

Stock Code
2317

HON HAI PRECISION INDUSTRY CO., LTD.

2013 Annual General Shareholders' Meeting

Meeting Handbook

June 26, 2013

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2013 ANNUAL SHAREHOLDERS' MEETING (THE "AGENDA") 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.

2013 Annual Shareholders' Meeting

Meeting Procedure

Time of Meeting: June 26, 2013 (Wednesday) at 9:00 am

Location of Meeting: No.2 Zihyou Street, 5th Floor
Tucheng Industrial Park,
Tucheng Dist., New Taipei City, Taiwan

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

Hon Hai Precision Industry Co., Ltd.
2013 Annual Shareholders' Meeting

Agenda

- I. Chairman to announce the commencement of meeting.
- II. Chairman's report.
 - (1) To report business of 2012.
 - (2) Statutory Auditors' review of 2012 audited financial statements.
 - (3) Status Report of Company's indirect investment in Mainland China.
 - (4) Status Report of domestic corporate bond issuance
 - (5) Upon first-time adoption of the International Financial Reporting Standards (IFRSs), the report of adjustments to distributable earnings conditions and the total amount of special reserve set aside.
- III. Ratification and Discussion Items:
 - (1) Ratification of the 2012 Business Report and Audited Financial Statements.
 - (2) Ratification of the proposal for distribution of 2012 profits.
 - (3) Discussion to approve the issuance of new shares for capital increase by earnings re-capitalization.
 - (4) Discussion to approve the issuance of overseas depository receipts ("DRs").
 - (5) Discussion to approve the issuance of new shares for employee Restricted Stock Awards.
 - (6) Discussion of amendments to the Company's "Procedures for Lending Funds to Others."
 - (7) Discussion of amendments to the Company's "Procedures for Endorsements & Guarantees."
 - (8) Discussion of amendments to the Company's Articles of Incorporation.
 - (9) Election of Directors and Supervisors.
 - (10) Discussion to approve the lifting of director of non-competition restrictions.
- IV. Extraordinary Motions
- V. Adjournment

Report Items

Item One:

Report of the Company's 2012 Business Operation and Financial Statements.

Description:

1. Please refer to Attachment 1 for detailed Business Operation Reports.
2. Please refer to Attachment 3 for detailed financial statements.

Item Two:

Statutory Auditors' reports and the audited financial statements for the year ended December 31, 2012.

Please review.

Description:

Please refer to Supervisors Report and financial statements (Attachment 2 and Attachment 3).

Item Three:**Report of the Company's new indirect investments in Mainland China during 2012.****Description:**

The new 2012 investments in Mainland China made via overseas subsidiaries are as follows:

Approval Certificate #	Company Name	Amount Approved (US\$)
10000358050	Champ Tech Optical (Foshan) Corporation	6,710,026
10000362750	Fuding Electronical Technology (Jiashan) Co., Ltd.	70,000,000
10000287690	Hongfujin Precision Industry (Wuhan) Co., Ltd.	50,000,000
10000619360	Hongfujin Precision Electronics (Tianjin) Co., Ltd.	20,000,000
10100005030	Uer Technology (Shenzhen) Co., Ltd.	18,000,000
10000613720	Fox Energy Technology (Funing) Co., Ltd.	30,000,000
10000362760	Futaihua Industry (Shenzhen) Co., Ltd.	50,000,000
10000362770	Hongfujin Precision Electronics (Chengdu) Co., Ltd.	100,000,000
10000404630	Hongfujin Precision Electronics (Zhengzhou)Co., Ltd.	100,000,000
10100148460	Fuhonyang Precision Industrial (Shenzhen) Co., Ltd.	20,000,000
10100148470	Gds Software (Shenzhen) Co., Ltd.	10,000,000
10100148430	Hong Fu Jin Precision Electronics (Yantai) Co., Ltd.	19,800,000
10100217100	Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	13,648,800
10100217110	Futaihua Precision Electronic (Jiyuan) Co., Ltd.	25,000,000
10100217090	Hong Fu Jin Precision Industry (Luoyang) Co. , Ltd	17,500,000
10100148450	Fu Jin Shun Precision Industry (Shenzhen) Co., Ltd	300,000,000
10100224440	Futaijing Precision Electronics (Yantai) Co., Ltd.	20,000,000
10100320350	Zhong Zhun Precision Industries (Luo Yang) Co., Ltd.	7,320,000
10100423730	Innocomm Technology (Chongqing) Co., Ltd.	3,973,964
10100339140	Synergy Technology (Chengdu) Co., Ltd.	26,500,000
10100393130	Interface Technology (Shenzhen) Co., Ltd.	36,000,000
10100311120	Fuding Electronical Technology (Jiashan) Co., Ltd	30,000,000
10100311130	Funeng Energy Technology Service (Nanyang) Co., Ltd.	35,000,000
10100485460	Hong Fujin Precision Industry (Hengyang) Co., Ltd.	38,000,000
10100489760	Jiaxing Radioshack Trading Co., Ltd.	2,126,394
10100320320	Foxconn Electronic Industrial Development (Kunshan) Co., Ltd.	56,000,000

Item Four:

Status report of domestic corporate bond issuance.

Description:

1. To fulfill the repayment of short-term debt, the Company, after obtaining the approval from Authority dated December 28, 2011 of total amount of NT\$9.0 billion first domestic unsecured corporate bond in 2012.

(1) Conditions of Issue:

- (a) Total Amount of Issue: NT\$9.0 billion
- (b) Issue Period: 2012.03.01 ~ 2017.03.01
- (c) Face Value: NT\$1,000,000
- (d) Issue Price: NT\$100 (At Par)
- (e) Issue Coupon/Interest Rate: fixed interest rate at 1.34% per annum
- (f) Repayment of Principal: 100% principal repay upon maturity.
- (g) Distribution of Interest: Since the issuing date, based on the coupon rate distributing interest once a year with simple interest-bearing.
- (h) The Trustee: SinoPac Bank Co., Ltd.
- (i) Debt Service Agency: The central downtown branch of the SinoPac Bank.

- (2) The Company's domestic unsecured corporate bonds traded in GreTai Securities Market since the issuing date.

- (3) Abovementioned amount of fund raising was fully executed in Q1 2012.

2. To fulfill the repayment of short-term debt, the Company, after obtaining the approval from Authority dated May 11, 2012 of total amount of NT\$6.0 billion second domestic unsecured corporate bond in 2012.

(1) Conditions of Issue:

- (a) Total Amount of Issue: NT\$6.0 billion
- (b) Issue Period: 2012.05.23 ~ 2017.05.23
- (c) Face Value: NT\$1,000,000
- (d) Issue Price: NT\$100 (At Par)

- (e) Issue Coupon/Interest Rate: fixed interest rate at 1.43% per annum
 - (f) Repayment of Principal: 100% principal repay upon maturity.
 - (g) Distribution of Interest: Since the issuing date, based on the coupon rate distributing interest once a year with simple interest-bearing.
 - (h) The Trustee: SinoPac Bank Co., Ltd.
 - (i) Debt Service Agency: The central downtown branch of the SinoPac Bank.
- (2) The Company's domestic unsecured corporate bonds traded in GreTai Securities Market since the issuing date.
- (3) Abovementioned amount of fund raising was fully executed in Q2 2012.
3. To fulfill the repayment of short-term debt, the Company, after obtaining the approval from Authority dated July 27, 2012 of total amount of NT\$8.0 billion third domestic unsecured corporate bond in 2012.
- (1) Conditions of Issue:
- (a) Total Amount of Issue: NT\$8.0 billion
 - (b) Issue Period: 2012.08.06 ~ 2015.08.06
 - (c) Face Value: NT\$1,000,000
 - (d) Issue Price: NT\$100 (At Par)
 - (e) Issue Coupon/Interest Rate: fixed interest rate at 1.18% per annum
 - (f) Repayment of Principal: 100% principal repay upon maturity.
 - (g) Distribution of Interest: Since the issuing date, based on the coupon rate distributing interest once a year with simple interest-bearing.
 - (h) The Trustee: SinoPac Bank Co., Ltd.
 - (i) Debt Service Agency: The central downtown branch of the SinoPac Bank.
- (2) The Company's domestic unsecured corporate bonds traded in GreTai Securities Market since the issuing date.
- (3) Abovementioned amount of fund raising was fully executed in Q3 2012.
4. To fulfill the repayment of short-term debt, the Company, after obtaining the approval from Authority dated September 28, 2012 of total amount of NT\$3.3 billion fourth domestic unsecured corporate bond in 2012.
- (1) Conditions of Issue:

- (a) Total Amount of Issue: NT\$3.3 billion
 - (b) Issue Period: 2012.10.11 ~ 2017.10.11
 - (c) Face Value: NT\$1,000,000
 - (d) Issue Price: NT\$100 (At Par)
 - (e) Issue Coupon/Interest Rate: fixed interest rate at 1.35% per annum
 - (f) Repayment of Principal: 100% principal repay upon maturity.
 - (g) Distribution of Interest: Since the issuing date, based on the coupon rate distributing interest once a year with simple interest-bearing.
 - (h) The Trustee: SinoPac Bank Co., Ltd.
 - (i) Debt Service Agency: The central downtown branch of the SinoPac Bank.
- (2) The Company's domestic unsecured corporate bonds traded in GreTai Securities Market since the issuing date.
- (3) Abovementioned amount of fund raising was fully executed in Q4 2012.
5. To fulfill the repayment of short-term debt, the Company, after obtaining the approval from Authority dated January 7, 2013 of total amount of NT\$11.05 billion first domestic unsecured corporate bond in 2013.
- (1) Conditions of Issue:
- (a) Total Amount of Issue: Coupon A: NT\$7.45 billion, Coupon B: NT\$3.60 billion
 - (b) Issue Period: Coupon A: 2013.01.30 ~ 2018.01.30, Coupon B: 2013.01.30 ~ 2020.01.30
 - (c) Face Value: NT\$1,000,000
 - (d) Issue Price: NT\$100 (At Par)
 - (e) Issue Coupon/Interest Rate: fixed interest rate at Coupon A:1.33%, Coupon B: 1.45% per annum
 - (f) Repayment of Principal: 100% principal repay upon maturity.
 - (g) Distribution of Interest: Since the issuing date, based on the coupon rate distributing interest once a year with simple interest-bearing.
 - (h) The Trustee: SinoPac Bank Co., Ltd.
 - (i) Debt Service Agency: The central downtown branch of the SinoPac Bank.

- (2) The Company's domestic unsecured corporate bonds traded in GreTai Securities Market since the issuing date.
- (3) Abovementioned amount of fund raising was fully executed in Q1 2013.

Item Five:

Upon first-time adoption of the International Financial Reporting Standards (IFRSs), the report of adjustments to distributable earnings conditions and the total amount of special reserve set aside.

Please review.

Description:

1. Pursuant to the Financial Supervisory Commission Letter No. 1010044460.
2. The Company started applying the International Financial Reporting Standards from 2013, due to this adoption, the undistributed earnings increased to NT\$14,410,421,391 on January 1, 2013. The Company's cumulative translation adjustments items of shareholders' equity does not apply International Financial Reporting Standards exemption No. 1, therefore it is not necessary to set aside the special reserve.

