

Stock Code
2317

HON HAI PRECISION INDUSTRY CO., LTD.

2018 First Extraordinary General Meeting

Meeting Handbook

January 31, 2018

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2018 FIRST EXTRAORDINARY GENERAL MEETING (THE “HANDBOOK”) OF HON HAI PRECISION INDUSTRY CO., LTD. (THE “COMPANY”). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE HANDBOOK SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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Hon Hai Precision Industry Co., Ltd.
2018 First Extraordinary General Shareholders' Meeting

Meeting Procedure

Time: 9:00 a.m., January 31, 2018 (Wednesday)

Venue: 5th Floor, No. 2 Zihyou Street

Tucheng Industrial Park

Tucheng Dist., New Taipei City, Taiwan

- I. Report the total number of shares represented at this EGM

- II. Meeting Commencement Announced

- III. Chairman's Address

- IV. Discussion and Election

- V. Extraordinary Motions

- VI. Adjournment

Hon Hai Precision Industry Co., Ltd.
2018 First Extraordinary General Shareholders' Meeting

Agenda

I. Chairman's Address

II. Discussion and Election

(1) Proposal for Foxconn Industrial Internet Co., Ltd. ("FII"), a subsidiary of Hon Hai Precision Industry Co., Ltd. ("the Company") to issue an initial public offering ("IPO") of RMB-denominated ordinary shares (A Shares) on the Shanghai Stock Exchange

(2) Proposal for by-election of one independent director

(3) Proposal for releasing the Directors from non-competition restrictions

III. Extraordinary Motions

IV. Adjournment

Discussion and Election

Proposal 1: Discussion on approving Foxconn Industrial Internet Co., Ltd. ("FII"), a subsidiary of Hon Hai Precision Industry Co., Ltd. (the "Company") to issue an initial public offering ("IPO") of RMB denominated ordinary shares (A Shares) on the Shanghai Stock Exchange.

(Proposed by the Board of Directors)

Description::

1. Purpose of Listing: In order to respond to mainland China's rapid growth of Internet telecommunication and cloud computing market, the Company has integrated its manufacturing business of Internet telecommunication and cloud computing to FII. With the aims of expanding business in mainland China, attracting and motivating local talents, and enhancing its global competitiveness, FII is proposing to file for IPO of RMB-denominated ordinary shares (A shares) with China Securities Regulatory Commission and applying for listing on the Shanghai Stock Exchange.
2. Impact on the Company's financial status:
 - (1) Impact on financial status
 - A. After the funds are in place, FII will be capable of improving and transforming its production line and sharpening its competitive edge. Furthermore, the acquisition of cutting edge R&D testing equipments, hiring of advanced R&D talents and enhancing internal innovation skill will bring new revenue and profit into the Company.
 - B. The success of listing on A shares market will build up an independent funding platform for the Company (Group) and will provide a more efficient funding environment to meet the needs for future working capital and capital expenditure.
 - C. By successfully listing FII's shares on A shares market, the Company (Group) can significantly lift the scale of its total asset and net asset for maximizing shareholders' interests.

- (2) Impact on business: In response to the development in the age of "Industry 4.0", the Company (Group) restructures its business and establishes the industrial Internet platform for smart manufacturing and technology service, focusing on the development of cloud computing, Internet telecommunication and technology service business. Raising funds through listing on A shares market can drive the Company to provide the manufacturing intelligence solutions. By prompting next-generation 8K+5G and R&D of high-efficient computing center, real economy and internet economy that are integral to industrial internet are realized.
3. Method of Diffusion of Ownership: FII is planing to file for an IPO of RMB denominated ordinary shares (A shares) in mainland China and applying for listing on the Shanghai Stock Exchange, with a par value of RMB 1 per share. The new issued shares will account for 10% (tentative) of FII's total issued share capital. The Company plans to propose to the Board of Directors of the Company to authorize the Board of Directors of FII or its authorized persons to negotiate the final issued shares with the lead underwriter, based on the mainland China's rules and regulations, funding needs, communication outcome with the mainland China's competent authority and market conditions.
4. Usage of proceeds raised through this IPO: The funds raised will be largely invested in the following projects:
- (1) Technological advancement on cloud computing and Internet equipment industrialization
 - (2) R&D of next-generation 5G industrial internet system solutions package
 - (3) R&D Center of next-generation high-efficient computing platform
 - (4) Establishment of high-efficient computing data center
 - (5) Establishment of Industrial Internet Platform
 - (6) Upgrade and transformation of cell phone mechanical parts
 - (7) Repayment of bank loan
 - (8) Replenishment of current capital

