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HON HAI PRECISION INDUSTRY CO., LTD.

2020 Annual Shareholders' Meeting

Meeting Handbook

June 23, 2020

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2020 ANNUAL SHAREHOLDERS' MEETING (THE "HANDBOOK") OF HON HAI PRECISION INDUSTRY CO., LTD. (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE HANDBOOK SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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Hon Hai Precision Industry Co., Ltd.
2020 Annual General Shareholders' Meeting

MEETING PROCEDURE

Time of Meeting: 9:00 a.m., June 23, 2020 (Tuesday)

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

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

Hon Hai Precision Industry Co., Ltd.
2020 Annual General Shareholders' Meeting

MEETING AGENDA

- I. Chairman to announce the commencement of meeting
- II. Report Items
 - (1) Report the business of 2019.
 - (2) Statutory Auditor's review of 2019 audited financial statements.
 - (3) Report on the 2019 employee compensation distributions
 - (4) Report on the 2019 earnings distribution
 - (5) Status report of Company's indirect investment in Mainland China.
 - (6) Status report of domestic corporate bond issuance.
- III. Ratification and Discussion Items
 - (1) To approve 2019 Business Report and Financial Statements.
 - (2) To approve the proposal for distribution of 2019 earnings.
 - (3) Discussion of amendments to the Company's "Articles of Incorporation."
- IV. Extraordinary Motions
- V. Meeting Adjournment

REPORT ITEMS

Item 1:

2019 Business Report

Description:

1. Please refer to Attachment 1 (pages 14-16) for the Business Report.
2. Please refer to Attachment 3 (pages 18-50) for the Financial Statements.

Item 2:

Audit Committee's Review Report of 2019 audited financial statements

Description:

Please refer to Attachment 2 (page 17) and Attachment 3 (pages 18-50) for the Audit Committee's Review Report and the Accountant's Audit Report, respectively.

Item 3:

Report on the 2019 Employee Compensation Distributions

Description:

1. According to the Articles of Incorporation adopted by the Board, 5-7% of the company profit (if any) is to be set aside for employee remuneration.
2. The employee remuneration totaled NT\$6,350,593,358 in 2019, distributed in cash, taking up 5% of the profit of the year. There is no difference between the above resolution and the ratified cost for 2019.
3. The Chairman is authorized to handle any pending issues related to this item, or any changes needed due to fact changes or as required by the competent authorities.

Item 4:

Report on the 2019 earnings distribution

Description:

1. The 2019 profit distribution program of the Company has been submitted by Board, in accordance with Article 28-1 of the Articles of Incorporation of the Company, as follows.
2. The available earnings for distribution was NT\$58,224,560,558 at the end of the 2019 period, and the Company distributed dividends of NT\$4.2.
3. The cash dividends will be calculated to the nearest NT dollar. The remainder will be transferred into the account of the Employee Welfare Committee.
4. Subject to the approval of the general shareholder's meeting, the Board of Directors is authorized to determine the ex-dividend date for the cash and stock dividend distribution and other related matters.
5. Prior to the ex-dividend date for the distribution, if the number of total shares outstanding has changed due to the repurchasing of shares by the Company, the transfer of treasury shares to employees, or the conversion of shares from domestic convertible bonds, etc., so that the ratios of the stock dividends and cash dividends are changed and need to be adjusted, the Board is authorized to make such adjustments.

Item 5:**Status report of the Company's new indirect investment in Mainland China****Description:**

The 2019 new indirect investments in the Chinese mainland with the company's own capital via the Company itself or its overseas subsidiaries are as follows:

Approval Code	Company Name	Amount Approved (US\$)
10700314230	HONG-QI MECHATRONICS (ANHUI) CO., LTD.	25,189,348
10730092690	Huai An Jia Wei Industrial Development Co., Ltd.	3,530,280
10800024680	Interface Technology (Chengdu) Co., Ltd.	56,190,507
10800107240	SHENZHEN HONGFEI PRECISION TECHNOLOGY CO .LTD	9,867,683
10800125460	KANGZHUN ELECTRONICAL TECHNOLOGY (KUNSHAN) CO.,LTD	112,689,109
10800263430	KUNSHAN KUANG RUI PACKAGE MATERIAD CO LTD.	66,175
10830008000	QI DING TECHNOLOGY QINHUANGDAO CO. LTD.	11,388,000
10830028710	Bio-sensing Technology (ChengDu) Co., Ltd.	3,831,800
10830028720	Charming International Leasing Co.,Ltd	2,400,000
10830037400	Huai An Jia Wei Industrial Development Co., Ltd.	2,099,320
10830066640	Chengdu NUWA Robotics Corp.	13,441

Item 6:**Status report of domestic corporate bond issuance****Description:**

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

Unit: NT\$'000

Tranche/Category	The 1 st Tranche of Unsecured Ordinary Corporate Bonds, 2019				
Date of Approval	October 14 th 2019				
Date of Issuance	October 22 th 2019				
Total Issuance Amount	5,950,000				
Face Value	1,000				
Issue Price	NT\$100 (at Par)				
Type of Bonds	Coupon A	Coupon B	Coupon C	Coupon D	Coupon E
Issuance Amount	100,000	1,900,000	500,000	2,500,000	950,000
Term	2019.10.22 | 2022.10.22	2019.10.22 | 2024.10.22	2019.10.22 | 2025.10.22	2019.10.22 | 2026.10.22	2019.10.22 | 2029.10.22
Coupon Rate (Fixed Rate)	0.68%	0.80%	0.86%	0.90%	1.10%
Interest Payment	From the date of the issuance, a simple interest is calculated and distributed once a year per coupon rate				
Principal Payment	100% principal repayment upon maturity				
Trustee	Bank SinoPac				
Debt Service Agency	The Chengchung Branch of Bank SinoPac				
Exercise of the Issuance	Exercised in Q4 2019				