Ratification, Discussion and Election Items

Proposal 1: Ratification of the 2012 Business Report and Audited Financial Statements.

Please ratify.

(Proposed by the Board of Directors.)

Description:

1. The 2012 Business Report and Financial Statements of the Company have been approved by the Board, and have also been reviewed and audited by the Supervisors.
2. Please refer to Attachment 1 through Attachment 3 for the documents mentioned above.

Resolution:

Proposal 2: Ratification of 2012 earnings distribution.

Please Ratify.

(Proposed by the Board of Directors.)

Description:

1. The 2012 profit distribution program of the Company has been submitted by Board, in accordance with Company Act and the Articles of Incorporation of the Company, as follows.
2. The Company's net profit after taxes for 2012 was NT\$94,762,376,535 by deducting the set aside legal reserve of NT\$9,476,237,654 and adding the accumulated unappropriated earnings at beginning of period amounted NT\$290,618,561,483, the available earnings at end of the period is equal to NT\$375,904,700,364, the Company plans to distribute dividends of NT\$29,589,666,321 to shareholders. The abovementioned dividend will be distributed first from 2012 earnings.
3. Subject to the approval of the regular shareholders' meeting, the ex-dividend date for the cash and stock dividend distributions would be decided by Board.
4. If the number of total shares outstanding, prior to the ex-dividend date for the distribution, has changed due to the repurchasing of shares by the Company, or the transfer of treasury shares to employees, or the conversion of shares from domestic convertible bonds, etc., such that the ratios of the stock dividends and cash dividends are affected and must be adjusted, the Board is authorized to make such adjustments.

Resolution:

Hon Hai Precision Industry Co., Ltd.
2012 Earnings Allocation Table

Unit: NTD

Items	Amount	Note
Net profits after taxes for the year	94,762,376,535	
Less: Appropriated as legal capital reserve (10%)	9,476,237,654	
Available for appropriation of earnings for the year	85,286,138,881	
Add: Accumulated unappropriated earnings	290,618,561,483	
Available for appropriation of earnings	375,904,700,364	
Allocation Items		
Dividends to Shareholders	29,589,666,321	Stock dividend NT\$1.0 per share Cash dividend NT\$1.5 per share
Unappropriated earnings	346,315,034,043	
Notes:		
Employee bonus	6,822,891,111	
Compensation of Directors and Supervisors	0	

President: Terry Gou (Gou Tai-ming)

CEO: Terry Gou (Gou Tai-ming)

Accounting Manager: Chou, Joung Kai

Proposal 3: Proposal to approve the issuance of new shares for capital increase by earnings re-capitalization.

Please review and discuss.

(Proposed by the Board of Directors.)

Description:

In order to expand manufacturing capacity, it is proposed to increase capital from retained earnings and issue new shares for employees' bonus.

1. Capital increase from retained earnings:

In consideration of the needs of the Company's future business development, it is proposed to increase capital from retained earnings as well as to issue new shares for employees' bonus. Appropriated from shareholders' bonus of NT\$11,835,866,530 to issue 1,183,586,653 new shares; while employees' bonus of NT\$6,822,891,111.

2. The conditions of the new share issuance:

(1) According to the proposed capital increase plan, 100 common shares will be distributed for every 1,000 common shares for free, except for the part of employees' stock bonus, recorded in the shareholders' books and calculated as their shares held on the ex-dividend date. Allotment of fractional shares (less than one share) shall be paid in cash, and the Chairman or his designated representative may subscribe at par value. Actual placement and number of shares will depend on the number of registered shareholders on the ex-rights date.

(2) The total number of shares issued to employees will be calculated based on the closing price of the day prior to the day of the shareholders' meeting as well as the impact of ex-dividend. The distribution of less than one full share will be paid in cash.

(3) The new shares issued by the capital increase will carry the same rights and obligations as the current outstanding shares.

(4) The distribution of employees' bonus will be in accordance with the employees' bonus policy of the Company.

(5) The ex-dividend date will be decided by the Board of Directors meeting after approval by the competent authority.

(6) If the number of total shares outstanding, prior to the ex-dividend date for the distribution, has changed due to the repurchasing of shares by the Company, or the transfer of treasury shares to employees, or the conversion of shares from domestic convertible bonds, etc., such that the ratios of the stock dividends and cash

dividends are affected and must be adjusted, the Board is authorized to make such adjustments.

- (7) The Board is authorized to make any necessary amendments to the capital increase plan due to the needs of actual practices or by the instructions of the competent authority.

Resolution:

Proposal 4: Proposal to conduct a cash capital increase by means of the issuance of common shares to participate in Global Depository Receipts (“GDRs”) offerings.

(Proposed by the Board of Directors)

Description:

1. In order to raise funds to support future development of the Company (including but not limited to capacity expansion, overseas procurement, long-term investment, debt repayment and other uses), as well as to internationalize and diversify capital raising, it is proposed that the shareholders’ meeting authorize the Board of Directors to issue common shares for cash capital increase to sponsor GDR, pursuant to the Articles of Incorporation or government regulations (hereafter referred as “the New Issuing”).
2. The board of directors shall be authorized to handle the offering of GDRs and related matters according to the following principles:

- (1) The shares of the New Issuing shall not exceed 1.2 billion shares and the Board is authorized to adjust the number of shares issued depending on market conditions.
- (2) The offering price, pursuant to government regulations, shall not be lower than 90% of the simple average of closing price of common shares of the Company on either one, three, or five business days before the price determination date, after adjustment for any distribution of stock dividends or cash dividends. The pricing method may need to change if the government regulations are amended.

The actual issuing price shall be decided by Chairman or his/her designated person with authorization of the Board and securities underwriter; the determination of pricing shall consider the government regulations and market practice. The pricing of New Issuing follows the government regulations and market practice. Hence, the issuing price shall be reasonable.

The proposed price of the New Issuing shall be considered reasonable because it will be set in accordance with government regulations and market practice.

- (3) Pursuant to Article 267 of Company Act and Article 28-1 of Securities and Exchange Act, 10% of the New Issuing shares shall be reserved for subscription by employees of the Company; the remaining 90% of the New Issuing are proposed to the Shareholders’ Meeting to become the original shares of the public offering of GDRs. The Chairman or his/her designated representative shall be authorized to include in the GDR issuance the unsubscribed portion of the shares reserved for employees.
- (4) The details of the New Issuing (including issue measures, funding sources, issue conditions, projects, raising amount, schedule, expected influences and other related matters) shall be set up and handled by Chairman or his/her designated person, and be modified depending on the market situation. The Board authorizes the Chairman or his/her designated person to amend the terms of the New Issuing if government regulations or the market conditions change.

- (5) The Chairman of the Board or his/her designated person is authorized by the Board to represent the Company to sign for all of the related documents as well as handling the related matters of the New Issuing.
3. The upper limit of New Issuing (1.2 billion shares) is approximately 10.1% of total shares outstanding of Company, and shall not cause major share dilution. The pricing of GDRs, based on the market price of common stocks on TWSE, shall not have a major impact on shareholders' original equity.

Resolution:

Proposal 5: Issuance of new shares for employee Restricted Stock Awards.

Please review and discuss.

(Proposed by the Board of Directors.)

Description:

1. It is proposed to issue Restricted Stock Awards to key employees in accordance with Section 267 of the Company Act and the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” issued by Financial Supervisory Commission of Executive Yuan.
2. Purpose of the Plan:

To attract and retain top executive officers and employees deemed strong performers, and to ensure that the interests of the Company executives and employees are aligned with the long-term interests of the Company’s shareholders.
3. The basis of the issue raised under Standard 60-2 of “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” is as follows:
 - (a) Expected total amount (shares) issued: The number of ordinary shares issued by the Company under the Plan shall not exceed 3% of the outstanding shares, tentatively scheduled at 355,075,000 shares, NT\$10 per share par value, a total of NT\$3,550,750,000.
 - (b) The conditions of issuance:
 - (1) Issue Price: To be issued for free to employees.
 - (2) Conditions of grant: Conform with the Company’s time-based and performance-based requirements set forth by the Company’s Restricted Stock Awards Plan.
 - (3) Employees who have not reached the vesting conditions: In the event that employees granted Restricted Stock Awards under this Plan fail to meet the grant conditions, the Company shall redeem or buy back and then cancel all Restricted Stock Awards that failed to meet the grant conditions.
 - (c) Qualifications for employees and the allocation of shares:
 - (1) Full time, permanent employees of the Company who meet certain performance requirements shall be eligible to receive Restricted Stock Awards.
 - (2) The seniority, rank, job performance, overall contributions, special achievements or other considerations shall refer to the Company’s Restricted Stock Award Plan.

- (3) No single employees' grant amount may exceed 10% of the total number of Restricted Stock Awards granted under the Plan.
- (4) The eligible employee determination: To protect shareholder interests, the Company shall cautiously manage this program as effectively as possible. These Restricted Stock Award awards will be limited to (1) those positions deemed critical to the Company's future success, (2) individuals whose personal performance makes them highly valuable to the Company, and (3) essential new hires.
- (i) In terms of percentage, the estimated number of eligible employees will be fewer than 200 people, which represents around 3% of our total indirect labors.
- (ii) Compensation Committee members or those responsible for administering this Plan are not eligible to participate in the Restricted Stock Award Plan.
- (iii) Individuals, families, or any entity with a current significant ownership position in the Company will be excluded from participating in the Plan. "Significant" will be defined as anyone who currently holds more than 10% of the outstanding stock.
- (d) Possible cost of the Company earnings per share dilution, and other matters impact on equity:
- (1) Calculation of possible expenses: If based on the market closed price in March 13, 2013 and consider the actuarial assumptions for the estimate, then the annual amortized expenses from 2013 to 2018 will be projected as NT\$3,313,940,563, NT\$6,627,881,126, NT\$5,933,329,466, NT\$3,167,096,408, NT\$1,225,241,055 and NT\$77,478,205 respectively with the total amounts of NT\$20,344,966,824.
- (2) Earnings per share dilution: If based on the market closed price in March 13, 2013, then the earnings dilution from 2013 to 2018 will be projected as NT\$0.280, NT\$0.560, NT\$0.501, NT\$0.268, NT\$0.104 and NT\$0.007 respectively.
- (e) Vesting period: The Restricted Stock Award awards will have a 2 year "lock-up" period starting on the date the grant is made and the 3 year vesting schedule after the "lock-up" period. Shares will be annually vested in equal installments for 3 years. Qualified employees employed by the Company on each of the issuance of dates of the annual payments will be issued 1/3 of the Restricted Stock Awards on each of said issuance dates.
- (f) Performance Criteria:
- For the 2013 grants the Company will use earnings per share (EPS) and return on assets (ROA) of the Company as well as relative to its peer group which includes:
- Compal Electronics Inc.
 - Inventec Corporation

- Pegatron Corp.
- Quanta Computer Inc.
- Wistron Corp.

On the date the awards are scheduled to vest the Company will review the latest publicly available 3-year EPS and 3-year ROA of the Company and the above peer group. If the average operating performance of the Company is higher than the above peer group in the three-year average earnings per share and return on assets, the awards will vest. If the Company performs below the average for both or either one of the two performance criteria the awards will not vest.

