proceeds from shares to be issued and share-based payments (Note 29(b))	–	82,178	2,123	–	–	84,301
At December 31, 2014	606,680	82,178	20,529	(9,038)	209,976	910,325
At January 1, 2015	606,680	82,178	20,529	(9,038)	209,976	910,325
Profit for the year	–	–	–	–	100,619	100,619
Share subscription scheme: Proceeds from shares to be issued (Note 29(b))	–	26,708	–	–	–	26,708
Completion of share registration in relation to the share subscription scheme (Note 29(b))	100,766	(108,886)	–	–	–	(8,120)
Senior management share grant scheme (Note 29(c)&(d))	–	–	22,442	–	–	22,442
Currency translation differences	–	–	–	(10,162)	–	(10,162)
At December 31, 2015	707,446	–	42,971	(19,200)	310,595	1,041,812
As at January 1, 2016	707,446	–	42,971	(19,200)	310,595	1,041,812
Profit for the period	–	–	–	–	66,718	66,718
Senior management and employees' share grant schemes (Notes 29(c) and (d))	–	–	33,779	–	–	33,779
Currency translation differences	–	–	–	(47,756)	–	(47,756)
At December 31, 2016	707,446	–	76,750	(66,956)	377,313	1,094,553

27 Borrowings

Group

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
Bank borrowings, unsecured	330,036	336,814	384,818
Loans from related parties, unsecured	115,963	2,523	–
	445,999	339,337	384,818

(a) The borrowings are denominated in the following currencies:

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
RMB	108,004	–	14,822
USD	114,307	87,042	118,833
NTD	221,169	249,772	251,163
JPY	2,519	2,523	–
	445,999	339,337	384,818

(b) The exposure of the borrowings to interest rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
12 months or less	445,999	339,337	384,818

(c) The weighted average interest rates per annum at each balance sheet date were as follows:

	As at December 31,		
	2014	**2015**	**2016**
Bank borrowings, unsecured	1.06%	0.99%	1.06%
Loans from related parties, unsecured	1.36%	1.28%	N/A

Interest rates of bank borrowings denominated in RMB are reset periodically according to the benchmark rates announced by the People's Bank of China.

(d) The fair values of current borrowings approximate their carrying amounts as the impact of discounting is not significant.

27 Borrowings

Company

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
Bank borrowings, unsecured	221,169	249,772	261,163

(a) The borrowings are denominated in the following currencies:

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
USD	–	–	10,000
NTD	221,169	249,772	251,163
	221,169	249,772	261,163

(b) The exposure of the borrowings to interest rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
12 months or less	221,169	249,772	261,163

(c) The weighted average interest rates per annum at each balance sheet date are as follows:

	As at December 31,		
	2014	**2015**	**2016**
Bank borrowings, unsecured	1.08%	0.97%	0.80%

(d) The fair values of current borrowings approximate their carrying amounts as the impact of discounting is not significant.

28 Trade and other payables

Group

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
Trade payables to third parties	286,024	209,409	332,345
Trade payables to related parties (Note 34(b))	95,463	148,533	231,828
Total trade payables	381,487	357,942	564,173
Amounts due to related parties (Note 34(b))	327,379	116,119	101,673
Staff salaries, bonuses and welfare payables	118,104	122,774	77,132
Advance from customers	13,966	2,953	3,365
Deposits received, other payables and accruals	116,463	105,347	157,852
	957,399	705,135	904,195
Less: Non-current portion			
– Deposits received and other payables	(2,763)	(2,578)	(1,346)
Current portion	954,636	702,557	902,849

Amounts due to related parties are unsecured, interest-free, and repayable on demand.

As at December 31, 2014, 2015 and 2016, all trade and other payables of the Group were non-interest bearing, and their fair value, except for those non-financial liabilities, approximate to their carrying amounts due to their short maturities.

The Group's trade and other payables are denominated in the following currencies:

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
RMB	329,647	288,340	251,448
USD	525,425	394,191	620,230
NTD	80,022	11,105	2,869
Others	22,305	11,499	29,648
	957,399	705,135	904,195

Aging analysis of the trade payables to third parties and related parties at the respective balances sheet dates are as follows:

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
Within 3 months	332,970	316,239	488,484
3 to 4 months	27,902	30,992	32,025
4 to 6 months	5,269	6,244	11,966
6 to 12 months	4,182	3,284	30,950
Over 1 year	11,164	1,183	748
	381,487	357,942	564,173

Company

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
Trade payables to third parties	180,974	118,178	151,983
Trade payables to subsidiaries and related parties	251,248	331,545	466,990
Total trade payables	432,222	449,723	618,973
Amounts due to related parties	81,563	1,799	10,599
Amounts due to subsidiaries	274,576	192,885	148,094
Staff salaries, bonuses and welfare payables	41,961	46,267	11,587
Advance from customers	691	204	826
Deposits received, other payables and accruals	11,297	12,998	17,451
	842,310	703,876	807,530
Less: Non-current portion			
– Deposits received and other payables	(95)	(94)	(353)
Current portion	842,215	703,782	807,177

Amounts due to related parties and subsidiaries are unsecured, interest-free, and repayable on demand.

As at December 31, 2014, 2015 and 2016, all trade and other payables of the Company were non-interest bearing, and their fair value, except for those non-financial liabilities, approximate to their carrying amounts due to their short maturities.

The Company's trade and other payables are denominated in the following currencies:

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
USD	743,388	685,187	798,176
NTD	79,759	11,113	2,825
Others	19,163	7,576	6,529
	842,310	703,876	807,530

Aging analysis of the trade payables to third parties and related parties at the respective balances sheet dates is as follows:

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
Within 3 months	331,187	338,695	480,041
3 to 4 months	46,726	41,050	37,802
4 to 6 months	40,204	50,001	35,443
6 to 12 months	3,232	19,474	65,532
Over 1 year	10,873	503	155
	432,222	449,723	618,973

29 Share-based payments

During the years ended December 31, 2014, 2015 and 2016, there are four share based payment schemes granted by the ultimate holding company and the Company, namely: employees' share award scheme, share subscription scheme, senior management restricted share plan and employees' restricted share plan.

(a) Employees' share award scheme of the Company's ultimate holding company

During the year ended December 31, 2014, the ultimate holding company granted its own shares to certain employees of the Company. Under the terms and conditions of the grant, the shares were vested immediately upon granting with no consideration from the grantees. No shares were granted by the ultimate holding company to certain employees of the Company during the years ended December 31, 2015 and 2016.

The Company has adopted the requirements under IFRS 2 to account for the share award scheme as an equity-settled share-based payment transaction. The ultimate holding company calculates the number of shares granted based on the fair value per share at the previous day of its stockholders' meeting held in the year following the financial reporting year, after taking into account the effects of ex-rights and ex-dividends.

The share-based payment expenses incurred for this scheme for the year ended December 31, 2014 is as follows:

	Year ended December 31,
	2014
Total number of shares awarded (in thousands)	4,643
Total share-based payment expenses incurred (USD'000)	13,406

(b) Share subscription scheme of the Company

Pursuant to the directors' resolution on September 30, 2014, the Company reserved 28,700,000 ordinary shares for its employee to subscribe at USD4 per share and only the employees of the Group are eligible for such share subscription scheme. Under the terms and conditions of the subscription plan, the shares were vested immediately upon subscription with no additional conditions to be satisfied.

20,545,000 and 2,961,000 ordinary shares of the Company have been subscribed under such subscription plan during the years ended December 31, 2014 and 2015, respectively.

The fair value of subscription rights granted under the share subscription scheme is measured using the Black-Scholes Model. Relevant information is as follows:

Subscription price	**Expected price volatility**	**Expected dividends**	**Fair value per unit**
USD			**USD**
4	30.55%	0.00%	0.074

The share-based payment expenses incurred for this scheme for the year ended December 31, 2014 is USD2,123,000.

Pursuant to the directors' resolution on November 16, 2015, the Company reserved 2,477,000 ordinary shares for subscription at USD6 per share. Such share subscription scheme was only offered to certain employees of Hon Hai Group and, a customer and a supplier of the Group. Under the terms and conditions of the subscription plan, the shares were vested immediately upon subscription with no additional conditions to be satisfied.

2,477,000 ordinary shares of the Company have been subscribed under such share subscription plan during the year ended December 31, 2015.

The fair value of subscription rights granted under the share subscription scheme determined using the adjusted market approach making reference to the fair value of the shares granted, which was USD6 per share. The significant input applied in this approach was price-to-earnings ratio of 13.5. The fair value of the subscription rights granted for the year ended December 31, 2015 is nil.

Total proceeds received in relation to the share subscription scheme amounted to USD82,178,000 and USD26,708,000 for the years ended December 31, 2014 and 2015, respectively. Such amounts were recorded as proceeds received in advance under "other reserves" in the Historical Financial Information. Upon completion of the share registration in relation to the shares subscribed pursuant to the share subscription scheme in October and December 2015, proceeds received in advance under "other reserves" totaling USD108,886,000 has been transferred to share capital and share premium, of USD8,120,000 and USD100,766,000, respectively.

(c) Senior management restricted share plan of the Company

21,840,000 restricted shares issued to senior management by the Company in January 2015 are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period. The grantees do not need to pay to acquire those shares. Issuance of shares is based on grantees' service periods. Shares will be vested from March 31, 2017 in accordance with the number of the grantee's shares on every March 31, June 30, September 30 and December 31 at 9% in each quarter of 2017, 3% in each quarter of 2018 and 3.25% in each quarter from 2019 to 2022.

The weighted average fair value of shares granted during the period determined using the H-model was USD3.95 per share. The significant inputs into the model were weighted average cost of capital of 13.4%, perpetuity growth rate of 3%, discount for lack of marketability of 20% and control premium of 20%. The volatility is measured at the standard deviation of continuously compounded share returns based on statistical analysis of daily share prices of comparable companies in the market.

The share-based payment expenses incurred for this plan for the years ended December 31, 2015 and 2016 are USD22,442,000 and USD22,442,000 respectively.

In May 2017, the vesting schedule of the Company's senior management restricted share plan was revised and amended. Under the revised and amended vesting schedule, shares will be vested from March 31, 2018 in accordance with the number of the grantee's shares on every March 31, June 30, September 30 and December 31 at 12% in each quarter of 2018 and 3.25% in each quarter from 2019 to 2022.

(d) Employees' restricted share plan

4,101,500 restricted shares issued to employees by the Company in January 2016 are measured at the fair value of the equity instruments granted on the grant date, and are recognized as compensation cost over the vesting period. The grantees do not need to pay to acquire those shares. Issuance of shares is based on grantees' service periods and certain performance indications.

Shares will be vested from December 31, 2016 in accordance with the number of the grantees' shares on every December 31 at 25% over the 4-year period, subject to performance related adjustment and management evaluation.

The weighted average fair value of shares granted during the period determined using the market approach was USD6 per share. The significant input applied in this approach was price/earnings ratio of 13.5.

No restricted shares were vested for the year ended December 31, 2016. The outstanding 75% vested shares shall vest from December 31 ,2017 over three-year period at 25%.

The share-based payment expenses incurred for this plan for the year ended December 31, 2016 is USD11,337,000.

30 Notes to consolidated statements of cash flows

(a) Reconciliation of profit before income tax to net cash (used in)/generated from operations.

	Year ended December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Profit before income tax	234,152	209,073	211,599
Adjustments for:			
– Depreciation of property, plant and equipment (Note 16)	141,320	133,968	148,495
– Amortization of intangible assets (Note 17)	2,998	3,018	3,021
– Amortization of land use rights (Note 15)	860	860	798
– Share based payment expenses (Note 29)	15,529	22,442	33,779
– Gains on disposal of property, plant and equipment (Note (b))	(2,405)	(3,400)	(29)
– Loss on disposal of intangible assets	11	–	–
– Share of results of an associate	–	109	59
– Interest income	(7,333)	(5,915)	(5,530)
– Interest expenses	3,261	5,955	3,826
– Provision for impairment of inventories	4,588	1,417	5,437
– Provision for impairment of trade receivables	–	–	652
– Listing expenses	–	1,070	5,786
Changes in working capital:			
– Inventories	(235,751)	8,277	(130,637)
– Trade and other receivables	(328,613)	144,799	(172,300)
– Trade and other payables	131,200	(32,309)	172,841
Cash (used in)/generated from operations	(40,183)	489,364	277,797

(b) In the consolidated statement of cash flows, proceeds from disposal of properties, plant and equipment comprise:

	Year ended December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
Net book amount	30,981	6,340	9,783
Gains on disposal of property, plant and equipment	2,405	3,400	29
Proceeds from disposal	33,386	9,740	9,812

31 Commitments

(a) Capital commitments

Capital commitments contracted for at each balance sheet dates but not yet incurred is as follows:

	As at December 31,		
	2014	2015	2016
	USD'000	USD'000	USD'000
– Intangible assets	–	–	9,829
– Property, plant and equipment	226	1,190	723
	226	1,190	10,552

(b) Operating lease commitments – the Group as lessee

The Group leases various buildings under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
No later than 1 year	3,146	4,893	9,162
Later than 1 year and no later than 2 years	1,322	4,007	5,890
Later than 2 years and no later than 5 years	4,835	11,033	9,485
Later than 5 years	–	–	4,239
	9,303	19,933	28,776

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

The Group leases various buildings under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
No later than 1 year	158	131	308
Later than 1 year and no later than 2 years	60	19	279
Later than 2 years and no later than 5 years	27	7	107
	245	157	694

32 Business Combination

On December 28, 2015, the Company completed the acquisition of 100% equity interests of FIT Mexico and certain assets in relation to the operation of optical modules business for a total consideration of USD66,731,000.

The following table summarizes the consideration paid for the acquisition and the fair value of assets acquired and liabilities assumed at the acquisition date. Such excess payment has been refunded to the Company in 2017.