Unit: NT\$'000

Tranche/Category	The 2 nd Tranche of Unsecured Ordinary Corporate Bonds, 2018			
Date of Approval	December 30 th 2019			
Date of Issuance	January 9 th 2020			
Total Issuance Amount	6,200,000			
Face Value	1,000			
Issue Price	NT\$100 (at Par)			
Type of Bonds	Coupon A	Coupon B	Coupon C	Coupon D
Issuance Amount	1,700,000	500,000	2,350,000	1,650,000
Term	2020.1.9 | 2025.1.9	2020.1.9 | 2026.1.9	2020.1.9 | 2027.1.9	2020.1.9 | 2030.1.9
Coupon Rate (Fixed Rate)	0.81%	0.85%	0.92%	1.12%
Interest Payment	From the date of the issuance, a simple interest is calculated and distributed once a year per coupon rate			
Principal Payment	100% principal repayment upon maturity			
Trustee	Bank SinoPac			
Debt Service Agency	The Chengchung Branch of Bank SinoPac			
Exercise of the Issuance	Exercised in Q1 2020			

RATIFICATION AND DISCUSSION ITEMS

Proposal 1: To approve 2019 Business Report and Financial Statements

(Proposed by the Board of Directors)

Description:

1. The 2019 Business Report and the Financial Statements have been approved by the Board of Directors, and have been reviewed by the Audit Committee.
2. Please refer to Attachment 1 through Attachment 3 (pages 14-50) for the documents mentioned above.

Resolution:

Proposal 2: To approve the proposal for distribution of 2019 earnings.

(Proposed by the Board of Directors)

Description:

The 2019 Earnings Distribution Plan of the Company has been submitted by the Board of Directors, in accordance with the Company Act and the Company's Articles of Incorporation, as shown in the following table.

Resolution:

**Hon Hai Precision Industry Co., Ltd.
2019 Earnings Allocation Table**

Unit: NT\$

Items	Amount	Note
2019 Net Profit	115,308,736,224	
Minus: Appropriated as legal reserve (10%)	11,530,873,622	
Minus: Special reserve	42,141,792,474	
Earnings available for distribution for 2019	61,636,070,128	
Add: Accumulated un-appropriated earnings at the beginning of the period	678,280,464,272	
Add: 2019 Disposal of equity instruments through FVTOCI	1,545,121,090	
Minus: 2019 defined employee benefits remeasurement	5,923,064	
Changes in equity of associates and joint ventures accounted for using equity method	513,216,791	
Earnings available for appropriation at the end of 2018	740,942,515,635	
Allocation Items		
Cash Dividends to Shareholders	58,224,560,558	NT\$4.2 per share
Un-appropriated Earnings	682,717,955,077	

Note1: Priority to distribute 2019 available earnings.

Note2: According to Article 28-1 of the Company's Articles of Incorporation, the board of directors is authorized to draft an appropriation plan in accordance with the dividend policy.

President: Liu, Young-Way

CEO: Liu, Young-Way

Accounting Manager: Chou, Joung Kai

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

(Proposed by the Board of Directors)

Description:

1. In accordance with the requirements of Article 18 of The Company Act, proposed amendments to comply with Table of Categories of Businesses in Article 2, item 1 – 85 of the Company’s “Articles of Incorporation”.
2. Due to the future developments of robotics, electric vehicles and digital health, proposed additions of Items 86 – 93 in Article 2 of the Company’s “Articles of Incorporation”.
3. The changes to the Company’s “Articles of Incorporation” are shown in a comparison table on Attachment 4 (pages 51 – 54).

Resolution:

EXTRAORDINARY MOTIONS

ADJOURNMENT

ATTACHMENTS

Hon Hai Precision Industry Co., Ltd.

Attachment 1: Business Report

2019 has been a challenging year for the Hon Hai / Foxconn Technology Group, emphasized by the ebb and flows both external and internal factors; externally, the US-China trade war rages on, and while internally the Group has undergone a transition in leadership. Through these trying times when our mettle is tested, we have continued to reach record highs in annual revenues. This was made possible by the solid foundations left behind by our founder; support and vote of confidence from shareholders and clients; and the commitment and dedication from our employees, suppliers, and partners.

The Business Report for 2019 is as follows: The consolidated net revenue for 2019 was NT\$5.343 trillion, an increase of 1% year-over-year growth compared to 2018; the net profit attributable to owners of the parent was NT\$115.31 billion, and earnings per share of NT\$8.32.

Apart from delivering an outstanding performance, the Group is committed to the pursuit of financial performance, striving for long-term stability to create greater economic returns for shareholders. Meanwhile, implementing diligent principles of corporate governance and relentlessly enhancing Hon Hai's transparency regarding information disclosure.

Over the past half-year, the world has been ravaged by the global coronavirus pandemic. On one hand, the Group has dedicated itself to preventative measures to ensure employee safety, and on the other, reaching out to clients to ensure a quick recovery of operations. Even though the pandemic has been strenuous to the global economy, Hon Hai has always upheld a view that "At any point in time, it can be 'both the worst and best era'". Therefore, the Group has been committed to core manufacturing technologies since the beginning, and more recently, proactively developing applications for the industry of internet and communication technologies. The results of these efforts have been evident, and widely recognized, such as being ranked 25th in Forbes "Top 100 Digital Companies", and also shortlisted in the Clarivate Analytics "Derwent Top 100 Global Innovators 2020", being the only company in Taiwan honored for 3 consecutive years for the latter award.