5. Pricing Guideline on Diffusion of Ownership: FII's listing on A share market will use the price inquiry method that is adopted by the laws and regulations of mainland China or other methods that are recognized by mainland China's securities regulatory.
6. The party receiving the shares being transferred: The parties receiving the shares are qualified price inquiry parties and natural persons, legal persons and other investors prescribed under mainland China's laws and regulations (except for entities banned by mainland China's laws and regulations).
7. Impact on the Company's status as a listed company in Taiwan: Given that FII's listing is not in violation of any law and that FII is still one of the Company's major subsidiaries, the Company's status as a listed company in Taiwan will not be affected.
8. For the purpose of FII's initial public offering of RMB-denominated ordinary shares (A Shares) and applying for listing on Shanghai Stock Exchange, the Board of Directors of the Company have authorized the Chairman of the Board or its designated person, and/or authorized the Board of Directors of FII or its designated person (applicable depending on the situation) to make necessary adjustments based on the execution of listing proposals, opinions of the relevant government authorities, rules and regulations of listing place, or market conditions and actual situations, and to handle with full power the related matters in connection with the listing, including but not limited to engaging professional advisers, determining the issuing terms, issuing time, issuing amount, issuing counterparty, issuing method, pricing methodology, issuing price (including price range and final price), base date, strategic allocation (if any), use of proceeds, issuing letters of intent, and conducting any and all other matters in connection with the listing.

Resolution:

Proposal 2 : Discussion on by-election of one independent director

(Proposed by the Board of Directors)

Description :

1. The by-elected Independent Director is to take office on the date of 2018 First EGM. The term starts from January 31, 2018 to June 30, 2019.
2. The election of directors at the Company adopts a candidate nomination system. The list of candidates for this independent director has been examined and approved by the Resolution of the 7th Meeting of the Board of Directors of 2017. Shareholders shall elect the director from the nominees listed. The candidate's qualifications, experience and other related information are as follows:

Title	Independent Director
Name	Kuo Cheng, Wang
Major Degrees	<ul style="list-style-type: none">● Executive Master of Business Administration, National Taiwan University● Bachelor of Business Administration, National Taiwan University
Experiences	<ul style="list-style-type: none">● Chairman of Les Enphants Co. Ltd● Executive Director of Taiwan Chain Stores and Franchise Association● Executive Director of Marketing Communications Executives International● Executive Director of Taiwan Excellent Brand Association
Current Positions	<ul style="list-style-type: none">● Independent Director of HannStar Board Corporation● Independent Director of Apex Medical Corporation
Number of Shares held	0

3. Please elect.

Result of Election :

Proposal 3: Discussion on releasing Directors from non-competition restrictions.

(Proposed by the Board of Directors)

Description :

In accordance with the Article 209 of the Company Act, it is proposed to lift the non-competition restrictions to the following directors, so as to assist the company's business development. The concurrent positions of the independent director nominee are as follows:

Title	Independent Director
Name	Kuo Cheng, Wang
Current Positions	<ul style="list-style-type: none">● Independent Director of HannStar Board Corporation● Independent Director of Apex Medical Corporation

Resolution:

Extraordinary Motions

Adjournment

Appendices

Appendix 1: Rules and Procedures of Shareholders' Meeting

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

tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Act.

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

Article 9 The agenda for the shareholders' meetings shall be set by the Board of Directors if the meeting is convened by the Board of Directors. The meeting shall be conducted in accordance with the agenda, which may not be altered without a resolution adopted at the shareholders' meeting. The preceding provisions of this Article apply mutatis mutandis to cases where shareholders' meetings are convened by any person(s), other than the Board of Directors, entitled to convene the meeting. Unless otherwise resolved at the shareholders' meeting, the chairman may not announce adjournment of the meeting unless the scheduled agenda items (including Extemporaneous Motions) set forth in the preceding provisions of this Article are concluded.