	USD'000
Consideration:	
– Cash paid by the Company	70,836
– Excess payment paid by the Company to be refunded (Note)	(4,105)
Total consideration	66,731

Note: On December 28, 2015, the Company acquired the Avago Business for a total consideration of USD66,731,000, after taking into account of certain adjustments made to the initial consideration of USD70,836,000 prior to completion of the acquisition of the Avago Business.

	USD'000
Recognized amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	59,225
Intangible assets	9
Inventories	6,838
Cash and cash equivalents	1,149
Other current assets	853
Other current liabilities	(1,343)
Total identifiable net assets	66,731
Goodwill	–
Net cash outflow arising from the acquisition	
Cash consideration paid	70,836
Less: cash and cash equivalents acquired	(1,149)
	69,687

The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions and valuation methodologies. The calculation uses post-tax cash flow projections based on financial budgets approved by management covering a five-year period with a terminal value related to the future cash flows beyond the five-year period assuming no growth.

The key assumptions used for the calculation are as follows:

Average sales growth per annum	10%
Discount rate	13.05%

33 Available for sale financial assets

	2014	2015	2016
	USD'000	USD'000	USD'000
At January 1	–	–	–
Additions	–	–	5,857
At December 31	–	–	5,857

Available for sale financial assets include the following:

	2014	2015	2016
	USD'000	USD'000	USD'000
Unlisted securities	–	–	5,857

Available for sale financial assets are denominated in the following currencies:

	2014	2015	2016
	USD'000	USD'000	USD'000
US dollar	–	–	550
Euro	–	–	5,307
	–	–	5,857

The unlisted equity securities represented the Group's equity interest in Prenosis, Inc., a company incorporated in the United States of America, and Devialet SA, a company incorporated in France, of USD550,000 and USD5,307,000, respectively. The fair values of available-for-sale financial assets approximate their carrying amounts.

34 Related-party transactions

The Group is controlled by Foxconn HK, which owned 100%, 92.57% and 92.57% of the Company's shares in 2014, 2015 and 2016, respectively. The ultimate parent of the Group is Hon Hai.

In addition to those disclosed elsewhere in the Historical Financial Information, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the years ended December 31, 2014, 2015 and 2016 and balances arising from related party transactions as at December 31, 2014, 2015 and 2016.

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

Name of entities	Relationship with the Group
富士康精密電子(太原)有限公司 ("Foxconn Precision Electronics (Taiyuan) Co., Ltd.")*	Subsidiary of Hon Hai
富泰華工業(深圳)有限公司 ("Futaihua Industrial (Shenzhen) Co., Ltd.")*	Subsidiary of Hon Hai
鴻富錦精密工業(武漢)有限公司 ("Hongfujin Precision Industry (Wuhan) Co., Ltd.")*	Subsidiary of Hon Hai
鴻富錦精密電子(成都)有限公司 ("Hongfujin Precision Electronics (Chengdu) Co., Ltd.")*	Subsidiary of Hon Hai
鴻富錦精密電子(鄭州)有限公司 ("Hongfujin Precision Electronics (Zhenzhou) Co., Ltd.")*	Subsidiary of Hon Hai
鴻富錦精密電子(天津)有限公司 ("HongFuJing Precision Electronics (TianJin) Co., Ltd.")*	Subsidiary of Hon Hai
Foxconn Technology Pte. Ltd.	Associate of Hon Hai
IRIS World Enterprises Limited	Associate of Hon Hai
FUHONG Precision Component (Bac Giang) Limited	Subsidiary of Hon Hai
鴻富錦精密工業(深圳)有限公司 ("Hongfujin Precision Industry (Shenzhen) Co., Ltd.")*	Subsidiary of Hon Hai
新海洋精密組件(江西)有限公司 ("New Ocean Precision Component (Jiangxi) Co., Ltd.")*	Associate of Hon Hai
富準精密模具(淮安)有限公司 ("Fuzhun Precision Tooling (Huaian) Co., Ltd.")*	Subsidiary of Hon Hai
新海洋精密組件(贛州)有限公司 ("New Ocean Precision Component (Ganzhou) Co., Ltd.")*	Associate of Hon Hai
鴻海精密工業股份有限公司 ("Hon Hai Precision Industry Co., Ltd.")*	Ultimate Holding Company
富葵精密組件(深圳)有限公司 ("Fukwai Precision Component (Shenzhen) Co., Ltd")*	Associate of Hon Hai
深圳富能新能源科技有限公司 ("Shenzhen Fox-Energy Technology Co., Ltd")*	Subsidiary of Hon Hai
Carston Limited	Subsidiary of Hon Hai
Success Rise Enterprises Limited	Subsidiary of Hon Hai

Note:

* *for identification purpose only*

		Year ended December 31,		
		2014	**2015**	**2016**
		USD'000	**USD'000**	**USD'000**
(i)	Sales of goods			
	– Subsidiaries of Hon Hai	888,827	778,833	568,921
	– Hon Hai	179,195	52,739	59,028
	– Associates of Hon Hai	44,363	49,309	58,693
		1,112,385	880,881	686,642
(ii)	Sales of services			
	– Subsidiaries of Hon Hai	–	4	202
	– Hon Hai	33	19	2
	– Associates of Hon Hai	2,966	2,941	2,155
		2,999	2,964	2,359

		Year ended December 31,		
		2014	2015	2016
		USD'000	USD'000	USD'000
(iii)	Purchase of goods			
	– Subsidiaries of Hon Hai	188,130	274,288	357,498
	– Associates of Hon Hai	155,199	171,700	170,763
	– Hon Hai	40,600	26,301	32,081
		383,929	472,289	560,342
(iv)	Purchase of property, plant and equipment			
	– Subsidiaries of Hon Hai	2,371	4,858	2,364
	– Associates of Hon Hai	9,276	4,936	5,514
	– Hon Hai	1,494	–	319
		13,141	9,794	8,197
(v)	Subcontracting expenses			
	– Subsidiaries of Hon Hai	90,741	77,063	75,701
	– Associates of Hon Hai	2	2	1
		90,743	77,065	75,702
(vi)	Shared services expenses			
	– Subsidiaries of Hon Hai	17,387	11,179	3,001
	– Associates of Hon Hai	–	–	52
	– Hon Hai	–	–	232
		17,387	11,179	3,285
(vii)	Molding costs			
	– Subsidiaries of Hon Hai	39,313	54,646	65,519
	– Associates of Hon Hai	1,614	825	1,837
		40,927	55,471	67,356
(viii)	Rental income			
	– Subsidiaries of Hon Hai	734	1,600	1,265
	– Associates of Hon Hai	–	632	312
		734	2,232	1,577
(ix)	Rental expenses			
	– Subsidiaries of Hon Hai	323	346	1,971
	– Associates of Hon Hai	5	–	32
	– Hon Hai	773	517	699
		1,101	863	2,702
(x)	Key management compensation			
	Salaries, wages and bonuses	2,927	2,743	5,695
	Pension, housing fund, medical insurance and other social insurances	37	40	358
	Share-based payment expenses	1,365	22,867	22,974
		4,329	25,650	29,027

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

Pursuant to the Reorganization, the Group licensed certain patents for 3 years from Hon Hai in 2014 (see Note 1.2 for details).

		Year ended December 31,
		2014
		USD'000
(i)	Intangible assets	
	– Hon Hai	8,852

The above related party transactions were carried out on terms mutually agreed between the parties.

(b) Balances with related parties:

Amounts due from related parties:

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
(i) Trade receivables:			
– Subsidiaries of Hon Hai	338,893	223,830	202,819
– Associates of Hon Hai	23,835	20,922	29,552
– Hon Hai	19,651	8,410	13,122
	382,379	253,162	245,493
(ii) Other receivables:			
– Subsidiaries of Hon Hai	74,944	65,956	51,432
– Associates of Hon Hai	13,383	20,778	14,678
– Hon Hai	2,310	4,138	4,139
	90,637	90,872	70,249

Amounts due to related parties

	As at December 31,		
	2014	**2015**	**2016**
	USD'000	**USD'000**	**USD'000**
(i) Trade payables:			
– Subsidiaries of Hon Hai	40,516	98,861	181,404
– Associates of Hon Hai	38,369	47,900	49,789
– Hon Hai	16,578	1,772	635
	95,463	148,533	231,828
(ii) Other payables			
– Subsidiaries of Hon Hai	253,828	106,177	88,138
– Associates of Hon Hai	1,988	8,203	3,312
– Hon Hai	71,563	1,739	10,223
	327,379	116,119	101,673

35 Contingencies

The Group had no material contingent liabilities outstanding as at December 31, 2014, 2015 and 2016.

36 Events after the balance sheet date

Save as disclosed below and elsewhere in the notes to the Historical Financial Information set out above, there is no other material subsequent event undertaken by the Company or by the Group after December 31, 2016, except for the following:

In February 2017, the Group made further capital injection of USD500,000 into its associate, BLU-CASTLE, S.A.. Upon completion of the capital injection, the Group's interest in the associate increased from 28.77% to 35.00%.

In March 2017, the Group paid approximately US$2.5 million to subscribe for 2,477,291 new shares, representing 99.99996% of the enlarged issued share capital of XingFox Energy (Cayman) Technology Co., Ltd. ("XingFox Cayman"), a company incorporated in the Cayman Islands. XingFox Cayman and its subsidiary are specializing in the research and development and manufacturing of batteries. The share allotment was completed in May 2017. In addition, the Group further acquired the remaining 894 shares of XingFox Cayman in May 2017 at US$894, following which the Group owns the entire issued share capital of XingFox Cayman.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to December 31, 2016 and up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Company or any of its subsidiaries in respect of any period subsequent to December 31, 2016.

The information set forth in this appendix does not form part of the Accountant's Report prepared by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this prospectus, and is included in this appendix for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the accountant's report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following statement of our unaudited pro forma adjusted net tangible assets of our Group which has been prepared in accordance with Rule 4.29 of the Listing Rules and on the basis set out below is for illustrative purpose only, and is set out herein to illustrate the effect of the Global Offering on the net tangible assets of our Group attributable to the owners of the Company as at December 31, 2016 as if it had taken place on December 31, 2016.

The unaudited pro forma adjusted net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as at December 31, 2016 or as at any future dates.

	Audited consolidated net tangible assets of our Group attributable to the owners of our Company as at December 31, 2016(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted net tangible assets attributable to the owners of our Company as at December 31, 2016	Unaudited pro forma adjusted net tangible assets per Share	
	(in thousands of US$)			US$(3)	HK$(5)
Based on an Offer Price of HK$2.38 per Share	1,283,520	294,237	1,577,757	0.2396	1.86
Based on an Offer Price of HK$3.08 per Share	1,283,520	382,052	1,665,572	0.2529	1.96

Notes:

(1) *The audited consolidated net tangible assets of our Group attributable to the owners of our Company as at December 31, 2016 is extracted from the Accountant's Report set forth in Appendix I to this prospectus, which is based on the audited consolidated net assets of our Group attributable to the owners of our Company as at December 31, 2016 of US$1,283,951,000 with an adjustment for the intangible assets as at December 31, 2016 of US$431,000.*

(2) *The estimated net proceeds from the Global Offering are based on the Offer Price of HK$2.38 (equivalent to US$0.31) and HK$3.08 (equivalent to US$0.40) per Share, respectively, after deduction of estimated underwriting fees (excluding the incentive fees) and other related expenses payable by the Company (excluding approximately US$6.9 million listing expenses which have been charged to our consolidated income statement up to December 31, 2016) and takes no account of any Shares which may be granted and issued by the Company pursuant to the exercise of the Over-allotment Option or any Shares which may be granted and issued by the Company pursuant to the Share Grant Scheme or any Shares which may be granted and issued or repurchased by the Company pursuant to the General Mandate and the Repurchase Mandate.*

(3) The unaudited pro forma net tangible assets per Share are determined after the adjustments as described in the paragraph above and on the basis that 6,585,345,888 Shares are in issue (assuming that the Global Offering had been completed on December 31, 2016), without taking into account of any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be granted and issued by the Company pursuant to the Share Grant Scheme or any Share which may be granted and issued or repurchased by the Company pursuant to the General Mandate and the Repurchase Mandate.

(4) No adjustments have been made to the unaudited pro forma adjusted net tangible assets of the Group to reflect any trading result or other transactions of the Group entered into subsequent to December 31, 2016.

(5) In connection with the preparation of this unaudited pro forma statement of adjusted net tangible assets, the translation of U.S. Dollar into Hong Kong dollars has been made at a rate of US$1.00 to HK$7.7534.

B. LETTER FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

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

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of FIT Hon Teng Limited (incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited or the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at December 31, 2016, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated June 29, 2017, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at December 31, 2016 as if the proposed initial public offering had taken place at December 31, 2016. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the period ended December 31, 2016, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at December 31, 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, June 29, 2017

This Appendix contains a summary of the Memorandum and Articles of Association of our Company. As the information set out below is in summary form, it does not contain all of the information that may be important to potential investors. As stated in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this prospectus, a copy of the Memorandum and Articles of Association is available for inspection.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on April 8, 2013 under the Companies Law. The Company's constitutional documents consist of its Memorandum of Association and its Articles of Association.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on November 3, 2016 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) **Shares**

(i) **Classes of shares**

The share capital of the Company consists of ordinary shares.

(ii) **Variation of rights of existing shares or classes of shares**

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) **Alteration of capital**

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) **Transfer of shares**

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognize any instrument of transfer unless a fee (not exceeding the maximum sum as Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favor of the Company.