Despite the numerous awards and recognitions, the Group still strives for innovation, and continue the core transformation from "brawns" to "brains", by following the roadmap from; "Foxconn 1.0" optimization of the status-quo; "Foxconn 2.0" digital transformation; and "Foxconn 3.0" focusing on electric vehicles, digital health, and robotics. These three phases seem to focus on completely separate disciplines, but are deeply intertwined and are crucial to the Group in order to achieve our everlasting commitment for better results.

In regards to “Foxconn 1.0”, the Company has declared four key areas of implementation including “Division of Labor, Sharing, Profit-making, and Elimination of Fraud”. This approach enables the delegation and division of tasks between our various sub-groups, establishes a communication highway to and from the central Group, and in-turn creates a strong core so the fruits of our endeavors can be bore on the outlying branches. In fact, the Group saw the full effects of “Foxconn 1.0” during the beginnings of the 2020 coronavirus pandemic. Early “Division of Labor” and continued “Sharing” and collaboration of resources within the Group played a crucial role in the systematic resumption of work and manufacturing. Additionally, the Group have implemented systematic procedures in the procurement process, which eliminates unnecessary cost arising from exploitation or fraud due to human factors. Furthermore, Shareholder profits have also seen a marked improvement, effectively achieving “Profit-making, and Elimination of Fraud”.

For the digital transformation of “Foxconn 2.0”, the Group has utilized digital technology to increase the efficiency and effectiveness of operations. For example, we have optimized our website and related platforms for improved communications with our Shareholders and investors. We have also established a supply chain management platform to streamline upstream and downstream information transparency. On one hand, the increase in information transparency enhances supplier management, and on the other the Group can achieve increased agility and timeliness to satisfy changes in customer demands. The Company has also started the conception of several big data databases, and have taken a more objective statistical approach to management, effectively establishing smart, automated strategic procedures. Additionally, in both areas of manufacturing and performance, the Group has also embraced this scientific, metrics-based approach. All-in-all, this has enabled the Group to achieve “Increased Quality and Efficiency, and Decreased Cost and Inventory”, to maximize the returns for the Group.

The Group will leverage R&D capabilities and investments in new industries to achieve the restructuring and upgrade towards “Foxconn 3.0”. As mentioned above, we will be investing in “electric vehicles, digital health, and robotics industries”, and also “artificial intelligence, semiconductors and next-generation communication technologies”, forming the Group’s key “3+3” (industry and technology) strategy. Using electric vehicles as an example, Hon Hai has a formidable global supply chain, and possesses key component manufacturing capabilities, structural R&D capabilities and system integration services. This unique set of proficiencies allow the Group to vertically consolidate services, and also provide services on smart platforms. Hon Hai will maintain its core ethos of sharing, and continue its dedication to innovative technologies to propel the sustainable development of the Group’s automotive ecosystem.

Additionally, to remain a leader in the technical field, the Company has founded the Foxconn Institute for Research in Science and Technology mid-last year, and the anticipated establishment of 5 research faculties: Artificial Intelligence, Next-Generation Communications, Quantum Computing, Cyber-Security, and Nano Semiconductors. The institute will assist the Group with cutting-edge technology and research services, and thus generating new economic growth. The fruits of research will provide prospective support for Hon Hai 5 years down the track, and assist in providing product competitive advantages and impetus for the Group's foray into new industries.

Hon Hai has always been rooted in Taiwan, and have expanded globally; with customer touchpoints in China, Mexico, Canada, Czech Republic, Netherlands, India, Vietnam among others. With the investment in the state of Wisconsin progressing according to plan: the Wisconsin Valley Science & Technology Park has been completed, and the Smart Manufacturing Center will begin test-manufacturing mid-2020. Meanwhile, the Group will simultaneously commit to recruiting elite talent from various fields, thus sowing the seeds for the Group's United States supply-chain with advanced manufacturing and future technologies.

Although not end-consumer-facing, the Group's every action is deeply rooted in "commitment as total-solution provides for global customers, and to achieve all-encompassing smart living for humankind". So day in, day out, it is our duty, joy and passion to be able to contribute to the betterment of humankind by providing smart living.

Throughout the 45 years of Hon Hai, we have maintained the unwavering values of "Love, Trust and Determination", and have never neglected our shareholders, employees or social responsibilities. The Group will continue to commit our experiences in cutting-edge manufacturing technology and supply chain management, to research and develop for the future, and utilize the Group's global advantages to lay the foundations for the way forward. We believe in our tradition of the everlasting pursuit of "Speed, Accuracy, Intricacy, Depth, and Breadth", Hon Hai will undoubtedly continue to create value and substantial returns for Shareholders and the society at large.

President: Liu, Young-Way

CEO: Liu, Young-Way

Accounting Manager: Chou, Joung Kai

Hon Hai Precision Industry Co., Ltd.

Attachment 2: Audit Committee's Review Report

The Board of Directors has prepared the Company's Financial Statements, 2019 Business Report and proposal for distribution of 2019 earnings. Of which, the Financial Statements have been audited by PricewaterhouseCoopers Taiwan. The Financial Statements, 2019 Business Report and proposal for distribution of 2019 earnings have been audited by us as Audit Committee of the Company. We deem no inappropriateness on these documents. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report. Please review.

Hon Hai Precision Industry Co., Ltd.

Chairman of the Audit Committee:

On the date of May 12, 2020

Hon Hai Precision Industry Co., Ltd.
Attachment 3: Independent Auditors' Report and 2019 Financial Statements

HON HAI PRECISION INDUSTRY CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND AUDIT

REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(STOCK CODE: 2317)

HON HAI PRECISION INDUSTRY CO., LTD.

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT
ACCOUNTANTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Key Audit Matters

Key audit matters refer to those matters that, in our professional judgment, were of most significance in the audit of Hon Hai's 2019 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of Hon Hai's 2019 parent company only financial statements are as follows:

Cut-off of hub sales revenue

Description

For accounting policies on revenue recognition, please refer to Note 4 (32) in the Parent Company Only Financial Statements.