4. Other important stipulations: Restricted shares issued by the Company shall be held in a stock trust for processing.
5. If any revision or adjustment must be made due to the competent authority's instructions, amendments to the laws and regulations, financial market conditions, or other objective circumstances, it is proposed that the Annual Shareholders' Meeting authorizes the Board of Directors or authorized representative with full power and authority to handle all issues regarding the issuance of Restricted Stock Awards.
6. With respect to the issuance of Restricted Stock Awards, the relevant restrictions, important agreements and any other matters not set forth here shall be dealt with in accordance with the applicable laws and regulations and the issuance rules set by the Company.

Resolution:

Proposal 6: Discussion of amendments to the Company’s “Procedures for Lending Funds to Others.”

(Proposed by the Board of Directors.)

Description:

In accordance with the laws and regulations, the proposed amendments to the Company’s “Procedures for Lending Funds to Others” are shown in a comparison table on Attachment 4.

Resolution:

Proposal 7: Discussion of amendments to the Company’s “Procedures for Endorsements & Guarantees.”

(Proposed by the Board of Directors.)

Description:

In accordance with the laws and regulations, the proposed amendments to the Company’s “Procedures for Endorsements & Guarantees” are shown in a comparison table on Attachment 5.

Resolution:

Proposal 8: Discussion of amendments to the Company’s Articles of Incorporation.

(Proposed by the Board of Directors.)

Description:

In order to comply with recent changes to the laws and regulations, proposed amendments to the Company’s “Articles of Incorporation” are shown in a comparison table on Attachment 6.

Resolution:

Proposal 9: Election of Directors and Supervisors.

(Proposed by the Board of Directors.)

Description:

1. The current term of office for the directors and supervisors of the Company will expire on June 30, 2013. In accordance with the Articles of Incorporation of the Company, all the directors and supervisors shall be elected at this shareholders' meeting.
2. The re-election of seven directors (including two independent directors) and two supervisors are for a term of three years commencing from July 1, 2013 to June 30, 2016.
3. The Company's directors and supervisors shall be elected by the candidate nomination system; the candidate name list was approved at the 2nd 2013 Board meeting to review resolutions by shareholders. Please refer to Attachment 7 for the list of director and supervisor candidate names, qualifications, experience and other relevant information.
4. Please elect.

Election Results:

Proposal 10: Discussion to approve the lifting of director of non-competition restrictions.

(Proposed by the Board of Directors.)

Description:

In order to assist the Company to successfully expand its business, pursuant to Article 209 of the Company Act, it is proposed to lift the non-competition restrictions for director candidate Tai, Jeng-wu, the representative of Hon Chiao International Investment Co., Ltd., who is the President of Shin Shee Technology Inc. and Director of Fitipower Integrated Technology Inc.; director candidate Huang, Qing-yuan, who is the Director of DFI Inc.

Director Candidate	Business Competition
Tai, Jeng-wu	President of Shin Shee Technology Inc. Director of Fitipower Integrated Technology Inc.
Huang, Qing-yuan	Director of DFI Inc.

Resolution:

Other Business or Special Motions

Attachments

Attachment 1: 2012 Business Report

The business of 2012 is reported as follows:

1. The operating results of 2012 are described as below:

The Company has delivered another excellent performance, and another record year in revenue and net profit. The consolidated net revenue of 2012 was NT\$3.905 trillion, compared with NT\$3.453 trillion in 2011, an increase of NT\$452.7 billion, a 13.11% year-over-year growth. The net profit was NT\$94.762 billion in 2012, compared with NT\$81.590 billion in 2011, for a 16.14% year-over-year increase.

2. 2012 Review and 2013 Outlook

Although the political and economic environments are so turbulent, the industrial aspects also have been through tremendous changes, our Company has gained better performance since last year, the consolidated revenue and profit once both hit record highs! On behalf of the Board of Directors of the Company, I want to thank all my colleagues for their hard working and dedicated contributions. Once again, I sincerely thank our strategic partners and customers for their continued trust and also thank all the shareholders of the Company for their long-term support.

The international economic environment of 2012 was again precarious. From the very beginning of 2012, although the United States government extended the low interest rate policy to stimulate the economy, the debt problems of Greece, Italy and Spain expanded and once again triggered a debt crisis in Europe, which restrained the global economic recovery. The presidential elections of many countries were in the second half of 2012, the uncertainty of which created a more unpredictable situation around the world. Especially, the U.S. fiscal cliff problem has lowered global consumer confidence significantly, and bogged down economic development. Fortunately, after the U.S. Federal Reserve Board initiated the third and fourth quantitative easing monetary policy, the tension of the global economy has been eased.

Despite operating in such a difficult business environment, under the concerted efforts of all my colleagues our Company not only achieved excellent performance results but also earned our remarkable reputation around the world: According to the U.S. Fortune “Global 500” ranking report, our Company has moved up to the next level, from 60th in 2011 to once again advance to 43rd last year. In addition, our Company has already obtained 2,013 U.S. patents in 2012, ranking 8th in the whole world. We have proved Hon Hai’s strong competitive strength once again.

Looking forward to 2013, the steady growth of the U.S. economy may gradually lead the global economic recovery, but while the U.S. deficit reduction programs take effect

automatically, whether the debt ceiling can be increased and other issues will affect consumer confidence. Meanwhile, the most important is that the U.S. policy of quantitative easing may exit in the second half of this year, it will be a big challenge whether the economy is capable of sustained recovery at that time. In addition, high unemployment rates and low growth rates persist in the European market, new developing countries face different issues such as inflation, unemployment, growth slows etc., coupled with the rapid changes in the ecological structure of the technology industries, 2013 is still full of uncertainty. In view of this, in addition to continuous investment in research and development of different areas of science and technology, our Company is committed to “efficiency, automation, unmanned productions and globalization” to enable our Company to continue to take the leading position in the “eight-screens-one-network-one-cloud” business territory. The Group describes 2013 as a key year, and looks forward to extend the business from core manufacturing and technology to “technology services” which the development goal is to go through from the first mile to last mile. We are confident that even though the overall business recovery cycle is still highly uncertain, we will be able to break through all the difficulties and challenges to bring you all more value!

Once again, on behalf of all shareholders of the Company, I sincerely thank all the employees and their families. I also encourage the Company’s management team continue to work hard to maintain the excellent operating results. Thank you so much for all your support.

President: Terry Gou (Gou Tai-ming)

CEO: Terry Gou (Gou Tai-ming)

Accounting Manager: Chou, Joung Kai

Attachment 2: Audit Report by Supervisors

The Board reports the financial statement, business report, and earnings distribution proposal of 2012, and financial statement have been audited by PricewaterhouseCoopers Taiwan. The financial statements, business report and earnings distribution proposal have been audited by us as Supervisors of the Company. We deem no inappropriateness on these documents. Pursuant to Article 219 of the Company Act, we hereby present the audited report. Please review.

Submitted to:

2013 Regular Shareholders' Meeting of the Company

Hon Hai Precision Ind. Co., Ltd.

Supervisor: Huang, Qing-yuan

On the Date of May 16, 2013

Audit Report by Supervisors

The Board reports the financial statement, business report, and earnings distribution proposal of 2012, and financial statement have been audited by PricewaterhouseCoopers Taiwan. The financial statements, business report and earnings distribution proposal have been audited by us as Supervisors of the Company. We deem no inappropriateness on these documents. Pursuant to Article 219 of the Company Act, we hereby present the audited report. Please review.

Submitted to:

2013 Regular Shareholders' Meeting of the Company

Hon Hai Precision Ind. Co., Ltd.

Supervisor: Fu-Rui International Investment Co., Ltd.

Representative: Wan, Jui-hsia

On the Date of May 16, 2013

Attachment 3: Financial Statements

**HON HAI PRECISION INDUSTRY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2011 AND 2012**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders:

Hon Hai Precision Industry Co., Ltd.

We have audited the accompanying consolidated balance sheets of Hon Hai Precision Industry Co., Ltd. and its subsidiaries as of December 31, 2011 and 2012, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended, expressed in thousands of New Taiwan dollars. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries which statements reflect total assets of \$245,803,235,000 and \$147,874,948,000, constituting 14.21% and 7.23% of the consolidated total assets as of December 31, 2011 and 2012, respectively, and total revenues of \$405,044,774,000 and \$154,940,895,000, constituting 11.73% and 3.97% of the consolidated total operating revenues for the years then ended, respectively. Those statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for these subsidiaries, is based solely on the reports of the other auditors.

We conducted our audits in accordance with the "Rules Governing the Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hon Hai Precision Industry Co., Ltd. and its subsidiaries as of December 31, 2011 and 2012, and the results of their operations and their cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and generally accepted accounting principles in the Republic of China.

Hon Hai Precision Industry Co., Ltd. adopts International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins (IFRSs) that are ratified by the Former Financial Supervisory Commission, Executive Yuan, R.O.C. (FSC) in the preparation of its financial statements effective January 1, 2013. Information relating to the adoption of IFRSs is disclosed in Note 13 under the requirements of Jin-Guan-Zheng-Shen-Zi Order No. 0990004943 of FSC, dated February 2, 2010. The IFRSs may be subject to changes during the time of transition; therefore, the actual impact of IFRSs adoption on Hon Hai Precision Industry Co., Ltd. may also change

PricewaterhouseCoopers, Taiwan
March 28, 2013

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

DECEMBER 31,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>2011</u> NT\$	<u>2012</u> NT\$
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents (Note 4(1))	\$ 329,793,633	\$ 505,526,956
Financial assets at fair value through profit or loss - current (Note 4(2))	70,329	140,220
Available-for-sale financial assets - current (Note 4(3))	674,287	777,410
Notes and accounts receivable, net (Note 4(4))	450,757,984	597,578,990
Accounts receivable, net - related parties (Note 5)	25,291,811	35,469,651
Other receivables (Notes 4(5) and 5)	34,679,896	38,235,975
Other financial assets - current (Note 6)	46,741,750	947,222
Inventories, net (Note 4(6))	380,521,794	349,882,643
Prepayments (Note 5)	7,119,919	7,647,041
Deferred income tax assets - current (Note 4(15))	8,016,419	6,751,334
	<u>1,283,667,822</u>	<u>1,542,957,442</u>
Funds and Investments		
Financial assets at fair value through profit or loss non-current (Note 4(2))	-	179,300
Available-for-sale financial assets - non-current (Note 4(3))	4,790,319	8,302,853
Financial assets carried at cost - non-current (Note 4(7))	4,046,796	8,620,722
Equity investments under the equity method (Note 4(8))	40,259,657	44,492,047
Prepayments for long-term investments (Note 4(8))	1,545	982,430
Other financial assets - non-current (Note 6)	24,179	854,748
	<u>49,122,496</u>	<u>63,432,100</u>
Property, Plant and Equipment (Notes 4(9) and 5)		
Cost		
Land	4,225,808	3,900,934
Buildings and improvements	151,455,281	166,307,528
Machinery	246,249,077	285,431,007
Molding equipment	3,633,968	2,741,721
Testing equipment	24,948,040	24,704,409
Office equipment	15,863,541	15,292,609
Tooling equipment	3,270,354	3,539,459
Other equipment	43,977,326	48,275,054
Cost and revaluation	493,623,395	550,192,721
Less: Accumulated depreciation	(165,396,856)	(191,244,750)
Accumulated impairment	(4,432,302)	(4,658,696)
Construction in progress and prepayments for equipment	31,579,244	36,008,944
	<u>355,373,481</u>	<u>390,298,219</u>
Intangible Assets (Note 4(10))		
Patent right	-	3,448,500
Goodwill	695,266	505,969
	<u>695,266</u>	<u>3,954,469</u>
Other Assets		
Deferred charges	15,101,778	20,165,075
Other assets - other (Note 4(11))	26,350,582	23,596,212
	<u>41,452,360</u>	<u>43,761,287</u>
TOTAL ASSETS	<u>\$ 1,730,311,425</u>	<u>\$ 2,044,403,517</u>