(v) **Power of the Company to purchase its own shares**

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) **Power of any subsidiary of the Company to own shares in the Company**

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) **Calls on shares and forfeiture of shares**

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) **Directors**

(i) **Appointment, retirement and removal**

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) **Power to allot and issue shares and warrants**

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) **Power to dispose of the assets of the Company or any of its subsidiaries**

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) **Borrowing powers**

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) **Remuneration**

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) **Compensation or payments for loss of office**

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) **Loans and provision of security for loans to Directors**

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) **Disclosure of interests in contracts with the Company or any of its subsidiaries**

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) **Proceedings of the Board**

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) **Alterations to constitutional documents and the Company's name**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) **Meetings of members**

(i) **Special and ordinary resolutions**

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given held in accordance with the Articles.

(ii) **Voting rights and right to demand a poll**

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) **Annual general meetings**

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) **Notices of meetings and business to be conducted**

An annual general meeting must be called by notice of not less than twenty-one (21) days and not less than twenty (20) business days. All other general meetings must be called by notice of at least fourteen (14) days and not less than ten (10) business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting, particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition notice of every general meeting, must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address, or by advertisement in newspapers in accordance with the requirements of the Stock Exchange or placing it on the Company's website or the website of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) **Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) **Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(f) **Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarized financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarized financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) **Dividends and other methods of distribution**

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) **Inspection of corporate records**

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) **Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(j) **Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) **Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) **Company operations**

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the

Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) **Share capital**

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

(c) **Financial assistance to purchase shares of a company or its holding company**

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) **Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) **Dividends and distributions**

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon

English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) **Protection of minorities and shareholders' suits**

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) **Disposal of assets**

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) **Accounting and auditing requirements**

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) **Exchange control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) **Taxation**

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from September 7, 2016.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) **Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) **Loans to directors**

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) **Inspection of corporate records**

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) **Register of members**

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) **Register of Directors and Officers**

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) **Winding up**

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorizing civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorized by the company's articles of association and published in the Gazette.

(q) **Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(r) **Take-overs**

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(s) **Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarizing certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

We were incorporated in the Cayman Islands under Cayman Companies Law as an exempted company with limited liability on April 8, 2013. We have established a principal place of business in Hong Kong at 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong and have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on June 21, 2016. Ms. NG Sau Mei (伍秀薇) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As we were incorporated in the Cayman Islands, our corporate structure and Memorandum and Articles of Association are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant laws and regulations of the Cayman Islands and of the Memorandum and Articles of Association is set out in "Summary of the Constitution of Our Company and Cayman Companies Law" in Appendix III.

2. Changes in the Share Capital of Our Company

As of the date of incorporation of our Company, our Company had an authorized share capital of US$50,000 divided into 50,000 shares of US$1.00 each.

The following changes in the share capital of our Company have taken place since the date of incorporation of our Company up to the date of this prospectus:

- On April 8, 2013, one Share of US$1.00 was allotted and issued to Offshore Incorporations (Cayman) Limited and such Share was subsequently purchased by Foxconn Far East Hong Kong for a consideration of US$1.00 on the same day;

- On October 1, 2013, the Company increased its authorized share capital to USD300,000,000 divided into 300,000,000 Shares of par value USD1.00 each by the creation of an additional 299,950,000 Shares of par value USD1.00 each;

- On December 2, 2013, 49,999 Shares of US$1.00 each were allotted and issued to Foxconn Far East Hong Kong for a consideration of US$49,999.00;

- On December 30, 2013, 101,113,240 Shares were allotted and issued to Foxconn Far East Hong Kong for a consideration of US$707,792,682.00;

- Pursuant to a resolution of the sole member passed on October 15, 2014, every existing share with a par value of $1.00 was divided into 3.2 shares with a par value of US$0.3125. The number of issued and fully paid ordinary shares increased from 101,163,240 to 323,722,368;

- On October 19, 2015, the Company allotted in aggregate 23,506,000 Shares under an employee subscription plan to 427 employees of our Company;
- On December 24, 2015, the Company allotted (i) 1,957,000 Shares to 251 employees of Hon Hai; (ii) 400,000 Shares to S.A.S. Investment Company Limited, a distributor of the Company; and (iii) 120,000 Shares to Fulbond Venture Capital Co., Ltd. (福邦創業投資股份有限公司); and
- On November 3, 2016, our Company sub-divided each of its issued and unissued shares of par value US$0.3125 each into 16 Shares of par value US$0.01953125 each, such that following the sub-division, the authorized share capital of our Company is US$300,000,000 divided into 15,360,000,000 Shares of par value US$0.01953125 each.

Immediately following the completion of the Global Offering but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option, the issued share capital of our Company will be US$128,624,724.4, divided into 6,585,585,888 Shares of US$0.01953125 each, all fully paid or credited as fully paid and 8,774,414,112 Shares of US$0.01953125 each will remain unissued.

Save as disclosed above and in this prospectus, there has been no alteration in the share capital of our Company since our incorporation.

3. Resolutions of the Shareholders of Our Company

Pursuant to the resolutions passed by the Shareholders on November 3, 2016:

(a) our Company subdivided each existing issued and unissued Share of par value US$0.3125 each into 16 Shares of par value US$0.01953125 each, such that following the sub-division, the authorized share capital of our Company is US$300,000,000 divided into 15,360,000,000 Shares of par value US$0.01953125 each; and

Pursuant to the resolutions passed by the Shareholders on June 19, 2017:

(a) our Company approved and adopted the Memorandum of Association with immediate effect; and

(b) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, (2) the Offer Price being fixed on the Price Determination Date; and (3) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

    (i) the Articles of Association was approved and adopted effective upon the Listing Date;

    (ii) the Global Offering was approved and the Directors were authorized to allot and issue the new Shares pursuant to the Global Offering;

    (iii) the granting of the Over-allotment Option was approved;

(iv) the proposed Listing was approved and the Directors were authorized to implement the Listing;

(v) a general unconditional mandate was granted to the Directors to allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed to be allotted by the Directors other than pursuant to (a) a rights issue, (b) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association, or (c) the exercise of any subscription or conversion rights attaching to any warrants or securities which are convertible into Shares or in issue prior to the date of passing the relevant resolutions or (d) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of (1) 20% of the total nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued under the Share Grant Scheme) and (2) the total nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in paragraph (v) below, such mandate to remain in effect during the period from the passing of the resolution until the earliest of the conclusion of our next annual general meeting, the end of the period within which we are required by any applicable law or the Articles of Association to hold our next annual general meeting and the date on which the resolution is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the "**Applicable Period**");

(vi) a general unconditional mandate was granted to the Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose Shares with a total nominal value of not more than 10% of the total nominal value of the share capital of our Company in issue immediately following completion of the Global Offering, such mandate to remain in effect during the Applicable Period; and

(vii) the general unconditional mandate mentioned in paragraph (v) above be extended by the addition to the aggregate nominal amount of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (v) above, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the Company's share capital in issue immediately following completion of the Global Offering.

4. Our Corporate Reorganization

The companies comprising the Group underwent the Reorganization referred to in the section headed "Our History and Development".

5. Changes in the Share Capital of Our Subsidiaries

Our subsidiaries are referred to in the Accountant's Report, the text of which is set out in Appendix I. Save for the subsidiaries mentioned in the Accountant's Report and with respect to the XingFox Acquisition, we do not have any other subsidiaries.

Please see the section headed "Our History and Development — Evolution of our Group — Corporate Development of our Subsidiaries" for details of alterations in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

Save as disclosed above, there have been no alterations in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

6. Repurchases of Our Own Securities

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our then Shareholders on June 19, 2017, a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued under the Share Grant Scheme), such mandate to expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by the Cayman Companies Law or by our Articles of Association or any other applicable laws of the Cayman Islands to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

(ii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iii) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(iv) Suspension of Repurchase

A listed company may not make any repurchase of securities at any time after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(v) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vi) Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for Repurchases

The Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

(c) Funding of Repurchases

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles of Association of our Company and the Listing Rules and the applicable laws of the Cayman Islands.

A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by our Company may be made out of the profits of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or from some standing to the credit of the share premium account of our Company or, subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Companies Law, out of capital.

There could be a material adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the Repurchase Mandate were to be carried out in full at any time during the share repurchase period. However, the Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of 6,585,345,888 Shares in issue immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised could accordingly result in up to approximately 658,534,588 Shares being repurchased by our Company during the period prior to:

(i) the conclusion of our next annual general meeting; or

(ii) the end of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or

(iii) the date when the Repurchase Mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

No connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than such percentage of Shares as specified in the waiver under Rule 8.08(1)(d) of the Listing Rules granted by the Stock Exchange (or a higher percentage upon completion of the exercise of the Over-allotment Option) of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

(a) an asset purchase agreement (the "**Asset Purchase Agreement**") by and between Avago as seller and our Company as buyer dated August 24, 2015 pursuant to which, Avago and its subsidiaries agreed to sell, transfer and assign to our Company (and its designees) a portfolio of assets, properties and rights related to the optical modules business of Avago (the "**asset portfolio**") at a consideration of US$83,400,000; as amended by amendment no. 1 to the Asset Purchase Agreement dated December 28, 2015 by and between Avago and our Company amending certain provisions of the Asset Purchase Agreement including the asset portfolio and the consideration to US$70,836,222; and

(b) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights of the Group

As of the Latest Practicable Date, we have registered or have applied for the registration of the following intellectual property rights which are material in relation to our business.

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which are material to our business:

No.	Trademark	Type and class	Registered owner	Place of registration	Registration number	Registration date	Expiry date
1		9	FIT Cayman	Taiwan	01719626	August 1, 2015	July 31, 2025
2		9	FIT Cayman	Hong Kong	303094407	August 8, 2014	August 7, 2024
3		9	FIT Cayman	Singapore	T1412689H	August 11, 2014	August 11, 2024
4		9	FIT Cayman	U.S.	4796643	August 18, 2015	August 18, 2021

No.	Trademark	Type and class	Registered owner	Place of registration	Registration number	Registration date	Expiry date
5		9	FIT Cayman	European Union	013151311	December 30, 2014	August 7, 2024
6		9	FIT Cayman	Taiwan	01757276	March 1, 2016	February 28, 2026
7		9	FIT Cayman	Hong Kong	303475855	July 17, 2015	July 16, 2025
8		9	FIT Cayman	Japan	5811422	December 4, 2015	December 4, 2025
9		9	FIT Cayman	Singapore	40201516088T	September 15, 2015	September 15, 2025
10		9	FIT Cayman	European Union	014404537	November 4, 2015	July 23, 2025
11		9	FIT Cayman	U.S.	5055783	October 4, 2016	October 4, 2022

(b) Domain Names

As of the Latest Practicable Date, our Group has a license to use the following domain name:

No.	Domain name	Registrant	Registration date	Expiry date
1	fit-foxconn.com	Hon Hai Precision Ind. Co., Ltd	July 17, 2013	July 17, 2019

(c) Patents

As of the Latest Practicable Date, we have registered the following patents which are material to our business:

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
1	ELECTRICAL CONNECTOR HAVING IMPROVED RESONANCE	FIT Cayman	9281590	U.S.	November 26, 2014	November 26, 2034
2	FLIPPABLE ELECTRICAL CONNECTOR	FIT Cayman	9281629	U.S.	December 10, 2014	December 10, 2034

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
3	ELECTRICAL CONNECTOR ASSEMBLY WITH IMPROVED CONTACT	FIT Cayman	9281628	U.S.	December 28, 2014	December 28, 2034
4	ELECTRICAL CONNECTOR HAVING BETTER HIGH-FREQUENCY PERFORMANCE	FIT Cayman	9281589	U.S.	January 9, 2015	January 9, 2035
5	ELECTRICAL CONNECTOR	FIT Cayman	M496863	Taiwan	August 15, 2014	August 14, 2024
6	ELECTRIC CONNECTOR	Fuding Shenzhen	ZL 201420020431.X	PRC	January 14, 2014	January 14, 2024
7	CABLE CONNECTOR ASSEMBLY HAVING A CONDUCTIVE ELEMENT FOR CONNECTING GROUNDING LAYERS OF THE CABLE TOGETHER	FIT Cayman	9276330	U.S.	January 26, 2015	January 26, 2035
8	CABLE CONNECTOR ASSEMBLY INSTALLED CONVENIENTLY AND METHOD OF ASSEMBLING THE SAME	FIT Cayman	9306314	U.S.	March 25, 2015	March 25, 2035
9	ELECTRICAL CONNECTOR HAVING TERMINAL PORTIONS IN SPECIFIC ARRANGEMENT AND A GROUNDING PLATE FOR EXCELLENT HIGH-FREQUENCY CHARACTERISTICS	FIT Cayman	9281625	U.S.	April 1, 2014	April 1, 2034
10	ELECTRICAL CONNECTOR ASSEMBLY WITH JUMPER ELEMENT ASSEMBLED THEREON	FIT Cayman	9270053	U.S.	July 1, 2014	August 22, 2034
11	ELECTRICAL CONNECTOR WITH MAGNETIC ELEMENT	FIT Cayman	9252531	U.S.	September 25, 2014	September 25, 2034
12	ELECTRICAL CONNECTOR	FIT Cayman	M496258	Taiwan	August 15, 2014	August 14, 2024
13	ELECTRIC CONNECTOR	Foxconn Kunshan Connectors	ZL 201320628808.5	PRC	October 12, 2013	October 12, 2023