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

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

How our audit addressed the matter

We performed the following audit procedures:

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

Allowance for inventory valuation losses

Description

Refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(6) for details of inventories. As of December 31, 2019, Hon Hai's inventories and allowance for inventory valuation losses amounted to NT\$100,056,179 thousand and NT\$2,131,937 thousand, respectively.

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

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

How our audit addressed the matter

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

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

Other matters – Reference to audits of other independent accountants

Investment accounted for under the equity method included in the Parent Company Only Financial Statements of Hon Hai Precision Industry Co., Ltd. was not audited by us, but by other independent accountants. Therefore, among our opinion on the aforementioned Parent Company Only Financial Statements, the stated amounts and other related information disclosed in Note 13 were based on the audit reports of other independent accountants. As of December 31, 2019 and 2018, the investment accounted for under the equity method amounted to NT\$38,854,657 thousand and NT\$40,748,228 thousand, respectively. Based on the financial statements for 2019 and 2018 audited by other independent accountants, the recognized comprehensive income (comprising share of profit or loss in subsidiaries, associates and joint ventures accounted for under the equity method, and share of other comprehensive income in subsidiaries, associates and joint ventures accounted for under the equity method) amounted to a loss of NT\$911,941 thousand and a loss of NT\$19,716,390 thousand, respectively.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error. Such misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine the key audit matters for Hon Hai's 2019 parent company only financial statements. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers, Taiwan

Hsu, Yung-Chien

CPA

Chou, Chien-Hung

Former Securities Commission of the Ministry of Finance

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

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

March 30, 2020

HON HAI PRECISION INDUSTRY CO., LTD.

Parent Company Only Balance Sheets

December 31, 2019 and 2018

Unit: Expressed in thousands of New Taiwan Dollars

Assets	Notes	December 31, 2019		December 31, 2018	
		Amount	%	Amount	%
Current assets					
1100 Cash and cash equivalents	6 (1)	\$ 29,946,068	1	\$ 82,890,081	3
1100 Financial assets at fair value through profit or loss - current	6 (2)	980,454	-	1,815,192	-
1136 Financial assets at amortized cost - current	6 (4)	-	-	3,500,000	-
1170 Accounts receivable, net	6(5)	412,831,190	14	412,897,027	13
1180 Net accounts receivable - related parties	7	163,985,832	5	131,024,172	4
1200 Other receivables		1,251,995	-	793,049	-
1210 Other receivables - related parties	7	835,369,029	28	972,167,126	32
130X Inventory	6(6)	97,924,242	3	79,402,776	3
1410 Prepayments	7	756,593	-	447,837	-
11XX Total current assets		<u>1,552,045,403</u>	<u>51</u>	<u>1,684,937,260</u>	<u>55</u>
Non-current assets					
1517 Financial assets at fair value through other comprehensive income - non-current	6 (3)	1,505,069	-	1,775,858	-
1535 Financial assets at amortized cost - non-current	6 (4) and 8	329,712	-	330,571	-
1550 Investments accounted for under the equity method	6(7)	1,467,515,183	49	1,388,494,765	45
1600 Property, plant and equipment	6(8)	4,210,766	-	4,513,316	-
1755 Right-of-use assets	6(9)	233,644	-	-	-
1840 Deferred income tax assets	6 (26)	2,037,418	-	3,377,118	-
1900 Other non-current assets		783,646	-	1,034,485	-
15XX Total non-current assets		<u>1,476,615,438</u>	<u>49</u>	<u>1,399,526,113</u>	<u>45</u>
1XXX Total assets		<u>\$ 3,028,660,841</u>	<u>100</u>	<u>3,084,463,373</u>	<u>100</u>

(Continued)

HON HAI PRECISION INDUSTRY CO., LTD.

Parent Company Only Balance Sheets

December 31, 2019 and 2018

Unit: Expressed in thousands of New Taiwan Dollars

Liabilities and equity	Notes	December 31, 2019		December 31, 2018	
		Amount	%	Amount	%
Current liabilities					
2100 Short-term loans	6 (10)	\$ 112,180,200	4	\$ 153,762,200	5
2110 Short-term notes and bills payable	6 (11)	28,837,201	1	18,482,242	1
2120 Financial liabilities at fair value through profit or loss - current	6 (2)	1,868,454	-	453,041	-
2170 Accounts payable		59,560,268	2	60,824,150	2
2180 Accounts payable - related parties	7				
		1,036,020,630	34	1,028,246,780	33
2200 Other payables	7				
		367,305,027	12	405,050,274	13
2230 Current income tax liabilities	6 (26)	1,604,512	-	16,281,028	1
2250 Provisions for liabilities - current	6 (15)	372,980	-	598,169	-
2280 Leasing liabilities - current	6 (9)	70,872	-	-	-
2300 Other current liabilities	6 (12)				
	and (13)	48,963,961	2	29,875,805	1
21XX Total current liabilities		<u>1,656,784,105</u>	<u>55</u>	<u>1,713,573,689</u>	<u>56</u>
Non-current liabilities					
2530 Bonds payable	6 (12)				
		111,787,181	4	132,712,842	4
2540 Long-term loans	6 (13)	14,477,901	-	20,018,288	1
2570 Deferred income tax liabilities	6 (26)	4,074,448	-	4,846,240	-
2580 Leasing liabilities - non-current	6 (9)	165,021	-	-	-
2600 Other non-current liabilities	6 (14)	1,387,839	-	1,433,845	-
25XX Total non-current liabilities		<u>131,892,390</u>	<u>4</u>	<u>159,011,215</u>	<u>5</u>
2XXX Total liabilities		<u>1,788,676,495</u>	<u>59</u>	<u>1,872,584,904</u>	<u>61</u>
Equity					
Share capital					
3110 Share capital - common stock	6 (16)				
		138,629,906	5	138,629,906	5
Capital surplus					
3200 Capital surplus	6 (17)				
		199,383,371	6	190,018,456	6
Retained earnings					
3310 Legal reserve	6 (18)				
		149,512,874	5	136,606,364	4
3320 Special reserve		60,309,927	2	27,539,310	1
3350 Unappropriated retained earnings		794,615,182	26	779,409,554	25
Other equity interest					
3400 Other equity interest	6 (19)	(102,451,720)	(3)	(60,309,927)	(2)
3500 Treasury stocks	6 (16)	(15,194)	-	(15,194)	-
3XXX Total equity		<u>1,239,984,346</u>	<u>41</u>	<u>1,211,878,469</u>	<u>39</u>
Significant contingent liabilities and unrecognized contract commitments					
3X2X Total liabilities and equity	9				
	11				
		\$ 3,028,660,841	100	\$ 3,084,463,373	100