If the chairman announces adjournment of the meeting and violates these rules of procedure, the meeting may be continued after electing one of the attendees to be the meeting chairman in accordance to the approval of the majority of the votes represented by the attending shareholders. After the meeting is adjourned, shareholders may not separately elect a chairman and resume the meeting at the original or another venue.

Article 10 When a shareholder attending the meeting wishes to speak, he or she shall first fill out a speaker's card, specifying therein the major points of his or her speech, account number (or number appeared on attendance pass) and account name. The chairman shall determine sequence of shareholders' speeches.

A shareholder in attendance who submits a speaker's slip but does not speak shall be deemed to have not spoken. In the case where the contents of a shareholder's speech differ from those specified on the speaker's card, the contents of the actual speech shall prevail.

Unless otherwise permitted by the chairman and speaking shareholder, no shareholder shall interrupt the speech of the speaking shareholder; the chairman shall stop any such interruptions.

Article 11 A shareholder may not speak more than twice on the same resolution without the chairman's consent, with five minutes maximum for each speech.

The chairman may stop any shareholder who violates the above rules or exceeds the scope of the agenda item.

Article 12 Any legal entity designated as proxy by shareholder(s) to be present at the meeting may appoint only one representative to attend the meeting.

If a corporate shareholder designates two or more representatives to attend the meeting, only one of the representatives so designated may speak on any one motion.

Article 13 The chairman may respond or designate other persons to respond after an attending shareholder's speech.

- Article 14 When the chairman considers that the discussion for a motion has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution.
- Article 15 The persons for supervising the casting of votes and the counting thereof for resolutions shall be designated by the chairman, provided, however, that the person supervising the casting of votes shall be a shareholder.
- Article 16 During the process of the meeting, the chairman may announce a recess at an appropriate time
- Article 17 Unless otherwise specified in the Company Act and the Articles of Incorporation, resolutions shall be adopted by a majority of the votes represented by the attending shareholders. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after inquiry by the chairman.
- Article 18 Unless listed in the handbook, the contents of new proposals shall ask the chairman or master of ceremonies to be read to attending shareholders. If there is an amendment or replacement proposal to the original proposal, the chairman shall decide the sequence of voting for such proposals, provided that if any one of the proposals has been approved, the others shall be deemed vetoed and no further voting is required.
- Article 19 The chairman may direct disciplinary officers (or security personnel) to maintain the order of the Meeting. For identification purposes, they shall wear a badge bearing the words of “disciplinary officer.”
- Article 20 If the matters do not provided this rules, shall pursuant to the Company Act and other laws and regulations.
- Article 21 These rules and procedures shall be effective after ratification at the shareholders’ meetings. The same applies to modifications.

Appendix 2: Articles of Incorporation

Chapter I General Provisions

- Article 1 The Company, organized under the Company Act as a Company limited by shares, and shall be named Hon Hai Precision Industry Co., Ltd. (hereinafter, “the Company”).
- Article 2 The Company’s scope of business is as follows:
1. The development, design, manufacture and sale of computer system equipment, connectors for peripherals, cable assemblies chassis and frames.
 2. The development, design, manufacture and sale of connectors, cable assemblies and parts for computer networking systems, telecommunications, fiber optical and optoelectronic products.
 3. The development, design, manufacture and sale of parts or assembly work for consumer electronic products, automobile and aerospace industry equipment.
 4. The development, design, manufacture and sale of precision molds, mold parts and assemblies and molding equipment.
 5. Metal and plastic parts manufacture and sale.
 6. Metal surface treatment, machining and equipment manufacture and sale.
 7. Machining and hardware tools and equipment business.
 8. The development, design, manufacture and sale of automated machineries and their peripherals.
 9. Computer network and industrial computer software agent development, design, sales and after-sales service.
 10. Measurement and inspection services for machineries, electronic parts and molds.
 11. The development, manufacture, or sale of testing equipment or acting as a sale agent thereof.
 12. Plastic materials and metal materials import and export.
 13. The development, design, manufacture, processing and sale of constructions materials.
 14. Shipping centers and bonded warehouse business.
 15. The development, design, manufacture, sale and sale services of prevention and control of air pollution, noise and vibration control, prevention and control of water pollution, waste disposal, environmental testing and monitoring equipment.
 16. Construction of industrial plants, residential and commercial real estate business.
 17. Construction materials and machineries business or as an agent thereof.
 18. Illumination and telecommunication system design and installation.
 19. Health and safety system and interior remodeling design and installation.