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
14	ELECTRICAL CONNECTOR HAVING BETTER ANTI-EMI PERFORMANCE	FIT Cayman	9263835	U.S.	October 20, 2014	October 20, 2034
15	ELECTRICAL CONNECTOR	FIT Cayman	M484229	Taiwan	November 18, 2013	November 17, 2023
16	ELECTRIC CONNECTOR	Foxconn Kunshan Connectors	ZL 201320643778.5	PRC	October 18, 2013	October 18, 2023
17	ELECTRICAL CONNECTOR WITH SHIELDING PLATE	FIT Cayman	9257801	U.S.	November 3, 2014	November 3, 2034
18	ELECTRICAL CONNECTOR	FIT Cayman	M484213	Taiwan	November 18, 2013	November 17, 2023
19	ELECTRIC CONNECTOR	Foxconn Kunshan Connectors	ZL 201320682317.9	PRC	November 1, 2013	November 1, 2023
20	ELECTRICAL CONNECTOR WITH IMPROVED CONTACTS	FIT Cayman	9246284	U.S.	October 21, 2014	October 21, 2034
21	PLUG HAVING IMPROVED RELEASE MECHANISM	FIT Cayman	9263831	U.S.	December 11, 2014	December 11, 2034
22	ELECTRICAL CONNECTOR HAVING ELASTIC ELEMENT	FIT Cayman	9257786	U.S.	January 9, 2015	January 9, 2035
23	SOCKET CONNECTOR	Foxconn Kunshan Connectors	ZL 201420012410.3	PRC	January 9, 2014	January 9, 2024
24	RECEPTACLE CONNECTOR	FIT Cayman	M481526	Taiwan	January 16, 2014	January 15, 2024
25	ELECTRICAL CONNECTOR REDUCING ANTENNA INTERFERENCE	FIT Cayman	9263836	U.S.	January 23, 2015	January 23, 2035
26	DUAL ORIENTATION CONNECTOR ASSEMBLY WITH INTERIOR MAGNETIC COMPONENT	FIT Cayman	9252543	U.S.	January 26, 2015	January 26, 2035
27	CABLE CONNECTOR ASSEMBLY WITH A SHORTER SIZE AND METHOD OF ASSEMBLING THE SAME	FIT Cayman	9257800	U.S.	January 26, 2015	January 26, 2035

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
28	DURABLE PLUG CONNECTOR ASSEMBLY AND METHOD OF ASSEMBLING THE SAME	FIT Cayman	9263829	U.S.	January 26, 2015	January 26, 2035
29	ELECTRICAL CONNECTOR HAVING TERMINAL PORTIONS IN SPECIFIC ARRANGEMENT AND A GROUNDING PLATE FOR EXCELLENT HIGH-FREQUENCY CHARACTERISTICS	FIT Cayman	8684769	U.S.	May 24, 2012	August 4, 2032
30	ELECTRICAL CONNECTOR WITH IMPROVED MATING MEMBER HAVING ANTI-MISMATING PORTION FOR PREVENTING INCORRECT INSERTION	FIT Cayman	8961235	U.S.	October 19, 2012	May 7, 2033
31	SMT HEAT SINK ANCHOR	FIT Cayman	9258881	U.S.	January 22, 2014	August 3, 2034
32	RETENTION MEMBER AND ELECTRONIC DEVICE ASSEMBLY HAVING THE SAME	FIT Cayman	M511061	Taiwan	July 30, 2014	July 29, 2014
33	BUCKLING MEMBER AND ELECTRONIC DEVICE ASSEMBLY EQUIPPED WITH SAME	Foxconn Kunshan Connectors / FIT Cayman	ZL 201420418138.9	PRC	July 28, 2014	July 28, 2024
34	ELECTRICAL CONNECTOR WITH SHIELDING AND GROUNDING FEATURES THEREOF	FIT Cayman	8851927	U.S.	February 2, 2013	April 5, 2033
35	ELECTRICAL CONNECTOR WITH SHIELDING PLATE THEREOF	FIT Cayman	9252542	U.S.	March 5, 2014	March 7, 2034
36	CABLE CONNECTOR WITH IMPROVED GROUNDING PLATE	FIT Cayman	8864506	U.S.	March 4, 2013	March 21, 2033
37	ELECTRICAL CONNECTOR ASSEMBLY WITH LOW PROFILE	FIT Cayman	9077123	U.S.	November 6, 2013	December 31, 2033
38	CONNECTOR ASSEMBLY	FIT Cayman	M505082	Taiwan	July 30, 2014	July 29, 2024

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
39	CONNECTOR ASSEMBLY	Foxconn Kunshan Connectors / FIT Cayman	ZL 201420417549.6	PRC	July 28, 2014	July 28, 2024
40	ELECTRICAL CONNECTOR HAVING A ROTATABLE BUCKLE	FIT Cayman	9048585	U.S.	November 6, 2013	December 5, 2033
41	OPTICAL-ELECTRICAL CONNECTOR HAVING INPROVED HEAT SINK	FIT Cayman	9188752	U.S.	November 8, 2013	February 14, 2034
42	ELECTRICAL CONNECTOR WITH SHIELDINGTHEREOF	FIT Cayman	9178319	U.S.	January 7, 2014	January 11, 2034
43	INTEGRATED AND SEALED OPTO-ELECTRONIC DEVICE ASSEMBLY	FIT Cayman	8961038	U.S.	January 21, 2014	January 21, 2034
44	BOARD TO BOARD CONNECTOR ASSEMBLY HAVING IMPROVED TERMINAL ARRANGEMENT	FIT Cayman	9190752	U.S.	April 24, 2014	May 24, 2034
45	ACTIVE OPTICAL ASSEMBLY HAVING HEAT SINK STRUCTURE	FIT Cayman	9190808	U.S.	July 14, 2014	July 14, 2034
46	RECEPTACLE CONNECTOR	FIT Cayman	M481526	Taiwan	January 16, 2014	January 15, 2024
47	ELECTRIC CONNECTOR	Foxconn Kunshan Connectors	ZL 201420236354.1	PRC	May 9, 2014	May 9, 2024
48	ELECTRICAL CONNECTOR	FIT Cayman	M504381	Taiwan	May 9, 2014	May 8, 2024
49	ELECTRIC CONNECTOR	Foxconn Kunshan Connectors	ZL 201320807237.1	PRC	December 11, 2013	December 11, 2023
50	ELECTRICAL CONNECTOR	FIT Cayman	M480802	Taiwan	January 10, 2014	January 9, 2024
51	ELECTRICAL CONNECTOR	Foxconn Kunshan Connectors	ZL 201320807357.1	PRC	December 11, 2013	December 11, 2023

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
52	ELECTRICAL CARD CONNECTOR	FIT Cayman	M477071	Taiwan	November 22, 2013	November 21, 2023
53	ELECTRIC CONNECTOR	Foxconn Kunshan Connectors	ZL 201420058639.0	PRC	February 7, 2014	February 7, 2024
54	ELECTRIC CONNECTOR	Foxconn Kunshan Connectors	ZL 201420289926.2	PRC	June 3, 2014	June 3, 2024
55	ELECTRICAL CONNECTOR	FIT Cayman	M497375	Taiwan	July 21, 2014	July 20, 2024
56	ELECTRICAL CONNECTOR ASSEMBLY	FIT Cayman	M496862	Taiwan	November 3, 2014	November 2, 2024
57	ELECTRIC CONNECTOR	Foxconn Kunshan Connectors	ZL 201320879281.3	PRC	December 30, 2013	December 30, 2023
58	ELECTRICAL CONNECTOR	FIT Cayman	M481524	Taiwan	January 6, 2014	January 5, 2024
59	PLUG CONNECTOR AND SOCKET CONNECTOR CONNECTED TO PLUG CONNECTOR	Foxconn Kunshan Connectors	ZL 201420756423.1	PRC	December 6, 2014	December 6, 2024
60	ELECTRIC CONNECTOR	Foxconn Kunshan Connectors	ZL 201420156553.1	PRC	April 2, 2014	April 2, 2024
61	ELECTRICAL CONNECTOR	FIT Cayman	M494399	Taiwan	April 2, 2014	April 1, 2024
62	ELECTRIC CONNECTOR ASSEMBLY	Foxconn Kunshan Connectors	ZL 201420281343.5	PRC	May 29, 2014	May 29, 2024
63	PROTECTIVE CAP AND REINFORCEMENT PIECE ASSEMBLY	Foxconn Kunshan Connectors	ZL 201420156774.9	PRC	April 2, 2014	April 2, 2024
64	PROTECTION CAP AND RETENTION MEMBER HAVING THE SAME	FIT Cayman	M494440	Taiwan	April 2, 2014	April 1, 2024
65	CARD EDGE CONNECTOR AND CARD LOCKING MECHANISM	Foxconn Kunshan Connectors / FIT Cayman	ZL 201420377000.9	PRC	July 9, 2014	July 9, 2024

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
66	CARD EDGE CONNECTOR AND LOCK MECHANISM THEREOF	FIT Cayman	M495018	Taiwan	August 13, 2014	August 12, 2024
67	ELECTRICAL CONNECTOR	FIT Cayman	M497372	Taiwan	July 21, 2014	July 20, 2024
68	ELECTRICAL CONNECTOR	Foxconn Kunshan Connectors / FIT Cayman	ZL 201420407942.7	PRC	July 23, 2014	July 23, 2024
69	CARD EDGE CONNECTOR AND CARD LOCKING MECHANISM	Foxconn Kunshan Connectors / FIT Cayman	ZL 201420377001.3	PRC	July 9, 2014	July 9, 2024
70	CARD EDGE CONNECTOR AND LOCK MECHANISM THEREOF	FIT Cayman	M502988	Taiwan	August 11, 2014	August 10, 2024
71	CARD CONNECTOR	Foxconn Kunshan Connectors	ZL 201420828646.4	PRC	December 24, 2014	December 24, 2024
72	CARD CONNECTOR	FIT Cayman	M508135	Taiwan	January 12, 2015	January 11, 2025
73	ELECTRIC CONNECTOR	Foxconn Kunshan Connectors / FIT Cayman	ZL 201420478786.3	PRC	August 25, 2014	August 25, 2024
74	ELECTRICAL CONNECTOR	FIT Cayman	M496857	Taiwan	September 15, 2014	September 14, 2024
75	ELECTRICAL CARD CONNECTOR WITH IMPROVED METALLIC COVER	FIT Cayman	9325091	U.S.	November 5, 2014	November 5, 2034
76	ELECTRICAL CONNECTOR HAVING A RECEPTACLE WITH A SHIELDING PLATE AND A MATING PLUG WITH METALLIC SIDE ARMS	FIT Cayman	9350126	U.S.	November 15, 2014	November 15, 2034
77	RETENTION MEMBER FOR POSITIONING OPTICAL MODULE	FIT Cayman	9354405	U.S.	November 26, 2014	November 26, 2034
78	ELECTRICAL CONNECTOR WITH DETECTING CONTACTS	FIT Cayman	9325123	U.S.	December 11, 2014	December 11, 2034

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
79	ELECTRICAL CONNECTOR WITH SHIELDING PLATE SECURED THEREIN	FIT Cayman	9362681	U.S.	February 8, 2015	February 8, 2035
80	ELECTRICAL CONNECTOR WITH IMPROVED LOAD PLATE	FIT Cayman	9368888	U.S.	March 12, 2015	March 12, 2035
81	ELECTRICAL CONNECTOR WITH IMPROVED POSITION HOLE	FIT Cayman	9350115	U.S.	April 2, 2015	April 2, 2035
82	CABLE CONNECTOR WITH LOW IMPEDANCE	FIT Cayman	9325081	U.S.	April 2, 2015	April 2, 2035
83	PLUG CONNECTOR ASSEMBLY WITH FIRM STRUCTURE AND METHOD OF ASSEMBLING THE SAME	FIT Cayman	9325137	U.S.	April 3, 2015	April 3, 2035
84	ELECTRICAL CONNECTOR ASSEMBLY	FIT Cayman	9368890	U.S.	July 1, 2015	July 1, 2035
85	OPTICAL MODULE	FIT Cayman	9335499	U.S.	September 1, 2015	September 1, 2035
86	FLIPPABLE ELECTRICAL CONNECTOR	FIT Cayman	9318853	U.S.	July 21, 2014	October 15, 2034
87	ELECTRICAL CONNECTOR ASSEMBLY WITH JUMPER ELEMENT ASSEMBLED THEREON	FIT Cayman	9337573	U.S.	July 1, 2014	July 1, 2034
88	FLIPPABLE ELECTRICAL CONNECTOR	FIT Cayman	9356400	U.S.	April 29, 2015	April 29, 2035
89	METHOD AND APPARATUS FOR TERMINATING WIRE WOUND MAGNETIC CORE	FIT Cayman	9385485	U.S.	December 15, 2014	December 15, 2034
90	MODULAR JACK HAVING MIDDLE METAL PLATE SHIELDING TWO ADJACENT PORTS	FIT Cayman	9413122	U.S.	December 29, 2014	December 29, 2034
91	ELECTRICAL CONNECTOR	FIT Cayman	9437976	U.S.	January 26, 2015	January 26, 2035
92	ELECTRICAL CONNECTOR AND THE ASSEMBLING METHOD THEREOF	FIT Cayman	9401557	U.S.	March 5, 2015	March 5, 2035

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
93	USB PLUG CONNECTOR AND METHOD FOR MANUFACTURING THE SAME	FIT Cayman	9450355	U.S.	March 12, 2015	March 12, 2035
94	RETENTION MODULE WITH PROTECTION CAP	FIT Cayman	9450361	U.S.	April 2, 2015	April 2, 2035
95	PLUG CONNECTOR ASSEMBLY HAVING IMPROVED ANTI-EMI PERFORMANCE	FIT Cayman	9450342	U.S.	April 3, 2015	April 3, 2035
96	CABLE CONNECTOR ASSEMBLY WITH IMPROVED SPACER	FIT Cayman	9419382	U.S.	June 9, 2015	June 9, 2035
97	CARD EDGE CONNECTOR WITH AN IMPROVED EJECTOR	FIT Cayman	9385452	U.S.	July 9, 2015	July 9, 2035
98	CARD EDGE CONNECTOR WITH AN IMPROVED EJECTOR	FIT Cayman	9385453	U.S.	July 9, 2015	July 9, 2035
99	ELECTRICAL CONNECTOR ASSEMBLY WITH IMPROVED CONTACT ARRANGEMENT	FIT Cayman	9413091	U.S.	August 6, 2015	August 6, 2035
100	DUAL ORIENTATION CONNECTOR AND ASSEMBLY OF THE SAME	FIT Cayman	9450354	U.S.	May 9, 2014	August 6, 2034
101	ELECTRICAL CONNECTOR ASSEMBLY AND ELECTRICAL CONNECTOR SYSTEM HAVING THE SAME	FIT Cayman	I544689	Taiwan	November 4, 2014	November 3, 2034
102	CHEMICAL PLATING PRODUCT AND METHOD FORMING THEREOF	FIT Cayman	I544847	Taiwan	October 22, 2013	October 21, 2033
103	FLIPPABLE ELECTRICAL CONNECTOR	FIT Cayman	9472910	U.S.	September 25, 2014	September 25, 2034
104	ELECTRICAL CONNECTOR HAVING AN INSULATIVE PLATE WITH A SLOT	FIT Cayman	9478884	U.S.	November 20, 2014	December 18, 2034