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

HON HAI PRECISION INDUSTRY CO., LTD.
Parent Company Only Statements of Comprehensive Income
December 31, 2019 and 2018

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

Item	Notes	2019		2018	
		Amount	%	Amount	%
4000 Operating revenue	6 (20) and 7	\$ 2,849,729,987	100	\$ 2,867,948,593	100
5000 Operating costs	6 (6) (23) (24) and 7	(2,820,591,664)	(99)	(2,807,155,298)	(98)
5900 Operating profit - gross		<u>29,138,323</u>	<u>1</u>	<u>60,793,295</u>	<u>2</u>
Operating expenses	6 (23) (24) and 12 (2)				
6100 Selling expenses		(2,299,976)	-	(2,962,754)	-
6200 General and administrative expenses		(7,641,375)	-	(7,028,521)	-
6300 Research and development expenses		(8,520,297)	(1)	(9,967,987)	(1)
6000 Total operational expenses		<u>(18,461,648)</u>	<u>(1)</u>	<u>(19,959,262)</u>	<u>(1)</u>
6900 Operating profit		<u>10,676,675</u>	<u>-</u>	<u>40,834,033</u>	<u>1</u>
Non-operating income and expenses					
7010 Other income	6 (21)	3,642,991	-	2,475,442	-
7020 Other gains and losses	6 (22)	5,108,008	-	16,009,809	1
7050 Finance cost	6 (25)	(3,327,491)	-	(4,497,891)	-
7070 Shares of profit (loss) of subsidiaries, associates and joint ventures accounted for under the equity method	6 (7)				
		<u>104,561,091</u>	<u>4</u>	<u>90,771,444</u>	<u>3</u>
7000 Total non-operating income and expenses		<u>109,984,599</u>	<u>4</u>	<u>104,758,804</u>	<u>4</u>
7900 Profit before income tax		<u>120,661,274</u>	<u>4</u>	<u>145,592,837</u>	<u>5</u>
7950 Income tax expense	6 (26)	(5,352,538)	-	(16,527,732)	-
8200 Net income for the period		<u>\$ 115,308,736</u>	<u>4</u>	<u>\$ 129,065,105</u>	<u>5</u>

(Continued)

HON HAI PRECISION INDUSTRY CO., LTD.
Parent Company Only Statements of Comprehensive Income
December 31, 2019 and 2018

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

Item	Notes	2019		2018	
		Amount	%	Amount	%
Other comprehensive income - net					
Components not to be reclassified to profit or loss					
8311 Remeasurement of defined benefit plan	6 (14)	(\$ 7,404)	-	\$ 217,476	-
8316 Unrealized gains and losses on valuation of investment in equity instruments measured at fair value through other comprehensive income	6 (19)	(270,789)	-	(512,501)	-
8330 Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for under the equity method - components not to be reclassified to profit or loss	6 (19)	8,164,400	-	(16,527,402)	(1)
8349 Income tax related to components that are not reclassified subsequently to profit or loss	6 (26)	1,481	-	(43,495)	-
8310 Components not to be reclassified to profit or loss - total		<u>7,887,688</u>	<u>-</u>	<u>(16,865,922)</u>	<u>(1)</u>
Components that may be reclassified to profit or loss					
8361 Exchange difference arising from translation of foreign operation financial statements	6 (19)	(47,393,440)	(1)	(8,957,127)	-
8380 Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for under the equity method - components that may be reclassified to profit or loss	6 (19)	(1,096,843)	-	(121,619)	-
8360 Components that may be reclassified to profit or loss - total		<u>(48,490,283)</u>	<u>(1)</u>	<u>(9,078,746)</u>	<u>-</u>
8300 Other comprehensive income - net		<u>(\$ 40,602,595)</u>	<u>(1)</u>	<u>(\$ 25,944,668)</u>	<u>(1)</u>
8500 Total comprehensive income		<u>\$ 74,706,141</u>	<u>3</u>	<u>\$ 103,120,437</u>	<u>4</u>
Earnings per share					
9750 Basic earnings per share	6 (27)	<u>\$ 8.32</u>		<u>\$ 8.03</u>	
9850 Diluted earnings per share		<u>\$ 8.24</u>		<u>\$ 7.95</u>	

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

HON HAI PRECISION INDUSTRY CO., LTD.
Parent Company Only Statements of Changes in Equity
December 31, 2019 and 2018

