

Dear Shareholders,

The 2026 Hon Hai (2317 TT) Annual General Meeting of Shareholders will be held on the 29th of May, 2026. This year, one of the agenda for discussion concerns a proposed amendment to the Company's procedures governing the acquisition or disposal of assets. We believe that communicating the background of the amendments through the shareholder letter, including both regulatory requirements from the competent authorities and the Company's operational needs, provides a more comprehensive explanation.

Why the changes are necessary

As the Company has grown significantly in scale, the current fixed amount thresholds no longer align with our operational needs.

Aligning threshold with scale consistency

The existing disclosure threshold of NTD 1 billion represents less than 0.01% of our annual revenue, which exceeded NTD 8 trillion in 2025. Maintaining such a low threshold results in substantial administrative burden related to non-material transactions, potentially diluting investors' focus on truly material matters and deviating from the principle of materiality in information disclosure.

To better align our internal authorization framework with regulatory disclosure principles, we propose adjusting the internal approval threshold from a fixed NTD 500 million to 5% of paid-in capital. This ensures consistency between internal controls and external disclosure requirements, while maintaining appropriate governance standards.

Ensuring decision-making agility

In addition, given the capital-intensive and fast-evolving nature of the ICT industry, particularly in areas such as AI server deployment, investment decisions often involve substantial amounts. A proportional threshold allows for greater agility and flexibility and more accurately reflects transaction materiality in a dynamic business environment.

Internal Controls and Board Oversight

We place the highest priority on corporate governance. The proposed amendments do not compromise the integrity of our internal control framework. All existing multi-layer review mechanisms remain fully in place.

Robust Audit Committee review and approval

For all asset transactions (except transactions involving non-related-party operating equipment), transactions exceeding NTD 300 million will continue to require approval from both the Audit Committee and the Board of Directors. For transactions involving operating equipment procured from non-related parties, while the Audit Committee's review threshold has been adjusted in line with the revised authorization levels, the risk profile of such transactions remains relatively manageable. These transactions continue to be subject to multiple layers of control, including evaluation by the requesting unit, approval by the controlling department, and price benchmarking procedures.

Multi-layer internal review mechanisms

All transactions must go through a rigorous process, including:

1. Feasibility evaluation by the responsible department;
2. Review and approval by the controlling department; and
3. Pricing through quotation, negotiation, or tender procedures to ensure fairness and objectivity.

Each case is then approved in accordance with the Company's authorization hierarchy, ensuring clear accountability in decision-making. The above procedures remain unchanged and are not affected by the amendments.

Commitment to Protecting Shareholder Interests

These amendments do not change the balance of authority among shareholders, the Board, and management.

Shareholder rights remain unchanged

Any transaction that legally requires shareholder approval will continue to be submitted to the shareholders' meeting in accordance with applicable laws and the Company's Articles of Incorporation.

Maintaining the highest level of oversight for related party transactions

The proposed changes apply only to non-related-party transactions involving operating equipment. All related-party transactions and non-operating asset disposals will continue to be subject to stringent approval thresholds and review procedures.

Strengthening board oversight through greater focus

The revision of the authorization threshold for “operating equipment procured from non-related parties” from NTD 500 million to 5% of paid-in capital is based on the principle of scale consistency. With over NTD 8 trillion in annual revenue, the NTD 500 million represents less than 0.01% and is no longer an effective threshold for material transactions. Retaining the previous threshold would result in routine procurement matters continuing to occupy Board agendas, thereby diluting the quality of oversight over transactions of genuine strategic significance. This adjustment enables the Board to better focus its supervisory resources on higher-risk, more strategic, or related-party transactions.

Management discretion remains subject to multi-layer control mechanisms

While the authorization threshold for “operating equipment procured from non-related parties” has been increased, management’s decision-making remains subject to robust controls.

In summary, the proposed amendments are intended to enhance governance efficiency, align internal processes with regulatory principles, and strengthen the Company’s ability to respond effectively to industry dynamics, while maintaining robust oversight and safeguarding shareholder interests.

We respectfully request your support in approving this proposal at the upcoming Annual General Meeting.

Best regards,

Hon Hai Technology Group (Foxconn)