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
105	FLIPPABLE ELECTRICAL CONNECTOR	FIT Cayman	9490594	U.S.	December 3, 2014	February 10, 2035
106	ELECTRICAL CONNECTOR	FIT Cayman	9461423	U.S.	December 10, 2014	December 10, 2034
107	ELECTRICAL CONNECTOR ASSEMBLY HAVING EXTRA SIGNAL CONTACT	FIT Cayman	9461429	U.S.	December 28, 2014	December 28, 2034
108	FLIPPABLE ELECTRICAL CONNECTOR	FIT Cayman	9490595	U.S.	March 6, 2015	March 6, 2035
109	FLIPPABLE ELECTRICAL CONNECTOR	FIT Cayman	9472911	U.S.	March 11, 2015	March 11, 2035
110	FLIPPABLE ELECTRICAL CONNECTOR	FIT Cayman	9484681	U.S.	March 23, 2015	March 23, 2035
111	SIGNAL TRANSMISSION MODULE WITH RELIABLE SEALING STRUCTURE	FIT Cayman	9472891	U.S.	March 31, 2015	March 31, 2035
112	ELECTRICAL CONNECTOR WITH IMPROVED CONTACTS	FIT Cayman	9484654	U.S.	April 10, 2015	April 10, 2035
113	ELECTRONIC CARD CONNECTOR HAVING IMPROVED TERMINALS	FIT Cayman	9490557	U.S.	April 16, 2015	April 16, 2035
114	CABLE CONNECTOR HAVING IMPROVED WIRE SPACER	FIT Cayman	9484689	U.S.	April 30, 2015	April 30, 2035
115	ELECTRICAL CONNECTOR WITH IMPROVED GROUNDING BAR	FIT Cayman	9490585	U.S.	July 20, 2015	July 20, 2035
116	ELECTRICAL CONNECTOR HAVING LATCHES AND METHOD OF MAKING THE SAME	FIT Cayman	9484676	U.S.	August 12, 2015	August 12, 2035
117	ELECTRICAL CONNECTOR WITH NEW ASSEMBLING METHOD	FIT Cayman	9461415	U.S.	August 25, 2015	August 25, 2035
118	FLIPPABLE ELECTRICAL CONNECTOR	FIT Cayman	9490579	U.S.	August 28, 2015	August 28, 2035

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
119	FLIPPABLE ELECTRICAL CONNECTOR	FIT Cayman	9466930	U.S.	March 31, 2015	March 31, 2035
120	FLIPPABLE ELECTRICAL CONNECTOR	FIT Cayman	9496662	U.S.	October 20, 2014	October 20, 2034
121	TRANSMISSION MODULE ASSEMBLY	FIT Cayman	9496663	U.S.	March 31, 2015	March 31, 2035
122	FLIPPABLE ELECTRICAL CONNECTOR	FIT Cayman	9496664	U.S.	April 16, 2015	April 16, 2035
123	FLIPPABLE ELECTRICAL CONNECTOR	FIT Cayman	9496653	U.S.	April 24, 2015	April 24, 2035
124	FLIPPABLE ELECTRICAL CONNECTOR	FIT Cayman	9525227	U.S.	August 8, 2014	August 8, 2034
125	FLIPPABLE ELECTRICAL CONNECTOR	FIT Cayman	9525223	U.S.	September 5, 2014	September 5, 2034
126	FLIPPABLE ELECTRICAL CONNECTOR	FIT Cayman	9502821	U.S.	January 8, 2015	January 8, 2035
127	ELECTRICAL CONNECTOR HAVING IMPROVED ANTI-EMI PERFORMANCE	FIT Cayman	9509099	U.S.	January 26, 2015	January 26, 2035
128	ELECTRICAL CONNECTOR ASSEMBLY WITH LOCKING MEMBER	FIT Cayman	9509073	U.S.	May 28, 2015	May 28, 2035
129	AUDIO JACK CONNECTOR WITH A SEALING ASSEMBLY ASSEMBLED ON AN INSULATIVE HOUSEING	FIT Cayman	9531111	U.S.	June 9, 2015	June 9, 2035
130	CARD EDGE CONNECTOR WITH A RELIABLE LOCKING PIECE	FIT Cayman	9515416	U.S.	August 7, 2015	August 7, 2035
131	HIGH BANDWIDTH JACK WITH RJ45 BACKWARDS COMPATIBILITY HAVING AN IMPROVED STRUCTURE FOR REDUCING NOISE	FIT Cayman	9520687	U.S.	August 21, 2015	August 21, 2035
132	ELECTRIC CONNECTOR AND COMBINATION THEREOF	Fuyu Huai'an	201310494219.7	PRC	October 21, 2013	October 21, 2033

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
133	ELECTRICAL CONNECTOR WITH IMPROVED CONTACTS	FIT Cayman	9673580	U.S.	December 10, 2014	July 24, 2035
134	ELECTRICAL CONNECTOR AND METHOD OF MAKING THE SAME	FIT Cayman	9666996	U.S.	August 11, 2015	August 11, 2035
135	ELECTRICAL CONNECTOR HAVING IMPROVED HOUSING AND METHOD OF MAKING THE SAME	FIT Cayman	9590360	U.S.	August 24, 2015	August 24, 2035
136	ELECTRICAL CONNECTOR	FIT Cayman	I568104	Taiwan	March 5, 2014	March 4, 2034
137	ELECTRICAL CONNECTOR AND THE ASSEMBLY	FIT Cayman	I573329	Taiwan	March 24, 2015	March 23, 2035
138	RECEPTACLE CONNECTOR AND PLUG CONNECTOR MATING WITH EACH OTHER	FIT Cayman	I578644	Taiwan	December 2, 2014	December 1, 2034
139	ELECTRIC CONNECTOR COMBINATION	Foxconn Kunshan Connectors	ZL201410731802.X	PRC	December 6, 2014	December 6, 2034
140	ELECTRICAL CONNECTOR ASSEMBLY	FIT Cayman	I586041	Taiwan	August 13, 2014	August 12, 2034
141	ELECTRICAL RECEPTACLE CONNECTOR	FIT Cayman	I573334	Taiwan	February 26, 2014	February 25, 2034
142	SOCKET CONNECTOR AND PLUG CONNECTOR IN BUTT JOINT THEREWITH	Foxconn Kunshan Connectors	ZL201410824767.6	PRC	December 27, 2014	December 27, 2034
143	RECEPTACLE CONNECTOR AND PLUG CONNECTOR MATING WITH EACH OTHER	FIT Cayman	I568090	Taiwan	January 12, 2015	January 11, 2035
144	ELECTRICAL CONNECTOR AND METHOD OF MAKING THE SAME	FIT Cayman	I578628	Taiwan	May 7, 2014	May 6, 2034

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
145	PLUG CONNECTOR AND SOCKET CONNECTOR IN BUTT JOINT WITH PLUG CONNECTOR	Foxconn Kunshan Connectors	ZL201510032016.5	PRC	January 22, 2015	January 22, 2035
146	PLUG CONNECTOR AND RECEPTACLE CONNECTOR MATED WITH EACH OTHER	FIT Cayman	I578629	Taiwan	February 2, 2015	February 1, 2035
147	RECEPTACLE CONNECTOR	FIT Cayman	I573352	Taiwan	February 6, 2015	February 5, 2035
148	ELECTRICAL CONNECTOR AND METHOD OF MAKING THE SAME	FIT Cayman	I573335	Taiwan	August 13, 2014	August 12, 2034
149	CARD CONNECTOR	FIT Cayman	I573331	Taiwan	August 26, 2014	August 25, 2034
150	CARD CONNECTOR	Foxconn Kunshan Connectors	ZL201410812950.4	PRC	December 24, 2014	December 24, 2034
151	ELECTRICAL CONNECTOR AND METHOD OF MAKING THE SAME	FIT Cayman	I578633	Taiwan	August 22, 2014	August 21, 2034

As of the Latest Practicable Date, we have been granted by Hon Hai the exclusive right to use the following patents which are material to our business:

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
1	LOW PROFILE ELECTRICAL CONNECTOR	Hon Hai	7497732	US	July 25, 2007	July 25, 2027
2	ELECTRICAL CONNECTOR WITH IMPROVED CONTACTS	Hon Hai	7686656	US	August 11, 2008	August 11, 2028
3	ELECTRICAL CONNECTOR WITH IMPROVED CONTACTS ARRANGEMENT	Hon Hai	7578705	US	August 11, 2008	August 11, 2028
4	ELECTRICAL CONNECTOR WITH IMPROVED CONTACT ARRANGEMENT	Hon Hai	7744426	US	August 11, 2008	August 11, 2028

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
5	STACKED ELECTRICAL CONNECTOR WITH IMPROVED SIGNAL TRANSMISSION	Hon Hai	7588445	US	August 11, 2008	August 11, 2028
6	ELECTRICAL CONNECTOR WITH IMPROVED CONTACTS AND TRANSITION MODULE	Hon Hai	7682200	US	August 11, 2008	August 11, 2028
7	ELECTRICAL CONNECTOR WITH ELECTROSTATIC DISCHARGE PROTECTION	Hon Hai	7481677	US	October 30, 2007	October 30, 2027
8	EXTENSION TO ELECTRICAL CONNECTOR WITH IMPROVED CONTACT ARRANGEMENT AND METHOD OF ASSEMBLING THE SAME	Hon Hai	7422488	US	November 2, 2007	November 2, 2027
9	EXTENSION TO ELECTRICAL CONNECTOR WITH IMPROVED CABLE TERMINATION	Hon Hai	7534141	US	May 6, 2008	May 6, 2028
10	EXTENSION TO ELECTRICAL CONNECTOR WITH IMPROVED HOUSING STRUCTURES	Hon Hai	7618293	US	May 8, 2008	May 8, 2028
11	ELECTRICAL CONNECTOR WITH ESD PROTECTION	Hon Hai	7445505	US	October 30, 2007	October 30, 2027
12	ELECTRICAL CONNECTOR WITH ESD PROTECTION	Hon Hai	7651371	US	November 15, 2007	November 15, 2027
13	ELECTRICAL CONNECTOR WITH IMPROVED WIRE TERMINATION ARRANGEMENT	Hon Hai	7534143	US	November 16, 2007	November 16, 2027
14	ELECTRICAL CONNECTOR WITH IMPROVED GROUND PIECE	Hon Hai	7604490	US	December 5, 2007	December 5, 2027

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
15	FLASH MEMORY DEVICE WITH IMPROVED CONTACT ARRANGEMENT	Hon Hai	7540786	US	April 17, 2008	April 17, 2028
16	ELECTRICAL CONNECTOR WITH IMPROVED CONTACTS ARRANGEMENT	Hon Hai	7485008	US	April 17, 2008	April 17, 2028
17	ELECTRICAL CONNECTOR WITH IMPROVED CONTACT ARRANGEMENT	Hon Hai	7744382	US	April 9, 2009	April 9, 2029
18	ELECTRICAL CONNECTOR WITH A TONGUE WITH TWO SETS OF CONTACTS	Hon Hai	7717745	US	April 9, 2009	April 9, 2029
19	ELECTRICAL CONNECTOR WITH IMPROVED CONTACT ARRANGEMENT	Hon Hai	7811110	US	April 9, 2009	April 9, 2029
20	ELECTRICAL CONNECTOR WITH ADDITIONAL MATING PORT	Hon Hai	7467977	US	May 8, 2008	May 8, 2028
21	ELECTRICAL CONNECTOR WITH POWER CONTACTS	Hon Hai	7559805	US	June 24, 2008	June 24, 2028
22	ELECTRICAL CONNECTOR	Hon Hai	D606945	US	June 13, 2008	December 29, 2023
23	ELECTRICAL CONNECTOR WITH ADDITIONAL MATING PORT	Hon Hai	8052476	US	August 27, 2009	May 13, 2030
24	ELECTRICAL CONNECTOR WITH IMPROVED CONTACT ARRANGEMENT	Hon Hai	8021195	US	October 13, 2009	October 13, 2029
25	CABLE ASSEMBLY HAVING FLOATABLE TERMINATION	Hon Hai	7896559	US	December 23, 2008	December 23, 2028
26	TRIPLE MATING CONFIGURATIONS OF CONNECTOR	Hon Hai	7833065	US	October 28, 2008	January 20, 2029