Unit: Expressed in thousands of New Taiwan Dollars

	Notes	Retained earnings					Other equity interest				Total
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference arising from translation of foreign operation financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Unrealized gains or losses on available-for-sale financial assets	Treasury stocks	
2018											
Balance - January 1		\$ 173,287,383	\$ 97,872,884	\$ 122,732,924	\$ -	\$ 717,885,835	(\$ 56,320,437)	\$ -	\$ 28,781,127	(\$ 18,901)	\$ 1,084,220,815
Effects of retrospective application and retrospective restatement		-	-	-	-	7,309,666	-	23,174,353	(28,781,127)	-	1,702,892
Balance after restatement, January 1		<u>173,287,383</u>	<u>97,872,884</u>	<u>122,732,924</u>	-	<u>725,195,501</u>	(<u>56,320,437</u>)	<u>23,174,353</u>	-	(<u>18,901</u>)	<u>1,085,923,707</u>
Net income		-	-	-	-	129,065,105	-	-	-	-	129,065,105
Other comprehensive income	6(19)	-	-	-	-	173,981	(9,078,746)	(17,039,903)	-	-	(25,944,668)
Total comprehensive income		-	-	-	-	<u>129,239,086</u>	(<u>9,078,746</u>)	(<u>17,039,903</u>)	-	-	<u>103,120,437</u>
Earnings allocation and distribution in 2017:	6(18)										
Legal reserve		-	-	13,873,440	-	(13,873,440)	-	-	-	-	-
Special reserve		-	-	-	27,539,310	(27,539,310)	-	-	-	-	-
Cash dividends		-	-	-	-	(34,657,477)	-	-	-	-	(34,657,477)
Cash capital reduction	6(16)	(34,657,477)	-	-	-	-	-	-	-	3,707	(34,653,770)
Changes in equity of associates and joint ventures accounted for under the equity method	6(17)	-	6,572,078	-	-	-	-	-	-	-	6,572,078
Recognition of adjustments arising from changes in percentage of ownership in subsidiaries	6(17)	-	85,573,494	-	-	-	-	-	-	-	85,573,494
Subsidiaries' disposal of equity instruments measured at fair value through other comprehensive income		-	-	-	-	1,045,194	-	(1,045,194)	-	-	-
Balance - December 31		<u>\$ 138,629,906</u>	<u>\$ 190,018,456</u>	<u>\$ 136,606,364</u>	<u>\$ 27,539,310</u>	<u>\$ 779,409,554</u>	(<u>\$ 65,399,183</u>)	<u>\$ 5,089,256</u>	<u>\$ -</u>	(<u>\$ 15,194</u>)	<u>\$ 1,211,878,469</u>

(continued)

HON HAI PRECISION INDUSTRY CO., LTD.
Parent Company Only Statements of Changes in Equity
December 31, 2019 and 2018

Unit: Expressed in thousands of New Taiwan Dollars

Notes	Share capital - common stock	Capital surplus	Retained earnings			Other equity interest			Treasury stocks	Total
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference arising from translation of foreign operation financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Unrealized gains or losses on available-for-sale financial assets		
<u>2019</u>										
Balance - January 1	\$ 138,629,906	\$ 190,018,456	\$ 136,606,364	\$ 27,539,310	\$ 779,409,554	(\$ 65,399,183)	\$ 5,089,256	\$ -	(\$ 15,194)	\$ 1,211,878,469
Net income	-	-	-	-	115,308,736	-	-	-	-	115,308,736
Other comprehensive income	-	-	-	-	(5,923)	(48,490,283)	7,893,611	-	-	(40,602,595)
Total comprehensive income	-	-	-	-	115,302,813	(48,490,283)	7,893,611	-	-	74,706,141
Earnings allocation and distribution in 2018:										
Legal reserve	-	-	12,906,510	(12,906,510)	-	-	-	-	-	-
Special reserve	-	-	-	32,770,617	(32,770,617)	-	-	-	-	-
Cash dividends	-	-	-	-	(55,451,962)	-	-	-	-	(55,451,962)
Changes in equity of associates and joint ventures accounted for under the equity method	-	(950,756)	-	-	(513,217)	-	-	-	-	(1,463,973)
Recognition of adjustments arising from changes in percentage of ownership in subsidiaries	-	10,315,671	-	-	-	-	-	-	-	10,315,671
Subsidiaries' disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	1,545,121	-	(1,545,121)	-	-	-
Balance - December 31	\$ 138,629,906	\$ 199,383,371	\$ 149,512,874	\$ 60,309,927	\$ 794,615,182	(\$ 113,889,466)	\$ 11,437,746	\$ -	(\$ 15,194)	\$ 1,239,984,346

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

HON HAI PRECISION INDUSTRY CO., LTD.
Parent Company Only Statements of Cash Flows
December 31, 2019 and 2018

Unit: Expressed in thousands of New Taiwan Dollars

	Notes	2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 120,661,274	\$ 145,592,837
Adjustments			
Adjustments to reconcile profit(loss)			
Effect of foreign exchange on foreign			
currency cash	(	474,327)	(78,508)
Depreciation expense	6 (23)	536,673	556,693
Amortization expense	6 (23)	360,589	366,339
Loss (gain) on expected credit impairment	12 (2)	1,322,661	(1,282,235)
Gain on disposal or retirement of property,	6 (22)		
plant and equipment	(	8,204)	(21,688)
Gain on disposal of investment	6 (22) (	1,692,822)	-
Net (Gain) loss on financial assets or	6 (2)		
liabilities measured at fair value through profit or	(22)		
loss	(	3,258,264)	(16,087,808)
Share of profit or loss of associates and joint	6 (7)		
ventures accounted for under the equity method	(	104,561,091)	(90,771,444)
Valuation of long-term loans in foreign	6 (28)		
currency	(	5,326)	24,226
Interest expense	6 (25)	3,200,827	3,931,926
Interest income	6 (21) (	2,602,949)	(1,145,274)
Dividend income	6 (21) (	8,878)	(126,207)
Changes in operating assets and liabilities			
Changes in operating assets, net			
Financial assets mandatorily measured at			
fair value through profit or loss		5,508,415	8,500,552
Notes receivable		5,008	714
Accounts receivable	(	9,498,486)	149,974,584
Accounts receivable - related parties	(	33,015,712)	(28,843,214)
Other receivables		5,554,659	(9,381,815)
Inventory	(	18,521,466)	(3,130,714)
Prepayments	(	308,756)	89,771
Changes in operating liabilities, net			
Accounts payable	(	1,263,882)	41,210,627
Accounts payable - related parties		7,773,850	(95,016,554)
Other payables	(	36,963,867)	(30,388,529)
Other current liabilities	(	3,410,710)	(181,998)
Provisions for liabilities - current	(	225,189)	(667,898)
Accrued pension liabilities	(	53,410)	(28,020)
Cash inflow (outflow) generated from operating			
activities	(	70,949,383)	73,096,363
Income taxes paid	(	19,459,665)	(19,321,238)
Cash (outflow) inflow generated from			
operating activities, net	(	90,409,048)	53,775,125