(continued)

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)

DECEMBER 31,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>2011</u>	<u>2012</u>
	NT\$	NT\$
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities		
Short-term loans (Note 4(12))	\$ 260,522,749	\$ 297,572,165
Short-term notes and bills payable (Note 4(13))	7,989,312	7,991,597
Financial liabilities at fair value through profit or loss - current (Note 4(2))	251,834	66,767
Accounts payable	519,725,102	602,755,794
Accounts payable - related parties (Note 5)	28,769,177	35,614,847
Income tax payable (Note 4(15))	19,939,503	19,177,206
Accrued expenses (Notes 4(14)(20))	87,322,885	137,224,165
Payables for equipment (Note 5)	28,177,904	49,996,281
Other payables	5,835,155	6,718,815
Receipts in advance	5,584,781	27,681,170
Long-term liabilities - current portion (Notes 4(16)(17))	3,000,000	50,226,736
Accrued warranty liabilities	21,417,453	11,415,509
Other current liabilities	<u>3,180,188</u>	<u>3,583,255</u>
	<u>991,716,043</u>	<u>1,250,024,307</u>
Long-term Liabilities		
Bonds payable (Note 4(16))	62,378,777	74,980,461
Long-term loans (Note 4(17))	<u>53,600,100</u>	<u>30,707,957</u>
	<u>115,978,877</u>	<u>105,688,418</u>
Other Liabilities		
Reserve for retirement plan (Note 4(18))	1,064,300	1,103,395
Deferred income tax liabilities - non-current (Note 4(15))	1,793,747	468,606
Other liabilities - other	<u>4,738,974</u>	<u>5,387,638</u>
	<u>7,597,021</u>	<u>6,959,639</u>
Total Liabilities	<u>1,115,291,941</u>	<u>1,362,672,364</u>
Stockholders' Equity		
Stockholders' Equity of Parent Company		
Capital stock (Note 4(19))		
Common stock	106,890,967	118,358,665
Capital reserve (Note 4(21))		
Paid-in capital in excess of par value of common stock	34,724,228	39,820,178
Capital reserve from conversion of convertible bonds	18,482,483	18,482,483
Capital reserve from long-term investments	15,452,488	16,928,977
Capital reserve from conversion right (Note 4(16))	2,034,440	2,034,440
Retained earnings (Note 4(22))		
Legal reserve	51,821,402	59,980,502
Undistributed earnings	325,500,402	385,380,938
Other adjustments to stockholders' equity		
Cumulative translation adjustments	21,141,456	1,395,612
Unrealized gain or loss on financial instruments (Note 4(3))	1,802,723	4,169,293
Treasury stock	(18,901)	(18,901)
Stockholders' equity of parent company	577,831,688	646,532,187
Minority interest	<u>37,187,796</u>	<u>35,198,966</u>
Total stockholders' equity	<u>615,019,484</u>	<u>681,731,153</u>
Commitments and Contingent Liabilities (Note 7)		
Subsequent Events (Note 9)		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 1,730,311,425</u>	<u>\$ 2,044,403,517</u>

The accompanying notes are an integral part of these consolidated financial statements.

See report of independent accountants dated March 28, 2013.

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT EARNINGS PER SHARE DATA)

	<u>2011</u>	<u>2012</u>		
	NT\$	NT\$		
Operating Revenue				
Sales (Note 5)	\$ 3,452,681,273	\$ 3,905,395,322		
Operating Costs				
Cost of goods sold (Notes 4(6)(24) and 5)	(3,186,298,789)	(3,575,766,285)		
Gross profit	<u>266,382,484</u>	<u>329,629,037</u>		
Operating expenses (Notes 4(20)(24))				
Sales and marketing expenses	(72,749,672)	(104,581,183)		
General and administrative expenses	(69,941,002)	(70,970,421)		
Research and development expenses	(40,846,782)	(45,626,952)		
Total operating expenses	(183,537,456)	(221,178,556)		
Operating income	<u>82,845,028</u>	<u>108,450,481</u>		
Non-operating income and gains				
Interest income	8,424,751	13,348,559		
Investment income accounted for under the equity method (Note 4(8))	3,151,898	2,792,985		
Dividend income	167,904	144,580		
Gain on disposal of property, plant and equipment (Note 5)	155,628	153,958		
Gain on disposal of investments (Note 4(3))	584,107	1,644,484		
Foreign exchange gain - net	8,981,365	1,435,180		
Gain on valuation of financial assets (Note 4(2))	-	21,776		
Gain on valuation of financial liabilities (Note 4(2))	-	9,314		
Other non-operating income (Note 3)	<u>5,976,471</u>	<u>4,381,750</u>		
Total non-operating income and gains	<u>27,442,124</u>	<u>23,932,586</u>		
Non-operating expenses and losses				
Interest expense	(5,704,004)	(9,596,761)		
Financing charges (Note 4(4))	(482,813)	(189,662)		
Impairment loss (Notes 4(3)(9))	(564,979)	(3,427,380)		
Loss on valuation of financial assets (Note 4(2))	(28,311)	-		
Loss on valuation of financial liabilities (Note 4(2))	(433,239)	-		
Other non-operating losses	(537,606)	(790,173)		
Total non-operating expenses and losses	(7,750,952)	(14,003,976)		
Income before income tax	102,536,200	118,379,091		
Income tax expense (Note 4(15))	(20,601,567)	(26,591,950)		
Consolidated net income	<u>\$ 81,934,633</u>	<u>\$ 91,787,141</u>		
Attributable to:				
Equity holders of the Company	\$ 81,590,999	\$ 94,762,377		
Minority interest	<u>343,634</u>	<u>(2,975,236)</u>		
	<u>\$ 81,934,633</u>	<u>\$ 91,787,141</u>		
	Before	After	Before	After
	income	income	income	income
	<u>tax</u>	<u>tax</u>	<u>tax</u>	<u>tax</u>
Earnings per common share (Note 4(23))				
Basic earnings per common share				
Consolidated net income	\$ 8.72	\$ 6.97	\$ 10.03	\$ 7.78
Minority interest	(0.07)	(0.03)	0.27	0.25
Net income attributable to equity holders of the Company	<u>\$ 8.65</u>	<u>\$ 6.94</u>	<u>\$ 10.30</u>	<u>\$ 8.03</u>
Diluted earnings per common share				
Consolidated net income	\$ 8.52	\$ 6.81	\$ 9.78	\$ 7.60
Minority interest	(0.07)	(0.03)	0.26	0.24
Net income attributable to equity holders of the Company	<u>\$ 8.45</u>	<u>\$ 6.78</u>	<u>\$ 10.04</u>	<u>\$ 7.84</u>

The accompanying notes are an integral part of these consolidated financial statements.

See report of independent accountants dated March 28, 2013.

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

	<u>Capital Stock</u>		<u>Retained Earnings</u>		<u>Other Adjustments to Stockholders' Equity</u>			<u>Minority interest</u>	<u>Total</u>
	<u>Common stock</u>	<u>Capital Reserves</u>	<u>Legal reserve</u>	<u>Undistributed earnings</u>	<u>Cumulative translation adjustments</u>	<u>Unrealized gain (loss) on financial instruments</u>	<u>Treasury stock</u>		
2011									
Balance at January 1, 2011	\$ 96,612,482	\$ 65,011,063	\$ 44,105,947	\$ 270,947,354	(\$ 9,330,319)	\$ 13,265,130	(\$ 18,901)	\$ 32,853,249	\$ 513,446,005
Appropriations of 2010 earnings (Note 1):									
Legal reserve	-	-	7,715,455	(7,715,455)	-	-	-	-	-
Cash dividends	-	-	-	(9,661,248)	-	-	-	-	(9,661,248)
Stock dividends	9,661,248	-	-	(9,661,248)	-	-	-	-	-
Employees' stock bonus	617,237	4,937,891	-	-	-	-	-	-	5,555,128
Consolidated net income for 2011	-	-	-	81,590,999	-	-	-	343,634	81,934,633
Unrealized loss on financial assets	-	-	-	-	-	(8,892,143)	-	-	(8,892,143)
Transfer due to expiry of convertible bonds									
Paid-in capital in excess of par	-	1,195,200	-	-	-	-	-	-	1,195,200
Capital reserve from conversion right	-	(1,195,200)	-	-	-	-	-	-	(1,195,200)
Adjustments due to changes in equities of long-term investments	-	744,685	-	-	-	(2,570,264)	-	-	(1,825,579)
Cumulative translation adjustment	-	-	-	-	30,471,775	-	-	-	30,471,775
Minority interest	-	-	-	-	-	-	-	3,990,913	3,990,913
Balance at December 31, 2011	<u>\$ 106,890,967</u>	<u>\$ 70,693,639</u>	<u>\$ 51,821,402</u>	<u>\$ 325,500,402</u>	<u>\$ 21,141,456</u>	<u>\$ 1,802,723</u>	<u>(\$ 18,901)</u>	<u>\$ 37,187,796</u>	<u>\$ 615,019,484</u>
2012									
Balance at January 1, 2012	\$ 106,890,967	\$ 70,693,639	\$ 51,821,402	\$ 325,500,402	\$ 21,141,456	\$ 1,802,723	(\$ 18,901)	\$ 37,187,796	\$ 615,019,484
Appropriations of 2011 earnings (Note 2):									
Legal reserve	-	-	8,159,100	(8,159,100)	-	-	-	-	-
Cash dividends	-	-	-	(16,033,645)	-	-	-	-	(16,033,645)
Stock dividends	10,689,096	-	-	(10,689,096)	-	-	-	-	-
Employees' stock bonus	778,602	5,095,950	-	-	-	-	-	-	5,874,552
Consolidated net income for 2012	-	-	-	94,762,377	-	-	-	(2,975,236)	91,787,141
Unrealized loss on financial assets	-	-	-	-	-	2,026,951	-	-	2,026,951
Adjustments due to changes in equities of long-term investments	-	1,476,489	-	-	-	339,619	-	-	1,816,108
Cumulative translation adjustment	-	-	-	-	(19,745,844)	-	-	-	(19,745,844)
Minority interest	-	-	-	-	-	-	-	986,406	986,406
Balance at December 31, 2012	<u>\$ 118,358,665</u>	<u>\$ 77,266,078</u>	<u>\$ 59,980,502</u>	<u>\$ 385,380,938</u>	<u>\$ 1,395,612</u>	<u>\$ 4,169,293</u>	<u>(\$ 18,901)</u>	<u>\$ 35,198,966</u>	<u>\$ 681,731,153</u>

Note 1: Directors' and supervisors' remuneration amounting to \$0 and employees' bonus amounting to \$5,555,128 had been deducted from the Consolidated Statement of Income in 2010.