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
27	RECEPTACLE CONNECTOR HAVING SHUTTLE TO SELECTIVELY SWITCH TO DIFFERENT INTERFACES	Hon Hai	7988499	US	December 3, 2009	January 4, 2030
28	ELECTRICAL CONNECTOR INCORPORATED WITH SIGNAL CONTROLLING CIRCUITRY	Hon Hai	8070519	US	April 2, 2010	May 18, 2030
29	ELECTRICAL CONNECTOR WITH IMPROVED ARRANGEMENT OF GROUND AND SIGNAL CONTACTS	Hon Hai	7972151	US	July 10, 2009	November 22, 2029
30	ELECTRICAL CONNECTOR WITH IMPROVED CONTACTS	Hon Hai	8011968	US	May 14, 2010	May 14, 2030
31	EXTENSION TO VERSION 2.0 UNIVERSAL SERIAL BUS CONNECTOR WITH ADDITIONAL CONTACTS	Hon Hai	7946893	US	November 3, 2009	June 13, 2027
32	ELECTRICAL CONNECTOR WITH ESD PROTECTION	Hon Hai	7666030	US	January 27, 2009	January 27, 2029
33	ELECTRICAL CONNECTOR WITH ADDITIONAL MATING PORT	Hon Hai	7654871	US	July 13, 2009	June 24, 2028
34	ELECTRICAL CONNECTOR FEATURED USB/ESATA INTERFACES	Hon Hai	8100724	US	February 8, 2010	February 8, 2030
35	ELECTRICAL CONNECTOR WITH IMPROVED HIGH FREQUENCY SIGNAL TRANSMISSION ENVIRONMENT	Hon Hai	8388372	US	March 26, 2010	May 31, 2031
36	ELECTRICAL CONNECTOR WITH IMPROVED CONTACT ARRANGEMENT	Hon Hai	7878847	US	March 3, 2010	March 3, 2030

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
37	ELECTRICAL CONNECTOR WITH IMPROVED GROUNDING MEANS	Hon Hai	8251747	US	April 1, 2010	February 16, 2031
38	ELECTRICAL CONNECTOR WITH IMPROVED CONTACTS	Hon Hai	8100725	US	August 10, 2010	August 10, 2030
39	STACKED USB 3.0 CONNECTOR HAVING A LENGTH EQUAL TO THAT OF STACKED USB 2.0 CONNECTOR	Hon Hai	8070512	US	September 9, 2010	September 9, 2030
40	PHOTOELECTRIC CONNECTOR ASSEMBLY WITH A LENS MEMBER HAVING LENSES AT OPPOSITE FACES THEREOF	Hon Hai	8488926	US	December 28, 2010	August 15, 2031
41	UPRIGHT ELECTRICAL CONNECTOR	Hon Hai	8033841	US	December 29, 2010	December 29, 2030
42	LOW PROFILE CABLE CONNECTOR ASSEMBLY	Hon Hai	8721361	US	April 19, 2011	January 18, 2032
43	LOW PROFILE CABLE CONNECTOR ASSEMBLY	Hon Hai	8303329	US	May 31, 2011	May 31, 2031
44	ELECTRICAL CONNECTOR WITH IMPROVED CONTACT ARRANGEMENT	Hon Hai	7841905	US	June 29, 2010	August 11, 2028
45	ELECTRICAL CONNECTOR WITH IMPROVED CONTACT ARRANGEMENT	Hon Hai	7972182	US	November 30, 2010	August 11, 2028
46	ELECTRICAL CONNECTOR	Hon Hai	D648679	US	September 19, 2010	November 15, 2025
47	ELECTRICAL CONNECTOR	Hon Hai	D648680	US	September 19, 2010	November 15, 2025
48	ELECTRICAL CONNECTOR WITH STACKED SPACERS	Hon Hai	8187029	US	April 20, 2011	April 20, 2031
49	ELECTRICAL CONNECTOR HAVING IMPROVED INSULATIVE HOUSING	Hon Hai	8052431	US	April 29, 2011	April 29, 2031

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
50	CONNECTOR HAVING IMPROVED HOUSING TO POSITION CONTACTS THEREOF RELIABLY	Hon Hai	8133079	US	April 29, 2011	April 29, 2031
51	CONNECTOR HAVING IMPROVED INSULATIVE HOUSING	Hon Hai	8636546	US	April 18, 2011	March 19, 2032
52	CONNECTOR HAVING METAL SHELL SHIELDING INSULATIVE HOUSING	Hon Hai	8267703	US	April 18, 2011	April 18, 2031
53	USB PLUG CABLE ASSEMBLY	Hon Hai	8398427	US	August 18, 2011	August 18, 2031
54	LOW PROFILE CABLE ASSEMBLY	Hon Hai	8430693	US	September 20, 2011	October 31, 2031
55	ELECTRICAL CONNECTOR ASSEMBLY WITH AN IMPROVED METALLIC SHELL	Hon Hai	8454387	US	December 15, 2011	December 19, 2031
56	ELECTRICAL CONNECTOR HAVING IDENTIFICATION FUNCTION	Hon Hai	8500495	US	January 5, 2012	January 5, 2032
57	EXTENSION TO VERSION 2.0 UNIVERSAL SERIAL BUS CONNECTOR WITH ADDITIONAL CONTACTS	Hon Hai	8152569	US	April 21, 2011	June 13, 2027
58	CABLE CONNECTOR ASSEMBLY HAVING A FRONT SHELL AND A REAR SHELL WITH INTERLATCHING PARTS	Hon Hai	8696385	US	August 10, 2012	August 20, 2032
59	ELECTRICAL CONNECTOR EQUIPPED WITH DETECTION SWITCH	Hon Hai	8535087	US	March 13, 2012	March 24, 2032
60	CABLE ASSEMBLY WITH IMPROVED WIRE MANAGEMENT	Hon Hai	9172149	US	December 27, 2013	January 15, 2034
61	CABLE CONNECTOR ASSEMBLY WITH AN IMPROVED GROUNDING CONTACT	Hon Hai	9325119	US	January 24, 2014	January 24, 2034

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
62	CABLE ASSEMBLY HAVING AN IMPROVED WIRE MANAGEMENT	Hon Hai	8979587	US	September 4, 2013	September 25, 2033
63	CABLE CONNECTOR ASSEMBLY	Hon Hai	9130312	US	July 8, 2013	November 30, 2033
64	ELECTRICAL CONNECTOR WITH DTECT PINS	Hon Hai	8974240	US	April 18, 2013	May 10, 2033
65	CABLE CONNECTOR ASSEMBLY HAVING AN IMPROVED CABLE WITH AN EQUALIZER FUNCTION	Hon Hai	9059549	US	January 23, 2014	January 23, 2034
66	ELECTRICAL CONNECTOR WITH DETECT FUNCTION	Hon Hai	8926367	US	June 4, 2013	June 13, 2033
67	ELECTRICAL CONNECTOR WITH DETECT PINS	Hon Hai	8747147	US	October 25, 2012	November 22, 2032
68	ELECTRICAL CONNECTOR WITH IMPROVED METAL SHELL	Hon Hai	9028269	US	April 2, 2013	June 25, 2033
69	ELECTRICAL CONNECTOR	Hon Hai	9209574	US	September 10, 2014	September 10, 2034
70	ELECTRICAL CONNECTOR WITH IMPROVED CONTACT ARRANGEMENT	Hon Hai	9263837	US	April 14, 2014	April 14, 2034
71	ELECTRICAL CONNECTOR WITH METAL PLATE	Hon Hai	9337589	US	June 6, 2014	June 6, 2034
72	ELECTRICAL CONNECTOR CONFRONTING WITH DIFFERENT MATING ELECTRICAL CONNECTORS	Hon Hai	9153903	US	January 22, 2014	March 14, 2034
73	ELECTRICAL CONNECTOR WITH METAL PLATE	Hon Hai	9214765	US	May 27, 2014	May 27, 2034

No.	Title of patent	Registered owner	Registration number	Place of registration	Filing date	Expiration date
74	ELECTRICAL CONNECTOR HAVING A PLURALITY OF DETECTING PINS	Hon Hai	8905779	US	March 18, 2013	June 25, 2033
75	ELECTRICAL CONNECTOR WITH IMPROVED HIGH FREQUENCY SIGNAL TRANSMISSION ENVIRONMENT	Hon Hai	8944848	US	July 24, 2013	July 31, 2033
76	ELECTRICAL CONNECTOR HAVING BETTER ELECTRICAL PERFORMANCE	Hon Hai	9190779	US	June 18, 2014	June 18, 2034
77	ELECTRICAL CONNECTOR HAVING SHIELDING SHELL WITH REAR WALL	Hon Hai	9263833	US	June 23, 2014	June 23, 2034
78	ELECTRICAL CONNECTOR	Hon Hai	9356404	US	September 24, 2014	September 24, 2034
79	ELECTRICAL CONNECTOR HAVING ROBUST INTERENGAGEMENT ARRANGED BETWEEN CONTACTS AND HOUSING	Hon Hai	8096831	US	September 16, 2010	September 16, 2030
80	ELECTRICAL PLUG	Hon Hai	D609645	US	June 13, 2008	February 9, 2024

As of the Latest Practicable Date, we have applied for the registration of the following patents which are material to our business:

No.	Title of patent	Applicant	Application number	Place of application	Application date
1	RETENTION MEMEBER FOR POSITIONING OPTICAL MODULE	FIT Cayman	14/619091	U.S.	February 11, 2015
2	ELECTRICAL CONNECTOR HAVING INSULATIVE HOUSING AND METHOD OF MAKING THE SAME	FIT Cayman	14/705217	U.S.	May 6, 2015
3	ELECTRICAL CONNECTOR HAVING INSULATIVE HOUSING FOR TWO ROWS OF TERMINALS	FIT Cayman	14/706242	U.S.	May 7, 2015

No.	Title of patent	Applicant	Application number	Place of application	Application date
4	FLIPPABLE ELECTRICAL CONNECTOR	FIT Cayman	14/719282	U.S.	May 21, 2015
5	CHEMICAL PLATING PRODUCT AND METHOD FORMING THEREOF	FIT Cayman	14/337083	U.S.	July 21, 2014
6	FLIPPABLE ELECTRICAL CONNECTOR	FIT Cayman	14/667632	U.S.	March 24, 2015
7	ACTIVE OPTICAL ASSEMBLY HAVING HEAT SINK STRUCTURE	Foxconn Kunshan Connectors / FIT Cayman	201510179975.X	PRC	April 16, 2015
8	ACTIVE OPTICAL ASSEMBLY HAVING HEAT SINK STRUCTURE	FIT Cayman	104112544	Taiwan	April 20, 2015
9	CABLE CONNECTOR	Foxconn Kunshan Connectors	201410074086.2	PRC	March 3, 2014
10	ELECTRICAL CONNECTOR	Foxconn Kunshan Connectors	201410004057.9	PRC	January 6, 2014
11	ELECTRICAL CONNECTOR	FIT Cayman	102148954	Taiwan	December 30, 2013
12	ELECTRICAL CONNECTOR ASSEMBLY AND SYSTEM THEREOF	Foxconn Kunshan Connectors / FIT Cayman	201410615156.0	PRC	November 5, 2014
13	ELECTRICAL CONNECTOR	Foxconn Kunshan Connectors	201410075880.9	PRC	March 4, 2014
14	ELECTRICAL CONNECTOR ASSEMBLY	Foxconn Kunshan Connectors	201310741050.0	PRC	December 30, 2013
15	PLUG CONNECTOR AND SOCKET CONNECTOR	Foxconn Kunshan Connectors	201310741142.9	PRC	December 30, 2013
16	LIGHT MODULE	Foxconn Kunshan Connectors / FIT Cayman	201410439391.7	PRC	September 1, 2014
17	OPTICAL-ELECTRICAL CONNECTOR	Foxconn Kunshan Connectors / FIT Cayman	201410590398.9	PRC	October 29, 2014

No.	Title of patent	Applicant	Application number	Place of application	Application date
18	CABLE CONNECTOR ASSEMBLY	Foxconn Kunshan Connectors	201410249285.2	PRC	June 9, 2014
19	CABLE CONNECTOR ASSEMBLY	Foxconn Kunshan Connectors / FIT Cayman	201410382943.5	PRC	August 6, 2014
20	CONNECTOR ASSEMBLY	FIT Cayman	2015-18222	Japan	February 2, 2015
21	ELECTRICAL CONNECTOR AND ASSEMBLY THEREOF	Foxconn Kunshan Connectors / FIT Cayman	201510180054.5	PRC	April 16, 2015
22	CONNECTOR AND ASSEMBLY THEREOF	Foxconn Kunshan Connectors	201310666908.1	PRC	December 11, 2013
23	ELECTRICAL CONNECTOR	Foxconn Kunshan Connectors	201310583508.4	PRC	November 20, 2013
24	CABLE CONNECTOR	Foxconn Kunshan Connectors	201410129297.1	PRC	April 2, 2014
25	CABLE CONNECTOR ASSEMBLY AND MANUFACTURE METHOD THEREOF	Foxconn Kunshan Connectors	201410115402.6	PRC	March 26, 2014
26	CABLE CONNECTOR ASSEMBLY	Foxconn Kunshan Connectors	201410032712.1	PRC	January 24, 2014
27	ELECTRICAL CONNECTOR	Foxconn Kunshan Connectors	201310663099.9	PRC	December 10, 2013
28	ELECTRIC CONNECTOR AND MANUFACTURING METHOD THEREOF	Foxconn Kunshan Connectors	201310673760.4	PRC	December 13, 2013
29	ELECTRIC CONNECTOR AND ASSEMBLING METHOD THEREOF	Foxconn Kunshan Connectors	201410081719.2	PRC	March 7, 2014
30	ELECTRICAL CONNECTOR AND THE METHOD OF ASSEMBLED THE ELECTRICAL CONNECTOR	FIT Cayman	103107460	Taiwan	March 5, 2014