(Continued)

HON HAI PRECISION INDUSTRY CO., LTD.
Parent Company Only Statements of Cash Flows
December 31, 2019 and 2018

Unit: Expressed in thousands of New Taiwan Dollars

	Notes	2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of investments accounted for under the equity method	6(7)	(\$ 20,716,326)	(\$ 21,920,357)
Acquisition of financial assets designated as at fair value through profit or loss at initial recognition		-	4,519,050
Acquisition of property, plant and equipment	6 (28)	(1,568,320)	(3,518,422)
Decrease (increase) in other assets		(101,794)	(51,871)
Other receivables - related parties		27,172,007	44,271,673
Decrease in financial assets at amortized cost - current		3,500,000	3,500,000
Disposal of property, plant and equipment	6 (28)	3,223,112	24,895,721
Decrease (increase) in receivables arising from purchase of raw materials on behalf of others		101,505,304	(68,925,835)
Interest received		1,625,462	1,196,125
Dividend received		16,522,368	4,662,282
Share proceeds refunded due to capital reduction of financial assets measured through other comprehensive income		-	22,200
Cash inflow (outflow) generated from investing activities, net		131,161,813	(11,349,434)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term loans		(41,582,000)	4,666,460
Increase in short-term notes and bills payables		10,400,000	9,000,000
Repayments of corporate bonds		(11,000,000)	(28,100,000)
Borrowing of long-term loans		1,000,000	13,500,000
Repayments of long-term loans		(138,975)	(145,780)
Cash dividends paid	6(18)	(55,451,962)	(34,657,477)
Interest Paid		(3,248,896)	(3,692,202)
Issuance of corporate bonds payable		5,950,000	18,000,000
Repayment of leasing principal		(99,272)	-
Cash capital reduction	6(16)	-	(34,657,477)
Cash outflow generated from financing activities, net		(94,171,105)	(56,086,476)
Effects of foreign exchange rates		474,327	78,508
Decrease in cash and cash equivalents		(52,944,013)	(13,582,277)
Cash and cash equivalents, beginning of period		82,890,081	96,472,358
Cash and cash equivalents, end of period		\$ 29,946,068	\$ 82,890,081

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

HON HAI PRECISION INDUSTRY CO., LTD.

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT
ACCOUNTANTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of Hon Hai Precision Industry Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants”, “Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020” and generally accepted auditing standards in the Republic of China (R.O.C GAAS); and in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (R.O.C GAAS) for our audit of the consolidated financial statements as of and for the year ended December 31, 2018. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in

accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters on the consolidated financial statements for the year ended December 31, 2019 were as follows:

Cut-off of hub sales revenue

Description

Refer to Note 4(35) for accounting policies on revenue recognition.

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

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

How our audit addressed the matter

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

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

Allowance for inventory valuation losses

Description

Refer to Note 4(14) for accounting policies on inventory valuation, Note 5(2)3 for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses, and Note 6(7) for details of inventories. As at December 31, 2019, the Group's inventories and allowance for inventory valuation losses amounted to NT\$539,619,235 thousand and NT\$23,847,058 thousand, respectively.

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

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

How our audit addressed the matter

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

- A. Ensured consistent application of accounting policies in relation to allowance for inventory valuation losses and assessed the reasonableness of these policies.

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

Financial assets and financial liabilities offsetting agreement with financial institutions

Description

Refer to Note 4(28) for accounting policies on offsetting of financial instruments, Note 5(1)2 for significant judgement on applying accounting policies on offsetting of financial instruments, and Note 6(16) for details of offsetting of financial instruments. As of December 31, 2019, the financial instruments that were offset amounted to NT\$1,424,606,382 thousand.

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

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

How our audit addressed the matter

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

- A. Assessed and tested internal controls over financial assets and financial liabilities offsetting agreements with financial institutions, including control processes in determining whether such

agreements meet the criteria under IAS 32, 'Financial instruments: Presentation', and ascertained whether the offsetting made in the financial statements was properly approved and accounted for in compliance with the guidance in IAS 32.

- B. Obtained and reviewed the terms of the above agreements and confirmed whether the criteria under IAS 32, 'Financial instruments: Presentation' were met and the accounting treatment was prescribed in the guidance.
- C. Confirmed the existence and the rights and obligations of financial assets and financial liabilities offsetting agreements with respective financial institutions.

Impairment assessment on goodwill arising from acquisition of Belkin International Inc. ("Belkin").

Description

Refer to Note 4(21) for the accounting policy on impairment assessment of goodwill, Note 5(2)2 for the accounting policy on impairment of non-financial assets, critical accounting estimates and assumptions of impairment assessment and Note 6(13) for the details of impairment loss.