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

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

Article 4 The Company is headquartered in New Taipei City, Taiwan and when necessary may establish branches or subsidiaries at home and abroad according to resolutions by the board of directors.
By a resolution of the board of directors, the Company may engage in domestic or foreign investment in other companies. The total amount of the Company's investment in other companies is exempted from the prohibition against exceeding 40 percent of paid-up capital described in Article 13 of the Company Act.

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

Chapter II Shares

- Article 6 The authorized capital of the Company is NT\$180 billion, consisting of 18 billion shares, all of common stock, with a par value of NT\$10 per share. The board of directors is authorized to issue the shares in separate installments as required, of which 500 million shares are reserved for stock options with warrants or corporate bonds for the exercise of stock options. The board of directors is also authorized to issue shares in separate installments as required.
- Article 7 The share certificates of the Company shall without exception be in registered form, signed by, or affixed with the seals of, at least three directors, and authenticated by the competent governmental authority upon issuance. Shares issued by the Company need not be in certificate form.
- Article 8 All stock processing and related activities, unless otherwise specified by laws and regulations, shall follow the “Guidelines for Stock Operations for Public Companies” issued by the Financial Supervisory Commission.
- Article 9 All entries in the shareholders register due to share transfers shall be suspended for 60 days prior to an ordinary shareholders meeting, or for 30 days prior to an extraordinary shareholders meeting, or for 5 days prior to the record date fixed for distributing dividends, bonus, or any other benefit.

Chapter III Shareholders’ Meeting

- Article 10 Shareholders’ meetings of the Company are of two kinds: regular shareholders meetings and extraordinary shareholders meetings. The regular shareholders’ meeting is called once per year within six months of the close of the fiscal year. Extraordinary shareholders meetings may be called in accordance with applicable laws and regulations whenever necessary.
Electronic voting is one of the voting methods adopted by the Shareholders’ Meeting. The voting procedures shall follow the related provisions issued by the competent authorities.
- Article 11 The shareholders’ meeting shall be convened by the board of directors. The chairman of the board shall be the chairman presiding at the meeting. If the chairman of the board is on leave or cannot perform his duties for some reason, pursuant to Article 208 of the Company Act, the shareholders’ meeting shall be convened by others who have the right to convene a meeting and he or she shall be the chairman. If there is more than one person with the rights to convene a shareholders’ meeting, they shall nominate a chairman from among themselves.
- Article 12 For any shareholders’ meeting, a shareholder may appoint a proxy to attend the meeting by using the proxy form issued by the Company and specifying the scope of proxy.

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

Chapter IV Board of Directors and the Audit Committee

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

director to attend the meeting on the director's behalf, provided that a director may represent only one other director at a meeting pursuant to Article 205 of the Company Act. Meetings of the board of directors shall be called once per quarter, and extraordinary sessions may be convened only when necessary.

Article 18-1 In calling a meeting of the board of directors, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time.

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

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

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

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

Article 22 (deleted)

Article 23 (deleted)

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

The Board of Directors shall set up functional committees. The Committee members' qualifications, duties and related matters shall be defined by the Board of Directors in accordance with the related laws and regulations.

The company sets up the Audit Committee to replace the role of

Supervisors.

The Audit Committee shall be comprised of all independent directors, whose number shall be no less than three, and one of whom will be the convener.

- Article 25 The Board of Directors is authorized to decide the compensation to all directors at a rate consistent with general practices in the industry.
The Board of Directors is authorized to purchase liability insurance for directors , in accordance with a resolution of the board of directors adopted by consent of a majority of the votes represented by those the majority in attendance at the board of directors meeting.

Chapter V Manager

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

Chapter VI Accounting

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

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

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

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

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

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

1. Recovering of Losses.
2. Appropriation of 10% for legal capital reserve.
3. Appropriate or return to Special capital reserve pursuant to applicable law or regulation.

As to the earnings available for appropriation to shareholders including

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

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

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

Chapter VII Supplementary Provisions

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

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

The 1st amendment was made on January 20, 1974.

The 2nd amendment was made on November 30, 1974.

The 3rd amendment was made on July 28, 1975.