No.	Title of patent	Applicant	Application number	Place of application	Application date
31	CABLE CONNECTOR ASSEMBLY	Foxconn Kunshan Connectors	201410032371.8	PRC	January 24, 2014
32	CABLE CONNECTOR	Foxconn Kunshan Connectors	201410032293.1	PRC	January 24, 2014
33	CABLE CONNECTOR ASSEMBLY	Foxconn Kunshan Connectors	201410032336.6	PRC	January 24, 2014
34	PLUG CONNECTOR	Foxconn Kunshan Connectors	201410032255.6	PRC	January 24, 2014
35	ELECTRICAL CONNECTOR	Foxconn Kunshan Connectors	201410032291.2	PRC	January 24, 2014
36	SOCKET CONNECTOR AND PLUG CONNECTOR IN BUTT JOINT	Foxconn Kunshan Connectors	201410706396.1	PRC	December 1, 2014
37	ELECTRICAL CONNECTOR ASSEMBLY	FIT Cayman	103144006	Taiwan	December 17, 2014
38	SIGNAL TRANSMISSION MODULE	Foxconn Kunshan Connectors	201410124419.8	PRC	March 31, 2014
39	SIGNAL TRANSMISSION MODULE	FIT Cayman	103113326	Taiwan	April 11, 2014
40	ELECTRICAL CONNECTOR	Foxconn Kunshan Connectors	201410088590.8	PRC	March 12, 2014
41	ELECTRIC CONNECTOR ASSEMBLY	Foxconn Kunshan Connectors	201410250954.8	PRC	June 9, 2014
42	SOCKET ELECTRIC CONNECTOR	Foxconn Kunshan Connectors	201410031246.5	PRC	January 23, 2014
43	SIGNAL TRANSMISSION MODULE	Foxconn Kunshan Connectors	201410126531.5	PRC	March 31, 2014
44	ELECTRICAL CONNECTOR ASSEMBLY	Foxconn Kunshan Connectors / FIT Cayman	201510384885.4	PRC	June 30, 2015

No.	Title of patent	Applicant	Application number	Place of application	Application date
45	ELECTRICAL CONNECTOR ASSEMBLY	FIT Cayman	104121293	Taiwan	July 1, 2015
46	ELECTRIC CONNECTOR AND MANUFACTURING METHOD THEREOF	Foxconn Kunshan Connectors / FIT Cayman	201410332096.1	PRC	July 11, 2014
47	ELECTRIC CONNECTOR AND MANUFACTURING METHOD THEREOF	Foxconn Kunshan Connectors / FIT Cayman	201410329574.3	PRC	July 11, 2014
48	ELECTRICAL CONNECTOR AND METHOD FOR MAKING THE SAME	FIT Cayman	103116172	Taiwan	May 7, 2014
49	ELECTRICAL CONNECTOR ASSEMBLY	Foxconn Kunshan Connectors / FIT Cayman	201510384729.8	PRC	June 30, 2015
50	ELECTRICAL CONNECTOR ASSEMBLY	FIT Cayman	104121292	Taiwan	July 1, 2015
51	FIXING APPARATUS	Foxconn Kunshan Connectors	201410164676.4	PRC	April 23, 2014
52	FIXING APPARATUS	Foxconn Kunshan Connectors	201410164665.6	PRC	April 23, 2014
53	SOCKET CONNECTOR AND PLUG CONNECTOR	Foxconn Kunshan Connectors	201510100340.6	PRC	March 9, 2015
54	RECEPTACLE CONNECTOR AND PLUG CONNECTOR MATING WITH EACH OTHER	FIT Cayman	104107667	Taiwan	March 11, 2015
55	PLUG CONNECTOR ASSEMBLY AND MANUFACTURING METHOD THEREOF	Foxconn Kunshan Connectors	201410134388.4	PRC	April 4, 2014
56	PLUG CONNECTOR ASSEMBLY	Foxconn Kunshan Connectors	201410134244.9	PRC	April 4, 2014
57	SOCKET CONNECTOR AND PLUG CONNECTOR MATED THEREWITH	Foxconn Kunshan Connectors	201510045538.9	PRC	January 29, 2015

No.	Title of patent	Applicant	Application number	Place of application	Application date
58	SOCKET CONNECTOR	Foxconn Kunshan Connectors	201510159370.4	PRC	April 7, 2015
59	RECEPTACLE CONNECTOR	FIT Cayman	104113612	Taiwan	April 29, 2015
60	CARD EDGE CONNECTOR	FIT Cayman	103143593	Taiwan	December 15, 2014
61	ELECTRICAL CONNECTOR AND MANUFACTURING METHOD THEREOF	Foxconn Kunshan Connectors / FIT Cayman	201410399133.0	PRC	August 14, 2014
62	RJ45 RECEPTACLE CONNECTOR	FIT Cayman	103136150	Taiwan	October 20, 2014
63	CARD CONNECTOR	FIT Cayman	2015-55770	Japan	March 18, 2015
64	ELECTRONIC CARD CONNECTOR HAVING IMPROVED TERMINALS	FIT Cayman	10-2015-0089615	Korea	June 24, 2015
65	SOCKET CONNECTOR	Foxconn Kunshan Connectors	201510205961.0	PRC	April 28, 2015
66	RECEPTACLE CONNECTOR	FIT Cayman	104115460	Taiwan	May 15, 2015
67	PLUG CONNECTOR	Foxconn Kunshan Connectors	201510227913.1	PRC	May 7, 2015
68	PLUG CONNECTOR	FIT Cayman	104116384	Taiwan	May 22, 2015
69	ELECTRICAL DEVICE AND ASSEMBLY THEREOF	FIT Cayman	104122719	Taiwan	July 14, 2015
70	ELECTRONIC DEVICE AND ASSEMBLY THEREOF	Foxconn Kunshan Connectors	201510409441.1	PRC	July 14, 2015
71	RECEPTACLE CONNECTOR AND PLUG CONNECTOR	FIT Cayman	104127079	Taiwan	August 20, 2015
72	RECEPTACLE CONNECTOR	FIT Cayman	104121448	Taiwan	July 2, 2015
73	SOCKET CONNECTOR	Foxconn Kunshan Connectors	201510378500.3	PRC	July 2, 2015

No.	Title of patent	Applicant	Application number	Place of application	Application date
74	CARD EDGE CONNECTOR	Foxconn Kunshan Connectors / FIT Cayman	201410386008.6	PRC	August 7, 2014
75	SOCKET CONNECTOR AND PLUG CONNECTOR	Foxconn Kunshan Connectors	201510479764.8	PRC	August 7, 2015
76	SOCKET CONNECTOR AND MOBILE DEVICE	Foxconn Kunshan Connectors	201510115873.1	PRC	March 17, 2015
77	RECEPTACLE CONNECTOR AND PLUG CONNECTOR MATING WITH EACH OTHER	FIT Cayman	104109328	Taiwan	March 24, 2015
78	SOCKET CONNECTOR AND MOBILE DEVICE	Foxconn Kunshan Connectors	201510154214.9	PRC	April 3, 2015
79	RECEPTACLE CONNECTOR AND MOVABLE DEVICE	FIT Cayman	104111359	Taiwan	April 9, 2015
80	ELECTRIC CONNECTOR AND MANUFACTURING METHOD THEREFOR	Foxconn Kunshan Connectors / FIT Cayman	201410424414.7	PRC	August 27, 2014
81	SOCKET CONNECTOR	Foxconn Kunshan Connectors	201510156705.7	PRC	April 3, 2015
82	RECEPTACLE CONNECTOR	FIT Cayman	104111357	Taiwan	April 9, 2015
83	ELECTRICAL CONNECTOR AND A MANUFACTURING METHOD THEREOF	FIT Cayman	103127404	Taiwan	August 11, 2014

Save as aforesaid, as at the Latest Practicable Date, there were no other trade or service marks, patents, domains, intellectual or industrial property rights which were material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of the Directors and the Chief Executive of Our Company

Immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares that may be issued under the Share Grant Scheme, the interests or short positions of the Directors and chief executive of our Company in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed, will be as follows:

(i) Interest in our Company

		Immediately following the completion of the Global Offering	
Name of Director	**Nature of interest**[1]	**Number of Shares held**	**Approximate percentage of shareholding interest**[2]
Sung-Ching Lu (盧松青)[3]	Beneficial owner	95,720,000	1.45%
Pochin Christopher Lu (盧伯卿)	Beneficial owner	12,512,000	0.19%
Chen Ga-Lane (陳杰良)	Beneficial owner	2,400,000	0.04%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued under the Share Grant Scheme).

(3) Mr. Lu is also interested in 349,440,000 Shares under the Share Grant Scheme.

(b) Interests of the Substantial Shareholders

Save as disclosed in "Substantial Shareholders", immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued under the Share Grant Scheme, our Directors or chief executive are not aware of any other person (other than a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company.

(c) Interests in Other Members of the Group

So far as our Directors are aware, as at the Latest Practicable Date, the following persons (excluding us) are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name of subsidiary	Name of shareholder	Registered capital	Approximate % of interest
Huai'an Tengyue Information Technology	Huai'an Jingkai Venture Capital Company Limited	RMB200,000	20%

2. Directors' Service Contracts

Our executive Directors, Mr. Sung-Ching Lu, Mr. Pochin Christopher Lu, Mr. William Ralph Gillespie have entered into service contracts with our Company on June 20, 2017, June 20, 2017 and November 4, 2016, respectively, and we have issued letters of appointment to our non-executive Director and each of our independent non-executive Directors on November 4, 2016. The service contracts with each of our executive Directors and the letter of appointment with our non-executive Director are for an initial fixed term of three years commencing from the respective date of service contracts/letters of appointment. The letters of appointment with each of our independent non-executive Directors are for an initial fixed term of three years. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Directors has entered, or has proposed to enter, a service contract with any member of our Group (other than contracts that have been superseded by the service contracts disclosed above, or expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors' Remuneration

The aggregate remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances) paid to the Directors for the years ended December 31, 2014, 2015 and 2016 were approximately US$3.1 million, US$24.5 million and US$27.5 million, respectively.

Save as disclosed above, no other payments have been made or are payable, in respect of the years ended December 31, 2014, 2015 and 2016, by any member of the Group to any of the Directors.

Pursuant to the service contracts entered into between our Company and each of our executive Directors and the letters of appointment issued to our non-executive Director and each of our independent non-executive Directors, the basic annual remuneration payable to each of our Directors are as follows:

Director	**Remuneration (per annum)**
	USD'000
Sung-Ching Lu (盧松青)	720[(1)]
Pochin Christopher Lu (盧伯卿)	700[(2)]
William Ralph Gillespie	548[(3)]
Ga-Lane Chen (陳杰良)	*Note*[(4)]
Peter D Curwen	75[(5)]
Kwai Chang, Tang (鄧貴彰)	75[(5)]
Wing Yuen Hubert, Chan (陳永源)	75[(5)]

Notes:

(1) Mr. Lu is to receive annually NT$1 in Director fees and US$720,000 in salary.

(2) Mr. Lu is to receive annually US$120,000 in Director fees and US$580,000 in salary.

(3) Mr. Gillespie is to receive annually US$1 in Director fees and US$548,457 in salary.

(4) Dr. Chen is to receive annually US$1 in Director fees and nil in salary.

(5) Each of the independent non-executive Directors are to receive annually US$75,000 in Director fees and nil in salary.

In addition, each of the executive Directors are entitled to a performance bonus that is subject to the determination of the remuneration committee.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of the Directors for the year ending December 31, 2017 to be approximately US$2.19 million.

4. Directors' Competing Interests

Save as disclosed in the section headed "Relationship with Our Controlling Shareholders", none of our Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.

5. Disclaimers

Save as disclosed in this prospectus:

(a) none of the Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange, once the Shares are listed on the Stock Exchange;

(b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group;

(c) none of the Directors nor any of the persons listed in "– E. Other Information – 5. Qualification of Experts" below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(d) none of the Directors nor any of the persons listed in "– E. Other Information – 5. Qualification of Experts" below is materially interested in any contract or arrangement with the Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of the Group as a whole;

(e) save in connection with Underwriting Agreements, none of the persons listed in "– E. Other Information – 5. Qualification of Experts" below has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

(f) none of the Directors has entered or has proposed to enter into any service agreements with our Company or any member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and

(g) save as contemplated under the Underwriting Agreements and other than Hon Hai and its subsidiaries, none of our Directors, their respective close associates (as defined under the

Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any significant interest in our Company's five largest customers and five largest suppliers.

D. SHARE GRANT SCHEME

1. Share Grant Scheme

The following is a summary of the principal terms of the Share Grant Scheme approved and adopted by our Board on January 5, 2015, and further interpreted on November 4, 2016. The Share Grant Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the Share Grant Scheme does not involve the grant of options by our Company to subscribe for new Shares.

(a) Purposes of the Share Grant Scheme

The purpose of the Share Grant Scheme is to incentivize Directors, senior management and employees for their contribution to our Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of our Group by providing them with the opportunity to own equity interests in our Company.

(b) Share Grants

A Share Grant gives a participant in the Share Grant Scheme (the "**Share Grant Participant**") a conditional right when the Share Grant vests to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of exercise of the Share Grants, less any tax, stamp duty and other charges applicable, as determined by our Board in its absolute discretion. Each Share Grant represents one underlying Share.

(c) Participants in the Share Grant Scheme

Persons eligible to receive Share Grants under the Share Grant Scheme are existing employees, directors (whether executive or non-executive, but excluding independent non-executive directors) or officers of our Company or any of our subsidiaries ("**Share Grant Eligible Persons**"). Our Board selects the Share Grant Eligible Persons to receive Share Grants under the Share Grant Scheme at its discretion.

(d) Term of the Share Grant Scheme

The Share Grant Scheme will be valid and effective for a period of eight years, commencing from the date of the first grant (unless it is terminated earlier in accordance with its terms) (the "**Share Grant Scheme Period**").

(e) Grant and acceptance

(i) Making an offer

An offer to grant a Share Grant will be made to a Share Grant Eligible Person selected by our Board ("**Share Grant Selected Person**") by a letter, in such form as our Board may determine ("**Grant Letter**"). The Grant Letter shall specify (i) the name of the Share Grant Selected Person, (ii) the Share Grants granted as a fixed number of Shares or as a percentage of Company's fully diluted share capital following the completion of the Global Offering, (iii) the exercise price of the Share Grants, and (iv) such other details as our Board considers necessary. The Grant Letter should be the only proof for the grant of Share Grants.