Note 2: Directors' and supervisors' remuneration amounting to \$0 and employees' bonus amounting to \$5,874,552 had been deducted from the Consolidated Statement of Income in 2011.

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 28, 2013.

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

	<u>2011</u>	<u>2012</u>
	NT\$	NT\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Consolidated net income	\$ 81,934,633	\$ 91,787,141
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
(Reversal of allowance) provision for doubtful accounts and sales discount	(1,235,775)	980,352
Depreciation	45,661,397	58,161,542
Amortization of intangible and other assets	5,794,344	9,721,785
Gain on disposal of property, plant and equipment, net	(155,628)	(153,958)
Loss on impairment	564,979	3,427,380
Loss on valuation of financial assets and liabilities, net	205,917	9,812
Provision for inventory obsolescence and market price decline	4,827,280	2,777,797
Investment income accounted for under the equity method	(3,151,898)	(2,792,985)
Cash dividends from long-term investments accounted for under the equity method	596,865	978,316
Gain on disposal of investments	(584,107)	(1,644,484)
Amortization of discount on convertible bonds payable	645,094	666,334
Changes in assets and liabilities:		
Financial assets at fair value through profit or loss	(9,412)	(58,853)
Notes receivable	6,379,705	4,100
Accounts receivable	(64,911,164)	(147,805,458)
Accounts receivable - related parties	(6,463,311)	(10,177,840)
Inventories	(125,965,359)	18,919,000
Other receivables	(3,786,611)	(2,717,896)
Prepayments	(1,743,980)	(527,121)
Accounts payable	116,108,004	83,030,692
Accounts payable - related parties	5,232,965	6,845,670
Accrued expenses	33,779,206	55,775,832
Other payables	(968,432)	883,660
Accrued warranty liabilities	7,863,653	(10,001,944)
Income tax payable	5,313,499	(762,297)
Receipts in advance	(1,223,747)	22,096,389
Other current liabilities	1,569,014	403,067
Deferred income tax	(5,042,428)	(60,056)
Accrued pension liabilities	(26,712)	39,095
Net cash provided by operating activities	<u>101,207,991</u>	<u>179,805,072</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of property, plant and equipment	(91,666,421)	(70,144,320)
Decrease in other financial assets - non-current	15,744,557	43,731,078
Increase in other assets	(13,185,355)	(14,444,913)
Acquisition of land use right	(2,545,301)	(502,553)
Increase in long-term equity investments	(854,579)	(2,806,699)
Acquisition of financial assets carried at cost	(963,826)	(6,093,326)
Proceeds from disposal of property, plant and equipment	4,495,537	6,093,536
Financial assets / liability at fair value through profit or loss	(112,185)	(384,917)
Proceeds from disposal of funds and investments	2,339,899	12,548,867
Acquisition of available-for-sale financial assets	-	(7,740,334)
Acquisition of subsidiary and assets, net of cash acquired	(1,278,561)	-
Acquisition of buy patent right	-	(3,448,500)
Proceeds from disposal of land use right	<u>1,855,833</u>	<u>102,608</u>
Net cash used in investing activities	<u>(86,170,402)</u>	<u>(43,089,473)</u>

(continued)

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

	<u>2011</u> NT\$	<u>2012</u> NT\$
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in short-term loans	\$ 47,184,885	\$ 37,049,416
(Decrease) increase in notes and bills payable	(1,601,976)	2,285
Increase in long-term loans	22,029,600	6,214,600
Increase in bonds payable	18,000,000	45,176,000
Payment of bonds payable	(17,219,400)	(3,000,000)
Payment of long-term loans	(16,128,700)	(6,653,250)
Increase in other liabilities-other	665,904	648,664
Payment of cash dividends	(9,661,248)	(16,033,645)
Increase in minority interest	<u>3,990,913</u>	<u>986,406</u>
Net cash provided by financing activities	<u>47,259,978</u>	<u>64,390,476</u>
Net effect of changes in foreign currency exchange rates	<u>13,254,743</u>	<u>(25,372,752)</u>
Net increase in cash and cash equivalents	75,552,310	175,733,323
Cash and cash equivalents at beginning of year	<u>254,241,323</u>	<u>329,793,633</u>
Cash and cash equivalents at end of year	<u>\$ 329,793,633</u>	<u>\$ 505,526,956</u>
<u>Supplemental disclosures of cash flow information:</u>		
Cash paid during the year for interest	<u>\$ 4,673,272</u>	<u>\$ 8,928,971</u>
Cash paid during the year for income tax	<u>\$ 17,021,446</u>	<u>\$ 24,697,266</u>
Cash paid for the acquisition of property, plant and equipment		
Increase in property, plant and equipment	\$ 108,335,664	\$ 93,450,555
Add: Payable – beginning balance	11,197,683	28,177,904
Less: Payable – ending balance	(28,177,904)	(49,996,281)
Effect of changes in foreign currency exchange rates	<u>310,978</u>	<u>(1,487,858)</u>
Cash paid	<u>\$ 91,666,421</u>	<u>\$ 70,144,320</u>
Investing activities with no cash flow effect:		
Unrealized gain (loss) on financial instruments		
Adjustment for change in value of available-for-sale financial assets	(\$ 8,892,143)	\$ 2,026,951
Valuation of long-term investments accounted for under the equity method	<u>(2,570,264)</u>	<u>339,619</u>
	<u>(\$ 11,462,407)</u>	<u>\$ 2,366,570</u>

The accompanying notes are an integral part of these consolidated financial statements.

See report of independent accountants dated March 28, 2013.

Attachment 4: Loan Procedures Amendment Comparison Table

Proposed Revision	Original	Description
<p>Article 1: Statutory Basis</p> <p>The Company has formulated these procedures in accordance with the regulations of Article 36-1 of the Securities and Exchange Act (hereafter referred as the Act) and the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies (hereafter referred to as “the Guidelines”) promulgated by the competent authority.</p>	<p>Article 1: Statutory Basis</p> <p>The Company has formulated these procedures in accordance with the regulations of Article 36-1 of the Securities and Exchange Act and the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies (hereafter referred to as “the Guidelines”) promulgated by the competent authority.</p>	<p>Amended pursuant to Article 1 of the Guidelines.</p>
<p>Article 2: Scope of Application</p> <p>1. The lending activities of the Company shall be in accordance with the provisions of these procedures. However, if regulated otherwise by applicable laws, such provisions shall prevail.</p> <p>2. Any subsidiary of which the Company holds directly or indirectly more than 50% of the voting shares shall formulate its own operational procedures for lending funds to others, according to the Guidelines and the operational procedures of the Company. If the Guidelines and/or the operational procedures are contrary to laws applicable to the subsidiary, such provisions of the local laws shall prevail.</p>	<p>Article 2: Scope of Application</p> <p>1. The lending activities of the Company shall be in accordance with the provisions of these procedures. However, if regulated otherwise by applicable laws, such provisions shall prevail.</p> <p>2. Any subsidiary of which the Company holds directly or indirectly more than 50% of the voting shares shall formulate its own operational procedures for lending funds to others, according to the Guidelines and the operational procedures of the Company. If the Guidelines and/or the operational procedures are contrary to laws applicable to the subsidiary, such provisions of the local laws shall prevail.</p>	<p>Amended pursuant to Article 2 of the Guidelines.</p>
<p>Article 3: Definition</p> <p>1. The subsidiaries and parent company referred to in these procedures shall be recognized according to, unless regulated otherwise, <u>the Regulations Governing the Preparation of Financial Reports</u></p>	<p>Article 3: Definition</p> <p>1. The subsidiaries and parent company referred to in these procedures shall be recognized according to, unless regulated otherwise, the regulations in Financial Accounting Standard Statements No. 5 and No.7 issued by</p>	<p>1. Section 1 amended pursuant to Article 6 of the Guidelines.</p> <p>2. Section 2 added pursuant to Article 6 of the Guidelines.</p> <p>3. Section 3 amended</p>

Proposed Revision	Original	Description
<p><u>by Securities Issuers.</u></p> <p><u>2. The Company’s financial report prepared based on International Financial Reporting Standards, the net value referred in this procedure shall refers to the owners’ equity on the parent company’s balance sheet of the Company’s financial report.</u></p> <p>3. Within these procedures, “announce and report” refers to entering information to the public disclosure website designated by the Financial Supervisory Commission, Executive Yuan.</p> <p><u>4. The term “date of occurrence” in this procedure, which means the transaction signing date, payment date, the date of resolution of the Board of Directors or other information that is sufficient to determine the date of the transaction object and the date of the transaction amount, whichever is earlier.</u></p>	<p>the Accounting Research and Development Foundation of Republic of China.</p> <p>2. Within these procedures, “announce and report” refers to entering information to the public disclosure website designated by the Financial Supervisory Commission, Executive Yuan.</p>	<p>pursuant to Article 7 of the Guidelines.</p> <p>4. Section 4 added pursuant to Article 7 of the Guidelines.</p>
<p>Article 5: Total Lending Amount and Financing Limit for Individual Entities</p> <p>1.Total Lending Amount:</p> <p>Total loans to others shall not exceed 50% of the net value of the Company including:</p> <p>(a) For companies or firms which have a business relationship with the Company, the total lending amount shall not exceed 10% of the net value of the Company.</p> <p>(b) For companies or firms in need of short-term financing, the total lending amount shall not exceed 40% of the net value of the Company.</p>	<p>Article 5: Total Lending Amount and Financing Limit for Individual Entities</p> <p>1.Total Lending Amount:</p> <p>Total loans to others shall not exceed 50% of the net value of the Company including:</p> <p>(a) For companies or firms which have a business relationship with the Company, the total lending amount shall not exceed 10% of the net value of the Company.</p> <p>(b) For companies or firms in need of short-term financing, the total lending amount shall not exceed 40% of the net value of the Company.</p>	<p>Section 3 added pursuant to Article 3 of the Guidelines.</p>