The 4th amendment was made on August 19, 1975.

The 5th amendment was made on January 5, 1976.

The 6th amendment was made on February 23, 1976.

The 7th amendment was made on November 29, 1977.

The 8th amendment was made on August 25, 1978.

The 9th amendment was made on April 15, 1982.

The 10th amendment was made on March 10, 1983.

The 11th amendment was made on April 24, 1984.

The 12th amendment was made on September 1, 1984.

The 13th amendment was made on April 10, 1986.

The 14th amendment was made on December 10, 1986.

The 15th amendment was made on November 6, 1987.

The 16th amendment was made on April 29, 1989.

The 17th amendment was made on October 2, 1989.

The 18th amendment was made on October 24, 1989.

The 19th amendment was made on December 20, 1989.

The 20th amendment was made on December 31, 1989.

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

Appendix 3: Regulations Governing the Election of Directors

- Article 1 Election of directors shall be acted upon in accordance with these regulations.
- Article 2 Unless otherwise provided by the Company Act or the Articles of Incorporation of the Company, the election of Directors, each common share with a voting right is entitled to the number of ballots which are equivalent to the numbers of directors to be elected, they can be voted to only one candidate or a few candidates. Voters' registration can be substituted by the attendee card number which is printed on the ballots.
- Article 3 When voting commences, the chair shall appoint several inspectors to count ballots and carry out related duties.
- Article 4
- A. The numbers of the Directors of the Company shall be provided by the Articles of Incorporation of the Company. In the election for the directors of the Company, the candidates receiving ballots representing the highest number of voting rights sequentially shall be elected. When two or more persons receive the same number of votes and the specified number of positions is exceeded, the two persons receiving the same number of votes shall draw lots to decide who shall serve; the chair shall draw lots on behalf of a non-attendee.
 - B. The election of Directors shall adopt the candidate nomination system pursuant to Article 192-1 of the Company Act. The election of independent directors and non-independent directors shall be held together; but elected places shall be calculated separately. The elected candidates shall base on the total voting rights received.
- Article 5 The board of directors shall prepare election ballots of the number equal to the number of the director(s) or supervisor(s) that shall be elected, bearing the codes of the shareholder attendance certificates and the number of voting rights.
- Article 6 The voter shall tick one name in the "Candidates" column on each ballot from the list of the "Candidates" prepared by the company. Where electronic voting is used by the shareholder to exercise the voting power, such limit is excluded.
- Article 7 A ballot is invalid under any of the circumstances listed below.
- 1. A ballot is not prepared according to Article 5 of this rule.
 - 2. The ballot was not cast in the ballot box.
 - 3. A blank ballot that was not filled in by the voter.
 - 4. The number of write-in candidates is more than one candidate.
 - 5. Illegible or unrecognizable handwriting.
 - 6. Other words or marks are written in addition to fill in the "Candidates" form prepared by the Company,
 - 7. More write-in candidates indicated on the ballot than the total number of positions to be elected.
 - 8. The sum of allocated voting rights is more than the voter's total voting rights.
- Article 8 After the casting of ballots is completed, the ballots shall be counted on the spot under the supervision of the inspector(s), and the results announced on the spot by the chairman.
- Article 9 The board of directors will issue a Notice of Election to all the elected directors.
- Article 10 These regulations shall be effective once approved by a shareholders' meeting.

Appendix 4: Shareholdings of All Directors

1. Minimum shareholding number and actually registered holding shares of all directors, date as of January 2, 2018

Title	Minimum shares to be held	Shares actually held in share register
Director	160,000,000	1,650,251,435

2. Shares held by all directors, date as of January 2, 2018

Title	Name	Shares held in share register
President	Gou, Tai-ming (Terry Gou)	1,621,848,148
Director	Hon Jin International Investment Co., Ltd. Representative: Lu, Fang-Ming	1,853,848
Director	Hon Chiao International Investment Co., Ltd. Representative: Chen, Jen-Gwo	26,549,439
Director	Hon Chiao International Investment Co., Ltd. Representative: Mao, Robert	26,549,439
Director	Huang, Qing-Yuan	0
Director	Sung, Hsueh-Jen	0
Independent Director	Chan, Chi-Shean	0
Independent Director	Lee, Kai-Fu	0