(ii) Acceptance of an offer

A Share Grant Selected Person may accept an offer of the grant of Share Grants in such manner as set out in the Grant Letter. Once accepted, the Share Grants are deemed granted from the date of the Grant Letter ("**Grant Date**").

(f) Maximum number of Shares pursuant to Share Grants

The maximum number of Share Grants that may be granted under the Share Grant Scheme in aggregate (excluding Share Grants that have lapsed or been cancelled in accordance with the rules of the Share Grant Scheme) shall be such number of Shares under the Share Grant Scheme from time to time.

(g) Rights attached to Share Grants

A Share Grant Participant does not have any contingent interest in any Shares underlying the Share Grants unless and until such Shares are actually transferred to the Share Grant Participant. Further, a Share Grant Participant may not exercise voting rights in respect of the Shares underlying the Share Grants prior to their exercise and, unless otherwise specified by our Board in its entire discretion in the Grant Letter to the Share Grant Participant, nor do they have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying the Share Grants.

(h) Assignment of Share Grants

The Share Grants granted pursuant to the Share Grant Scheme are personal to each Share Grant Participant, and are not assignable.

(i) Vesting of Share Grants

Our Board can determine the vesting criteria, conditions and the time schedule when the Share Grants will vest and such criteria, conditions and time schedule shall be stated in the

Grant Letter. The vesting criteria, conditions and the time schedule may be amended by the Board provided that no such amendment shall operate to affect materially and adversely any subsisting rights of the Share Grant Selected Person.

Within a reasonable time after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, our Board will send a vesting notice ("**Vesting Notice**") to each of the relevant Share Grant Participants. The Vesting Notice will confirm the extent to which the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, and the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) involved.

(j) Exercise of Share Grants

Share Grants held by a Share Grant Participant that are vested as evidenced by the Vesting Notice may be exercised (in whole or in part) by the Share Grant Participant serving an exercise notice in writing on the Share Grant trustee and copied to our Company. Any exercise of Share Grants must be in respect of a board lot or an integral multiple thereof (except where the number of Share Grants which remains unexercised is less than one board lot). Share Grant Participants may not exercise their Share Grants prior to six months after the Listing Date.

(k) Rights on a takeover

If a general offer to acquire the Shares (whether by takeover offer, merger, or otherwise in a like manner) is made to all of our Shareholders (or Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and the general offer to acquire the Shares is approved and the offer becomes or is declared unconditional in all respects, a Share Grant Participant's Share Grants will vest immediately, even if the vesting period has not yet commenced.

(l) Rights on a compromise or arrangement

If a compromise or arrangement between our Company and our Shareholders or creditors is proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies and a notice is given by our Company to our Shareholders to convene a general meeting to consider and if thought fit approve such compromise or arrangement and such Shareholders' approval is obtained, a Share Grant Participant's Share Grants will vest immediately, even if the vesting period has not yet commenced.

(m) Rights on voluntary winding-up

If an effective resolution is passed during the Share Grant Scheme Period for the voluntary winding-up of the Company (other than for the purposes of a reconstruction, amalgamation or scheme of arrangement), all outstanding Share Grants shall be treated as having vested immediately. No Shares will be transferred, and no cash alternative will be paid, to the Share Grant Participant, but the Share Grant Participant will be entitled to receive out of the assets available in liquidation on an equal basis with our Shareholders such sum as they would have received in respect of the Share Grants.

(n) Lapse of Share Grants

Any unvested Share Grant will automatically lapse immediately where such Share Grant Participant voluntarily leaves his employment or has his employment terminated or is unable to perform his duties or retires or dies outside the performance of his duties. In other cases (including death or disability in the course of performance of duties), unvested Share Grants during the year may vest, while the remaining unvested Share Grants will automatically lapse immediately.

(o) Reorganization of capital structure

In the event of any capitalization issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company, our Board may make such equitable adjustments, designed to protect the Share Grant Participants' interests, to the number of Shares underlying the outstanding Share Grants or to the amount of the equivalent value, as it may deem appropriate at its absolute discretion.

(p) Amendment of the Share Grant Scheme

Save as provided in the Share Grant Scheme, our Board may alter any of the terms of the Share Grant Scheme at any time. Written notice of any amendment to the Share Grant Scheme shall be given to all Share Grant Participants.

(q) Termination of the Share Grant Scheme

Our Board may terminate the Share Grant Scheme at any time before the expiry of the Share Grant Scheme Period. The provisions of the Share Grant Scheme shall remain in full force and effect in respect of Share Grants which are granted pursuant to the rules of the Share Grant Scheme prior to the termination of the operation of the Share Grant Scheme.

(r) Administration of the Share Grant Scheme

Our Board has the power to administer the Share Grant Scheme, including the power to construe and interpret the rules of the Share Grant Scheme and the terms of the Share Grants granted under it. Our Board may appoint a trustee to assist with the administration and vesting of Share Grants granted pursuant to the Share Grant Scheme. Our Board may allot and issue Shares to the trustee and which will be used to satisfy the Share Grants upon exercise.

(s) General

An application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, new Shares underlying the Share Grants that have been granted pursuant to the Share Grant Scheme.

(t) Outstanding Share Grants granted

Pursuant to the Share Grant Scheme, (i) Share Grants in respect of 349,440,000 Shares was granted to Mr. Lu Sung-Ching on January 5, 2015; and (ii) Share Grants in respect of an aggregate of 65,816,000 Shares was granted to other Directors, senior management and employees on January 18, 2016.

As of the Latest Practicable Date, Share Grants in respect of an aggregate of 20,828,000 Shares have lapsed and Share Grants in respect of an aggregate of 394,428,000 Shares, representing approximately 5.99% of the Shares, remain in issue on the Listing Date. The outstanding Share Grants in issue on the Listing Date shall be held by 486 Share Grant Participants, of which two are Directors, five are directors of our subsidiaries and one is a member of our senior management.

Details of the Share Grants granted under the Share Grant Scheme as at the date of this prospectus and details of the vesting period are set out in the paragraph headed "2. Details of the Share Grants granted under the Share Grant Scheme" below.

2. Details of the Share Grants granted under the Share Grant Scheme

Name of grantee of Share Grant	Position held with our Group	Address	Date of grant	Number of Shares represented by Outstanding Share Grants[(1)]	Approximate percentage of shareholding immediately following the completion of the Global Offering (%)
Directors of our Company					
Lu Sung-Ching	Executive Director	5F, No. 27, Lane 52, Section 1 Da'an Rd., Taipei City, Taiwan	January 5, 2015	349,440,000	5.31%
Gillespie, William Ralph	Executive Director	4309B Sneed Road Nashville Tennessee 37215 USA	January 18, 2016	1,632,000	0.02%
Directors of our subsidiaries					
Llams, Pedro A.	Director of subsidiary	Oriente 2, #40 Ciudad Industrial, Matamoros, Tamaulipas, Mexico C.P. 87494	January 18, 2016	618,000	<0.01%

Name of grantee of Share Grant	Position held with our Group	Address	Date of grant	Number of Shares represented by Outstanding Share Grants[(1)]	Approximate percentage of shareholding immediately following the completion of the Global Offering (%)
Sley, Benjamin	Director of subsidiary	1590 Fremont St. Santa Clara, California 95050, U.S.A.	January 18, 2016	192,000	<0.01%
Yang Tsung-Han	Director of subsidiary	5F., No. 140, Ln. 108, Longquan St., Banqiao Dist., New Taipei City 220 Taiwan (ROC)	January 18, 2016	192,000	<0.01%
Huang Min Yu	Director of subsidiary	13F., No. 19, Zhuangjing Rd., Banqiao Dist., New Taipei City 220 Taiwan (ROC)	January 18, 2016	192,000	<0.01%
Li Ren-Chih	Director of subsidiary	6F., No. 168, Sec. 4, Chenggong Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	January 18, 2016	192,000	<0.01%
Senior management member					
Ezedinlo, Maryam	Senior management	783 Rolling Hills LN, Pleasanton, CA 94566	January 18, 2016	924,000	0.01%
TOTAL				353,382,000	5.37%

Note: The number of Shares represented by Share Grants and the calculation of the approximate percentage of shareholding immediately following the completion of the Global Offering is based on the total number of 6,585,345,888 Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

Other Grantees

The other 478 grantees of Share Grants, all being other employees of our Group, shall hold Share Grants in respect of an aggregate of 41,046,000 Shares, representing approximately 0.62% of the Shares in issue on the Listing Date. The grantees of the Share Grants granted under the Share Grant Scheme as referred to in the table above are not required to pay for the grant of any Share Grant under the Share Grant Scheme.

For the Share Grants granted to Mr. Lu Sung-Ching, they shall vest as to 48%, 13%, 13%, 13% and 13% on a quarterly basis in each of the five years from 2018 to 2022. For the Share Grants granted to other Directors, senior management and employees, they shall (unless our Company shall otherwise determine and so notify the Share Grant Participant in writing) vest as to 25% in each of the four years from 2016 to 2019, provided that each vesting of Share Grants shall be subject to our Company and the relevant Share Grant Participant meeting or satisfying the performance target/ review immediately preceding such vesting.

E. OTHER INFORMATION

1. Estate duty and Tax Indemnity

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares who death occur on or after February 1, 2006.

2. Litigation

As of the Latest Practicable Date, save as disclosed in "Business – Legal Proceedings", no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Group, that would have a material adverse effect on its business, financial condition or results of operations.

3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option, and any Shares to be issued under the Share Grant Scheme). All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

Credit Suisse (Hong Kong) Limited, one of the Joint Sponsors, does not consider itself to be independent from our Company according to Rule 3A.07 of the Listing Rules. Credit Suisse (Hong Kong) Limited and/or its affiliates have current business relationships with a Director and may enter into business relationships with other Directors which may together be considered to affect its independence for the purpose of Rule 3A.07 of the Listing Rules.

Each of China International Capital Corporation Hong Kong Securities Limited and Merrill Lynch Far East Limited satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. Please refer to the section headed "Underwriting" for details regarding the independence of the Joint Sponsors.

The fees payable to the Joint Sponsors are US$1,500,000 and are payable by our Company.

4. No Material Adverse Change

The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since December 31, 2016 (being the date to which the latest audited consolidated financial statements of the Group were prepared).

5. Qualification of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this prospectus:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Credit Suisse (Hong Kong) Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
Merrill Lynch Far East Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) of the regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent Industry Consultant
Taiwan Development & Research Academia of Economic & Technology	Independent Patent Valuer
Tian Yuan Law Firm	Legal advisers on PRC Law to our Company
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Vietnam International Law Firm	Legal advisers on Vietnam Law to our Company
Baker & McKenzie Abogados, S.C.	Legal advisers on Mexico Law to our Company
Baker & McKenzie, Taipei Office	Legal advisers on Taiwan Law to our Company

6. Consents of Experts

Each of the experts as referred to in "– E. Other Information – 5. Qualification of Experts" above in this prospectus has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

7. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

8. Preliminary Expenses

The preliminary expenses incurred by our Company were approximately US$5,065 and were payable by us.

9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

10. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of the Group;

(iv) no commission has been paid or payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;

(v) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued; and

(vi) there is no arrangement under which future dividends are waived or agreed to be waived.

(b) Our Directors confirm that:

(i) since December 31, 2016 (being the date on which the latest audited financial statements of the Group was made up), there has been no material adverse change in our financial or trading position or prospects;

(ii) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this prospectus; and

(iii) our Company has no outstanding convertible debt securities or debentures.

(c) No company within our Group is presently listed on any stock exchange or traded on any trading system.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) a copy of each of the material contracts referred to in the section headed "Statutory and General Information – B. Further Information About Our Business – 1. Summary of Material Contracts" in Appendix IV to this prospectus; and

(c) the written consents referred to in the section headed "Statutory and General Information – E. Other Information – 5. Qualification of Experts" in Appendix IV to this prospectus.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Simpson Thacher & Bartlett, ICBC Tower, 35/F, 3 Garden Road, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association of our Company;

(b) the audited consolidated financial statements of our Company and its subsidiaries for the years ended December 31, 2014, 2015 and 2016;

(c) the Accountant's Report and the report on the unaudited pro forma financial information from PricewaterhouseCoopers, the texts of which are set out in Appendices I and II to this prospectus;

(d) the legal opinion issued by Tian Yuan Law Firm, our PRC Legal Adviser, in respect of certain aspects of the Group and the property interests of the Group in the PRC;

(e) the letter of advice prepared by Conyers Dill & Pearman, our Cayman Islands legal adviser, summarizing certain aspects of the Cayman Companies Law referred to in Appendix III to this prospectus;

(f) the legal opinion issued by Vietnam International Law Firm, our Vietnam legal adviser, in respect of certain aspects of Vietnam laws and regulations;

(g) the legal opinion issued by Baker & McKenzie Abogados, S.C., our Mexico legal adviser, in respect of certain aspects of Mexico laws and regulations;

(h) the legal opinion issued by Baker & McKenzie, Taipei Office, our Taiwan legal adviser, in respect of certain aspects of Taiwan laws and regulations;

(i) the report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant, referred to in the section headed "Industry Overview";

(j) the expert opinion from Taiwan Development & Research Academia of Economic & Technology, our Patent Valuer, in respect of the valuation of certain patents;

(k) the Cayman Islands Companies Law;

(l) the material contracts referred to in the section headed "Statutory and General Information – B. Further Information About Our Business – 1. Summary of Material Contracts" in Appendix IV to this prospectus;

(m) the written consents referred to in the section headed "Statutory and General Information – E. Other Information – 6. Consents of Experts" in Appendix IV to this prospectus;

(n) service contracts and letters of appointment referred to in the section headed "Statutory and General Information – C. Further Information about Our Directors and Substantial Shareholders – 2. Directors' Service Contracts" in Appendix IV to this prospectus; and

(o) the rules and interpretation of the Share Grant Scheme.

FIT Hon Teng Limited

鴻騰六零八八精密科技股份有限公司