Proposed Revision	Original	Description
<p>2. Financing Limit to Individual Entities</p> <p>(a) In the case of lending funds to companies or firms who have a business relationship with the Company, the total lending amount of an individual borrower shall not exceed the total amount of the business transactions between the Company and the borrower.</p> <p>The “total amount of the business transactions” refers the amount of purchases or sales during the recent year or the estimate for the next year, whichever is higher, but shall not exceed 10% of the net value of the Company.</p> <p>(b) In the case of lending funds to the companies or firms in need of short-term financing, the total lending amount to an individual borrower shall not exceed 10% of the net value of the Company.</p> <p><u>3. The foreign subsidiaries engaged in lending funds between each other which the Company has held wholly owned voting shares directly or indirectly, the total amount shall not exceeding 20% of the net worth of the Company. For individual company shall limit not to exceed 10 percent of the Company’s net worth.</u></p> <p>4. The net value mentioned above is subject to the data in the financial statements most recently reviewed by the CPA.</p>	<p>2. Financing Limit to Individual Entities</p> <p>(a) In the case of lending funds to companies or firms who have a business relationship with the Company, the total lending amount of an individual borrower shall not exceed the total amount of the business transactions between the Company and the borrower.</p> <p>The “total amount of the business transactions” refers the amount of purchases or sales during the recent year or the estimate for the next year, whichever is higher, but shall not exceed 10% of the net value of the Company.</p> <p>(b) In the case of lending funds to the companies or firms in need of short-term financing, the total lending amount to an individual borrower shall not exceed 10% of the net value of the Company.</p> <p>3. The net value mentioned above is subject to the data in the financial statements most recently reviewed by the CPA.</p>	
<p>Article 10: Disclosure</p> <p>1. The Company shall report the balance of loaned funds by the Company and its subsidiaries in the preceding month, before the 10th day</p>	<p>Article 10: Disclosure</p> <p>1. The Company shall report the balance of loaned funds by the Company and its subsidiaries in the preceding month, before the 10th day</p>	<p>1. Section 2 amended pursuant to Article 22 of the Guidelines.</p> <p>2. Section 4 amended pursuant to Article 23</p>

Proposed Revision	Original	Description
<p>of the month.</p> <p>2. If the loan meets any of the following circumstances, it shall be reported within two days upon occurrence of the fact, <u>the date of occurrence to be counted as the first day</u>:</p> <p>(a) The balance of the loaned funds by the Company and its subsidiaries exceeds 20% of the net value of the Company, as specified in its latest financial statement.</p> <p>(b) The balance of funds lent to any single entity by the Company and its subsidiaries exceeds 10% of the net worth of the Company, as specified in its latest financial statement.</p> <p>(c) The increase of new loans by the Company or its subsidiaries reaches NTD10 million or more, or is more than 2% of the net worth of the Company, as specified in its latest financial statement.</p> <p>3. The Company shall announce and report on behalf of any of its subsidiaries that are not a domestic public company any matters that such subsidiary is required to announce and report pursuant to Section 2(c) above.</p> <p>4. The Company shall evaluate the status of loans of funds, and shall set aside sufficient allowance for bad debts. It shall also adequately disclose relevant information in its financial reports and provide the certifying CPAs with relevant materials for the performance of necessary audit procedures.</p>	<p>of the month.</p> <p>2. If the loan meets any of the following circumstances, it shall be reported within two days upon occurrence of the fact:</p> <p>(a) The balance of the loaned funds by the Company and its subsidiaries exceeds 20% of the net value of the Company, as specified in its latest financial statement.</p> <p>(b) The balance of funds lent to any single entity by the Company and its subsidiaries exceeds 10% of the net worth of the Company, as specified in its latest financial statement.</p> <p>(c) The increase of new loans by the Company or its subsidiaries reaches NTD10 million or more, or is more than 2% of the net worth of the Company, as specified in its latest financial statement.</p> <p>3. The Company shall announce and report on behalf of any of its subsidiaries that are not a domestic public company any matters that such subsidiary is required to announce and report pursuant to Section 2(c) above.</p> <p>4. The Company shall evaluate the status of loans of funds <u>according to generally accepted accounting principles</u>, and shall set aside sufficient allowance for bad debts. It shall also adequately disclose relevant information in its financial reports and provide the certifying CPAs with relevant materials for the performance of necessary audit procedures.</p>	<p>of the Guidelines.</p>

Attachment 5: Procedures for Endorsements & Guarantees Amendment Comparison Table

Proposed Revision	Original	Description
<p>Article 1: Statutory Basis</p> <p>The Company has formulated these procedures in accordance with the regulations of Article 36-1 of the Securities and Exchange Act (hereafter referred as the Act) and the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” (hereafter referred to as the Guidelines) promulgated by the competent authority.</p>	<p>Article 1: Statutory Basis</p> <p>The Company has formulated these procedures in accordance with the regulations of Article 36-1 of the Securities and Exchange Act and the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” (hereafter referred to as the Guidelines) promulgated by the competent authority.</p>	<p>Amended pursuant to Article 1 of the Guidelines.</p>
<p>Article 2: Scope of Application</p> <p>1. The Company shall make endorsements or provide guarantees according to these procedures. However, regulated otherwise by applicable laws, such provisions shall prevail.</p> <p>2. Any subsidiary of which the Company directly or indirectly holds more than 50% of the voting shares shall formulate its own procedures for endorsements and guarantees according to the Guidelines and the procedures of the Company. If the Guidelines and/or the procedures are contrary to local laws applicable to the subsidiary, such provisions of the local laws shall prevail.</p>	<p>Article 2: Scope of Application</p> <p>1. The Company shall make endorsements or provide guarantees according to these procedures. However, regulated otherwise by applicable laws, such provisions shall prevail.</p> <p>2. Any subsidiary of which the Company directly or indirectly holds more than 50% of the voting shares shall formulate its own procedures for endorsements and guarantees according to the Guidelines and the procedures of the Company. If the Guidelines and/or the procedures are contrary to local laws applicable to the subsidiary, such provisions of the local laws shall prevail.</p>	<p>Amended pursuant to Article 2 of the Guidelines.</p>
<p>Article 3: Definition</p> <p>1. The subsidiaries and parent company referred in these operating procedures shall be recognized according to, unless regulated otherwise, <u>the Regulations Governing the Preparation of Financial Reports by Securities Issuers</u>.</p>	<p>Article 3: Definition</p> <p>1. The subsidiaries and parent company referred in these operating procedures shall be recognized according to, unless regulated otherwise, the regulations in Financial Accounting Standard Statements No. 5 and No.7 issued by Accounting Research and Development</p>	<p>1. Section 1 amended pursuant to Article 6 of the Guidelines.</p> <p>2. Section 2 added pursuant to Article 6 of the Guidelines.</p> <p>3. Section 3 amended pursuant to Article 7</p>

Proposed Revision	Original	Description
<p><u>2. The Company’s financial report prepared based on International Financial Reporting Standards, the net value referred in this procedure shall refer to the owners’ equity on the parent company’s balance sheet of the Company’s financial report.</u></p> <p>3. Within these procedures, “announce and report” refers to entering information to the public disclosure website designated by the Financial Supervisory Commission, Executive Yuan.</p> <p><u>4. The term “date of occurrence” in these procedures means the transaction signing date, payment date, the date of resolution of the Board of Directors or other information that is sufficient to determine the date of the transaction object and the date of the transaction amount, whichever is the earlier.</u></p>	<p>Foundation of Republic of China.</p> <p>2. Within these procedures, “announce and report” refers to entering information to the public disclosure website designated by the Financial Supervisory Commission, Executive Yuan.</p>	<p>of the Guidelines.</p> <p>4. Section 4 added pursuant to Article 7 of the Guidelines.</p>
<p>Article 5: Object of the endorsement and/or guarantee</p> <p>1. The parties to whom the Company may provide endorsement and/or guarantee include the following:</p> <p>(a) Any company which has business relationship with the Company.</p> <p>(b) A company in which the Company directly or indirectly holds more than 50% of the voting shares.</p> <p>(c) A company which directly or indirectly holds more than 50% of the Company’s voting shares.</p> <p>2. For a company in which the Company directly or indirectly holds more than 50% of the voting shares,</p>	<p>Article 5: Object of the endorsement and/or guarantee</p> <p>1. The parties to whom the Company may provide endorsement and/or guarantee include the following:</p> <p>(a) Any company which has business relationship with the Company.</p> <p>(b) A company in which the Company directly or indirectly holds more than 50% of the voting shares.</p> <p>(c) A company which directly or indirectly holds more than 50% of the Company’s voting shares.</p> <p>2. For a company in which the Company directly or indirectly holds more than 50% of the voting shares,</p>	<p>Section 3 amended pursuant to Article 5 of the Guidelines.</p>

Proposed Revision	Original	Description
<p>the Company may provide endorsements and/or guarantees but the amount of such endorsement/guarantee shall not exceed 10% of the Company’s net value. This restriction shall not apply to endorsements and/or guarantees when such company’s voting shares are directly or indirectly 100% owned by the Company.</p> <p>3. In the case of a mutual guarantee made between the Company and its partners or co-sponsors for a project in accordance with the stipulations of the contract, or in cases of a joint investment relationship where the entire body of contributing shareholders make an endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, <u>or third parties engaged in the performance joint guarantee to ensure home sales contracts in accordance with the Consumer Protection Act</u>, such endorsement and/or guarantee may be provided and shall be exempted from the restrictions of the preceding clauses.</p> <p>4. The term “contributing” mentioned above refers to contributions made by the Company directly, or via a subsidiary with 100% of its voting shares held by the Company.</p>	<p>the Company may provide endorsements and/or guarantees but the amount of such endorsement/guarantee shall not exceed 10% of the Company’s net value. This restriction shall not apply to endorsements and/or guarantees when such company’s voting shares are directly or indirectly 100% owned by the Company.</p> <p>3. In the case of a mutual guarantee made between the Company and its partners or co-sponsors for a project in accordance with the stipulations of the contract, or in cases of a joint investment relationship where the entire body of contributing shareholders make an endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsement and/or guarantee may be provided and shall be exempted from the restrictions of the preceding clauses.</p> <p>4. The term “contributing” mentioned above refers to contributions made by the Company directly, or via a subsidiary with 100% of its voting shares held by the Company.</p>	
<p>Article 7: Procedures for Endorsements and Guarantees</p> <p>1. Review and Decision Authorization</p> <p>(a) Endorsements and/or guarantees made by the Company shall be conducted after receiving approval from the approval of the board of directors. A pre-determined limit</p>	<p>Article 7: Procedures for Endorsements and Guarantees</p> <p>1. Review and Decision Authorization</p> <p>(a) Endorsements and/or guarantees made by the Company shall be conducted after receiving approval from the approval of the board of directors. A pre-determined limit</p>	<p>Section 6 added pursuant to Article 12 of the Guidelines.</p>

Proposed Revision	Original	Description
<p>may be delegated to the chairman by the board of directors to facilitate execution and such endorsement and/or guarantee shall be reported to the most upcoming board of directors meeting for ratification.</p> <p>(b) The endorsement/guarantee provided by a subsidiary to whom these procedures are applicable as stipulated by Article 2 shall be approved a meeting of its board of directors.</p> <p>(c) Subsidiaries of which the Company directly or indirectly holds more than 50% of the voting shares shall make endorsements in accordance with the stipulations of Article 5, Section 2. Guarantees shall be submitted to the board of directors for approval in advance. However, this approval requirement shall not apply to an endorsement/guarantee made to subsidiaries in which the Company directly or indirectly holds 100% of the voting shares.</p> <p>(d) In case the above limits have to be exceeded to accommodate business needs, approval by a resolution of the board of directors shall be obtained and over half of all the directors shall jointly endorse the potential loss that may be brought about by exceeding the limits. The board of directors shall also revise these procedures and have them ratified at the shareholders' meeting. If the revised procedures are not ratified at the shareholders' meeting, the board of directors shall furnish a plan containing a timetable to withdraw the excess portion.</p>	<p>may be delegated to the chairman by the board of directors to facilitate execution and such endorsement and/or guarantee shall be reported to the most upcoming board of directors meeting for ratification.</p> <p>(b) The endorsement/guarantee provided by a subsidiary to whom these procedures are applicable as stipulated by Article 2 shall be approved a meeting of its board of directors.</p> <p>(c) Subsidiaries of which the Company directly or indirectly holds more than 50% of the voting shares shall make endorsements in accordance with the stipulations of Article 5, Section 2. Guarantees shall be submitted to the board of directors for approval in advance. However, this approval requirement shall not apply to an endorsement/guarantee made to subsidiaries in which the Company directly or indirectly holds 100% of the voting shares.</p> <p>(d) In case the above limits have to be exceeded to accommodate business needs, approval by a resolution of the board of directors shall be obtained and over half of all the directors shall jointly endorse the potential loss that may be brought about by exceeding the limits. The board of directors shall also revise these procedures and have them ratified at the shareholders' meeting. If the revised procedures are not ratified at the shareholders' meeting, the board of directors shall furnish a plan containing a timetable to withdraw the excess portion.</p>	
2. The Finance Department shall	2. The Finance Department shall	

Proposed Revision	Original	Description
<p>make an analysis of the operational, financial and credit status of the object of the endorsement/guarantee to evaluate the risks of the endorsements or guarantees and the necessity to acquire collateral.</p> <p>3. The Finance Department shall establish a log book for its endorsement/guarantee activities and record in detail the related endorsements/guarantees, as well as properly keeping the notes, agreements and other documents for future reference.</p> <p>4. If, due to changes of circumstances, the party to whom the Company provides an endorsement and/or guarantee no longer satisfies the criteria set forth herein, or the amount of endorsement and/or guarantee exceeds the limits, a corrective plan shall be provided to all supervisors and the proposed corrections shall be implemented within the period specified in the plan.</p> <p>5. If the party to whom the Company provides an endorsement and/or guarantee is a subsidiary whose net value is below 50% of its paid-up capital, follow-up management and control measures shall be specified.</p> <p><u>6. The subsidiary stock without nominal or par value per share non-NT\$10, the paid-in capital calculated in accordance with the provisions of the preceding paragraph, shall be the share capital plus capital surplus - the sum of the issue premium.</u></p>	<p>make an analysis of the operational, financial and credit status of the object of the endorsement/guarantee to evaluate the risks of the endorsements or guarantees and the necessity to acquire collateral.</p> <p>3. The Finance Department shall establish a log book for its endorsement/guarantee activities and record in detail the related endorsements/guarantees, as well as properly keeping the notes, agreements and other documents for future reference.</p> <p>4. If, due to changes of circumstances, the party to whom the Company provides an endorsement and/or guarantee no longer satisfies the criteria set forth herein, or the amount of endorsement and/or guarantee exceeds the limits, a corrective plan shall be provided to all supervisors and the proposed corrections shall be implemented within the period specified in the plan.</p> <p>5. If the party to whom the Company provides an endorsement and/or guarantee is a subsidiary whose net value is below 50% of its paid-up capital, follow-up management and control measures shall be specified.</p>	
<p>Article 9: Information Disclosure</p> <p>1. The Company shall announce and report the balance of endorsements</p>	<p>Article 9: Information Disclosure</p> <p>1. The Company shall announce and report the balance of endorsements</p>	<p>Section 2 amended pursuant to Article 25 of the Guidelines.</p>

Proposed Revision	Original	Description
<p>and/or guarantees made by itself and its subsidiaries for the previous month by the 10th day of each month.</p> <p>2. If the balance of endorsements and/or guarantees meets one of the following levels, the Company shall announce and report such event within two days of the occurrence, <u>the date of occurrence to be counted as the first day:</u></p> <p>(a) The aggregate balance of endorsements and/or guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net value as stated in the latest financial statement.</p> <p>(b) The balance of endorsements and/or guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net value as stated in the latest financial statement.</p> <p>(c) The balance of endorsements and/or guarantees by the Company and its subsidiaries for an individual enterprise is more than NT\$10 million or the aggregate amount of all endorsements and/or guarantees for long-term <u>nature of investments</u> in, and balance of loans to, such enterprise reaches 30% of the Company's net value as stated in its latest financial statement.</p> <p>(d) The amount of new endorsements and/or guarantees made by the Company or its subsidiaries is more than NT\$30 million or more than 5% of the Company's net value as stated in its latest financial statement.</p> <p>3. The Company shall announce and report on behalf of any of its</p>	<p>and/or guarantees made by itself and its subsidiaries for the previous month by the 10th day of each month.</p> <p>2. If the balance of endorsements and/or guarantees meets one of the following levels, the Company shall announce and report such event within two days of the occurrence:</p> <p>(a) The aggregate balance of endorsements and/or guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net value as stated in the latest financial statement.</p> <p>(b) The balance of endorsements and/or guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net value as stated in the latest financial statement.</p> <p>(c) The balance of endorsements and/or guarantees by the Company and its subsidiaries for an individual enterprise is more than NT\$10 million or the aggregate amount of all endorsements and/or guarantees for long-term <u>nature of investments</u> in, and balance of loans to, such enterprise reaches 30% of the Company's net value as stated in its latest financial statement.</p> <p>(d) The amount of new endorsements and/or guarantees made by the Company or its subsidiaries is more than NT\$30 million or more than 5% of the Company's net value as stated in its latest financial statement.</p> <p>3. The Company shall announce and report on behalf of any of its subsidiaries that are not a domestic public company any matters that</p>	

Proposed Revision	Original	Description
<p>subsidiaries that are not a domestic public company any matters that such subsidiary is required to announce and report pursuant to Section 2(d) above.</p> <p>The Company shall assess and recognize contingent losses brought about by endorsements and/or guarantees, and shall adequately disclose relevant information in its financial reports and provide the certifying CPAs with relevant materials for the performance of necessary audit procedures and reporting.</p>	<p>such subsidiary is required to announce and report pursuant to Section 2(d) above.</p> <p>The Company shall assess and recognize contingent losses brought about by endorsements and/or guarantees, and shall adequately disclose relevant information in its financial reports and provide the certifying CPAs with relevant materials for the performance of necessary audit procedures and reporting.</p>	

Attachment 6: Articles of Incorporation Amendment Comparison Table

Proposed Revision	Original	Description
<p>Article 6 The authorized capital of the Company is NT\$<u>180</u> billion, consisting of 18 billion shares, all of common stock, with a par value of NT\$10 per share. The board of directors is authorized to issue the shares in separate installments as required, of which 500 million shares are reserved for stock options with warrants or corporate bonds for the exercise of stock options. The board of directors is also authorized to issue shares in separate installments as required.</p>	<p>Article 6 The authorized capital of the Company is NT\$150 billion, consisting of 15 billion shares, all of common stock, with a par value of NT\$10 per share. The board of directors is authorized to issue the shares in separate installments as required, of which 500 million shares are reserved for stock options with warrants or corporate bonds for the exercise of stock options. The board of directors is also authorized to issue shares in separate installments as required.</p>	<p>Increase capital by issuing new shares.</p>
<p>Article 16 The Company shall have seven to <u>eleven</u> directors, to be elected by the shareholders' meeting from among candidates with legal capacity in accordance with Article 192-1 of the Company Act. The term of office shall be three years, and they 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.</p>	<p>Article 16 The Company shall have seven directors, to be elected by the shareholders' meeting from among candidates with legal capacity in accordance with Article 192-1 of the Company Act. The term of office shall be three years, and they 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.</p>	<p>To meet with future needs.</p>
<p>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 <u>at least two independent directors and be no less than one fifth independent</u>. The election of independent directors shall proceed pursuant to Article 192-1 of the Company Act.</p>	<p>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 two independent. The election of independent directors shall proceed pursuant to Article 192-1 of the Company Act.</p>	<p>To meet with future needs.</p>
<p>Article 31 These Articles of Incorporation were enacted on January 5, 1974. ... The 44th amendment was made on June 18, 2012. <u>The 45th amendment was made on June 26, 2013.</u></p>	<p>Article 31 These Articles of Incorporation were enacted on January 5, 1974. ... The 44th amendment was made on June 18, 2012.</p>	<p>Updating of the date of amendment.</p>

Attachment 7: Directors and Supervisors Candidates List

Type	Name	Education	Work Experience	Current Job	Shares Held	Other Related Info.
Director	Gou, Tai-ming (Terry Gou)	Chinese Maritime College	Director of Taiwan Electrical Equipment Association	President & CEO Hon Hai Precision Industry Co., Ltd.	1,473,989,536	Shareholder ID: 1
Director	Representative of Hon Chiao International Investment Co., Ltd.: Tai, Jeng-wu	Chemical Engineering Department, Tatung University	Director Unimicron Technology Corporation	Director & CEO of Business Group Hon Hai Precision Industry Co., Ltd. President of Shin Shee Technology Inc. Director of Fitipower Integrated Technology Inc.	18,657,897	Shareholder ID: 16662 Personal shares: 10,869,951
Director	Huang, Qing-yuan	PhD program of Business Graduate School, Nihon University	Director of GreTai Securities Market (GTSM) Independent Director of Cathay Century Insurance Co., Ltd. Representative of Taiwan Area, SMBC President of Asia-Pacific Area, SMBC Director of First Bank, Mega ICBC Bank, President Chain Store Corp., Hon Hai Precision Industry Co., Ltd., TTV	Supervisor Hon Hai Precision Industry Co., Ltd. Independent Director of Cathay Financial Holdings Independent Director of Cathay Life Insurance Independent Director of Cathay Securities Corporation Independent Director of Cathay United Bank Director of DFI Inc. Director of Taiwan Stock Exchange Corporation (TWSE) Independent Director of TAIWANGLASS GROUP	0	Personal ID: R10180****
Director	Representative of Hon Jin International Investment Co., Ltd.: Lu, Fang-ming	Master's Degree in Applied Physics, Chung Yuan Christian University	CEO of Asia-Pacific Region, Cirrus Logic CEO of Taiwan's computer system Products, Hewlett-Packard Technology	Director & CEO of Business Group Hon Hai Precision Industry Co., Ltd. & Member of Compensation Committee	1,302,812	Shareholder ID: 57132 Personal shares: 6,344,859
Director	Chien, Yi-bin	International Trade Department, Tamkang University	Director & CEO of Business Group Hon Hai Precision Industry Co., Ltd.	Director & CEO of Business Group Hon Hai Precision Industry Co., Ltd.	1,589,324	Shareholder ID: 13188

Type	Name	Education	Work Experience	Current Job	Shares Held	Other Related Info.
Independent Director	Wu, Yu-chi	Master's Degree in Accounting, NTU	Tuntex Group's management accountant Director of Gen-Tou Joint CPA Office Section Chief of Audit, PwC Taiwan Instructor of Accounting Research and Development Foundation Instructor of Accounting & Statistic Department, Takming University of Science and Technology	Independent Director Chairman of Compensation Committee Hon Hai Precision Industry Co., Ltd. Director of Gen-Tou Joint CPA Office Supervisor of I-Sheng Electric Wire & Cable Co., Ltd. Supervisor of Procrystal Technology Co., Ltd.	0	Personal ID: N12074****
Independent Director	Liu, Cheng-yu	Master's Degree in Finance, NTU	Attorney at Law, Perkins Coie Law Office Yong Yun International Law Firm LEE and LI Attorney-At-Law	Independent Director Hon Hai Precision Industry Co., Ltd. Attorney at Law, Yi-Shi Law Office	0	Personal ID: E12118****
Supervisor	Wan, Jui-hsia	Bachelor of Business, NTU	Associate Professor, Department of Accounting, NTU Member of Examination Committee of Advance Test for CPA Member of Examination Committee of Advance Test for Government Officials	Supervisor Hon Hai Precision Industry Co., Ltd. Supervisor of Foxlink CPA, Wan-Cheng CPA Office Adjunct Associate Professor, Department of Accounting, NTU	0	Personal ID: S20102****

Type	Name	Education	Work Experience	Current Job	Shares Held	Other Related Info.
Supervisor	Representative of Fu-Rui International Investment Co., Ltd.: Chuo, Min-chih	Bachelor of Business, NTU Master's Degree in Accounting, National Chengchi University PhD in Accounting, Shanghai University of Finance and Economics	Director of Taipei City CPA Union and Chairman of International & Cross-Strait Relations Committee, Taipei City CPA Union Director of CPA Union of Taipei City Member of Examination Committee of Advance Test for CPA Member of Examination Committee of Advance Test for Government Officials and Transportation Specialist Member of Audit Principle Committee, Accounting Research and Development Foundation Member of Taipei City Utility Rates Review Committee Advisor of Taipei City MRT Company Director of ROC Enterprises computerized Association Adjunct Associate Professor, National Central University	CPA, Huei-Jong joint accounting Office Vice Chairman Taipei City CPA Union Adjunct Associate Professor of Accounting Graduate School, NTU Adjunct Associate Professor of Accounting Graduate School, Soochow University Chairman of Accounting and Audit Committee, Taipei City CPA Union Member of CPA Review Committee, National CPA Union, ROC	56,536,398	Shareholder ID: 18953 Personal shares: 0

Appendices

Appendix 1: Shareholders' Meeting Rules

Amended June 18, 2012

- Article 1** Meetings of shareholders shall be acted upon in accordance with these rules.
- 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 total attendance shall be calculated in accordance with the attendance cards turned in at the meeting.
- Article 3** The participation and voting by shareholders shall be duly calculated based on the number of shares they hold.
- 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 chair 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 (氰化金鉀).
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\$150 billion, consisting of 15 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 shall follow the Financial Supervisory Commission's "Guidelines for Stock Operations for Public Companies" unless specified otherwise by law and securities regulations.

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.

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 Supervisors

Article 16 The Company shall have seven directors, to be elected by the shareholders' meeting from among candidates with legal capacity in accordance with Article 192-1 of the Company Act. The term of office shall be three years, and they 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 two independent. The election of independent directors shall proceed pursuant to Article 192-1 of the Company Act.

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 Seven days prior to the convening of a meeting of the board of directors, notice shall be sent to all directors, specifying the reasons for calling the meeting, though in emergency situations, a meeting may be called whenever necessary.

Notice of the convening of a meeting described in the preceding paragraph may be in writing, by fax or by e-mail notification thereof.

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 exists a shortfall of one-third of directors or all supervisors have been dismissed, the board of directors shall convene a shareholders' meeting for the by-election of absent directors or supervisors. The term of newly elected directors or supervisors shall continue for the original term of the directors or supervisors replaced, except in the case of a comprehensive re-election of all new directors and supervisors.

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 The Company shall have two supervisors, to be elected by the shareholders' meeting from among candidates with legal capacity in accordance with Article 192-1 of the Company Act. The term of office is three years, and they may continue in office if re-elected. The aggregate shareholding percentages of the entire body of supervisors shall comply with the regulations prescribed by the competent authority.

Article 23 The authorities of the supervisors are as follows:

1. Review the Company's annual report.
2. Monitor the Company's business operations and request status updates from the board of directors or all level managers.
3. Attend meetings of the board of directors.

4. Other authorities provided by applicable law or regulation.

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

Article 25 When the Company's directors and supervisors perform Company duties, the Company may compensate them at a rate consistent with general practices in the industry. The board of directors is authorized to purchase liability insurance for directors and supervisors, 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 Managers

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 Finance

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 by the supervisors for reviewing and for ratification.

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

Article 28 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. Special capital reserve pursuant to applicable law or regulation.
4. Appropriation of 8% for employee bonus; the Company may issue stock bonuses to employees of an affiliated Company meeting the conditions set by the board of directors, or other related guidelines the board of directors is authorized to develop.

5. As to the remainder, the board of directors is authorized to draft a net profits appropriation plan in accordance with the dividend policy in this Article Section 2.

The Company is currently in a growth stage; with the future business development, the net profit distributions shall consider future capital expenditures and demands for working capital; the board of directors is authorized to draft appropriation plans and proceed in accordance with resolutions of the shareholders' meeting. The shareholders bonus allocation shall be included in the current fiscal year dividends distributed, and no more than 90% of the payment shall be cash 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.

Appendix 3: Regulations Governing the Election of Directors and Supervisors

Amended June 18, 2012

Article 1 Election of directors and supervisors shall be acted upon in accordance with these regulations.

Article 2 Unless otherwise provided by the Company Act or the Articles of Incorporation of the Company, the election of directors and supervisors shall proceed according to cumulative voting principles: each common share is entitled to the number of voting rights equivalent to the numbers of directors (or supervisors) to be elected; votes may be cast for only one candidate or a few candidates. For voters' registration, shareholder attendee card numbers may be substituted for voters' names.

Article 3 When voting commences, the chair shall appoint several inspectors to count ballots and carry out related duties.

Article 4

A. The numbers of the directors and supervisors of the Company shall be provided by the Articles of Incorporation of the Company. In the election for the directors and supervisors of the Company, the candidates receiving ballots representing the highest number of voting rights sequentially shall be elected. A candidate simultaneously elected as a director and supervisor shall, at the candidate's own discretion, decide to serve as either director or supervisor. The position left vacant by such decision shall be filled by the candidate with the next highest number of votes in the original election. When two or more persons receive the same number of votes and the specified number of positions is exceeded, the two persons receiving the same number of votes shall draw lots to decide who shall serve; the chair shall draw lots on behalf of a non-attendee.

B. The election of directors and supervisors shall adopt the candidate nomination system pursuant to Article 192-1 of the Company Act.

The election of independent directors and non-independent directors shall be held together, but elections for these positions shall be calculated separately. The candidates elected shall be based on the total number of votes received.

Article 5 The board of directors shall prepare election ballots of the number equal to the number of the director(s) or supervisor(s) that shall be elected, bearing the codes of the shareholder attendance certificates and the number of voting rights. The election ballots shall be distributed to the common shareholders who are present at the shareholders' meeting.

Article 6 If the candidate is a shareholder, the voter must fill in the candidate's shareholder account name and account number in the "Candidate" box on the ballot.

If the candidate is not a shareholder, the voter shall fill in the candidate's name and identification number in the "Candidate" box on the ballot.

However, if a candidate is a government department or a corporate shareholder, the voter shall fill in the candidate's full government or corporate name and the full name of its representative.

Article 7 A ballot is invalid under any of the circumstances listed below.

1. A ballot is not prepared according the Article 5 of this rule.
2. The ballot was not cast in the ballot box.
3. A blank ballot that was not filled in by the voter.
4. The number of write-in candidates is more than one candidate.
5. Illegible or unrecognizable handwriting.
6. Other words or marks are written in addition to the candidate name, shareholder account number, or ID card or government uniform invoice (GUI) number.
7. The write-in candidate's name is same as another shareholder but does not provide account number or ID number to verify.
8. If the write-in candidate is a shareholder, the account name or account number written on the ballot is inconsistent with the shareholder list.

If the write-in candidate is not a shareholder, the candidate's name or ID number written on the ballot cannot be validated or is inconsistent.

9. More write-in candidates indicated on the ballot than the total number of positions to be elected.
10. The sum of allocated voting rights is more than the voter's total voting rights.

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

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

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

Appendix 4: Shareholdings of Directors and Supervisors

- As of 04/28/2013, all directors and supervisors minimum shareholding number and actually registered holding shares.

Title	Minimum number of shares to be held	Shares actually held in share register
Directors	160,000,000	1,493,950,245
Supervisors	16,000,000	56,536,398

- As of 04/28/2013, table of shares held by all directors and supervisors.

Title	Name	Shares held in share register
President	Gou, Tai-ming (Terry Gou)	1,473,989,536
Director	Hon Chiao International Investment Co., Ltd. Representative: Tai, Jeng-wu	18,657,897
Director	Hon Chiao International Investment Co., Ltd. Representative: Lu, Sung-ching	18,657,897
Director	Hon Jin International Investment Co., Ltd. Representative: Lu, Fang-ming	1,302,812
Director	Hon Jin International Investment Co., Ltd. Representative: Chien, Yi-bin	1,302,812
Independent Director	Wu, Yu-chi	0
Independent Director	Liu, Cheng-yu	0
Supervisor	Huang, Qing-yuan	0
Supervisor	Fu-Rui International Investment Co., Ltd. Representative: Wan, Jui-hsia	56,536,398

Appendix 5: Impact of Stock Dividend Issuance on the Company’s Business Performance, Earnings per Share and Return on Shareholders’ Investment

Item	Year	Year 2013 (Forecast)	
Beginning Paid-in Capital (NTD)		118,358,665,270	
Dividend Distribution	Cash dividend per share (NTD) ⁽¹⁾	1.5	
	Stock dividend per share for capital increase from retained earnings (Share) ⁽¹⁾	0.1	
	Stock dividend per share for capital increase from capital reserve (Share) ⁽¹⁾	-	
Business Performance Variation	Operating profit	N/A ⁽²⁾	
	Year-on-year increase / decrease (%) of operating profit		
	Net profit after tax		
	Year-on-year increase / decrease (%) of net profit after tax		
	Earnings per share		
	Year-on-year increase / decrease of earnings per share		
Pro forma earnings per share and its P/E ratio	If cash dividend is distributed instead of capital increase from retained earnings	Pro forma earnings per share (NTD)	N/A ⁽²⁾
		Pro forma average return over investment (annualized)	
	If no capital increase from capital reserve	Pro forma earnings per share (NTD)	
		Pro forma average return over investment (annualized)	
	If no capital reserve and cash dividend is distributed instead of capital increase from retained earnings	Pro forma earnings per share (NTD)	
		Pro forma average return over investment (annualized)	

Note 1: Pending resolution by 2012 Annual General Shareholders’ Meeting.

Note 2: Hon Hai is not required to disclose its 2013 financial forecast pursuant to “Regulations Governing the Publication of Financial Forecasts of Public Companies.”