As of December 31, 2019, the Group had goodwill arising from acquisition of 100% equity interest in Belkin for NT\$13,563,157 thousand.

Impairment assessment was performed based on the value in use calculation using the discounted cash flow model to determine the recoverable amounts of the cash-generating unit ("CGU"). Significant judgment and estimates about the key assumptions including revenue growth rate, long-term growth rate and discount rate applied to future cash flow forecast are required and will influence the collectible amount and the impairment of goodwill significantly due to the significant judgments and inherent uncertainty. Therefore, we consider the impairment assessment on goodwill arising from acquisition of Belkin International Inc. and its subsidiaries a key audit matter.

How our audit addressed the matter

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

- A. Tested the underlying calculations used in the valuation mode.
- B. Involved valuation specialists to assess the reasonableness of the key assumptions, including expected growth rate and discount rate used as follows:

- (a) Evaluated the assumptions used, mainly revenue growth rate and long-term growth rate within the impairment assessment by comparing them to historical results and economic and industry forecast;
- (b) Benchmarked the discount rate range which is used in determining the recoverable amount against certain market data and industry research; and
- (c) Performed sensitivity analysis over key assumptions in the model in order to assess the potential impact of a range of possible outcomes.

Impairment assessment of operating assets of Asia Pacific Telecom Co., and its subsidiaries

Description

Refer to Notes 4(16) and (20) for accounting policies applied to property, plant and equipment and intangible assets, Note 4(21) for accounting policies on impairment assessment of non-financial assets, Note 5(2)1 for critical accounting estimates and key sources of assumption uncertainty applied to property, plant and equipment, intangible assets and other operating assets, and Notes 6(9), (13) and (14) for details of account items.

The subsidiaries' operating assets represent a significant percentage of the Group's total assets, and the valuation of these assets is affected by the overall industry development and the Group's operations. The Group used the value in use to estimate the recoverable amount which involves management's judgements, such as the estimation of future cash flow and determination of discount rate, etc. Management's judgment mentioned above involve future years' forecast which are highly uncertain and have a material impact to the estimation of value in use. Therefore, the impairment assessment of operating assets was identified as a key audit matter.

How our audit addressed the matter

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

- A. We assessed the expected future cash flows prepared by management and its decision process, compared and assessed the consistency of the expected future cash flows with operation plans.
- B. We also obtained and assessed the information provided by the Group and the valuation report prepared by external professional valuers engaged by the Group.

- (a) Compared the parameters used in predicting future cash flows with historical experience, economic and industrial forecasts.
- (b) Compared the parameters used in determining discount rate with the assumptions on capital cost of cash generating units, and with returns rate on similar assets.
- (c) Verified the valuation model calculation.
- (d) Assessed the future cash flow sensitivity analysis prepared by management based on the alternative hypothesis using different discount rates, and confirmed whether management has appropriately considered the possible impact on the estimation uncertainty of impairment assessment.

Other matter – Reference to audits of other independent accountants

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements relative to these consolidated subsidiaries was based solely on the reports of other independent accountants. Total assets of those consolidated subsidiaries amounted to NT\$208,374,823 thousand and NT\$271,749,166 thousand, constituting 6.27% and 8.04% of the consolidated total assets as of December 31, 2019 and 2018, respectively, and total operating revenues amounted to NT\$458,130,373 thousand and NT\$458,975,381 thousand, constituting 8.57% and 8.67% of the consolidated total operating revenues for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Hon Hai Precision Industry Co., Ltd. as at and for the years ended December 31, 2019 and 2018.

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

Management is responsible for the preparation and fair presentation of the consolidated financial

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

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

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

Independent accountant’s responsibilities for the audit of the consolidated financial statements

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

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

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

or the override of internal controls.

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

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

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

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

Hsu, Yung-Chien Chou, Chien-Hung
for and on behalf of PricewaterhouseCoopers, Taiwan
March 30, 2020

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, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 857,864,362	26	\$ 788,662,325	23
1110	Financial assets at fair value through profit or loss - current	6(2)	2,952,049	-	5,016,365	-
1136	Financial assets at amortised cost, net - current	6(4) and 8	52,954,877	1	78,944,139	2
1170	Accounts receivable, net	6(5)	987,278,438	30	1,009,364,152	30
1180	Accounts receivable - related parties	7	44,754,604	1	48,172,268	1
1200	Other receivables	6(6)	67,854,299	2	73,996,367	2
1210	Other receivables - related parties	7	24,366,543	1	57,705,076	2
130X	Inventory	6(7)	515,772,177	15	625,025,794	19
1410	Prepayments	7	19,895,574	1	19,596,260	1
11XX	Total current assets		<u>2,573,692,923</u>	<u>77</u>	<u>2,706,482,746</u>	<u>80</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	82,660,725	3	74,887,490	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	68,807,217	2	66,634,395	2
1535	Financial assets at amortised cost, net - non-current	6(4) and 8	12,528,569	-	16,240,740	1
1550	Investments accounted for under equity method	6(8)	168,631,642	5	160,316,664	5
1600	Property, plant and equipment	6(9) and 8	287,523,253	9	277,860,012	8
1755	Right-of-use assets	6(10) and 7	46,760,340	1	-	-
1760	Investment property - net	6(12)	4,419,912	-	2,523,963	-
1780	Intangible assets	6(13)	41,380,353	1	30,357,025	1
1840	Deferred income tax assets	6(36)	18,701,465	1	16,229,304	-
1900	Other non-current assets	6(14) and 8	15,835,299	1	29,823,088	1
15XX	Total non-current assets		<u>747,248,775</u>	<u>23</u>	<u>674,872,681</u>	<u>20</u>
1XXX	Total assets		<u>\$ 3,320,941,698</u>	<u>100</u>	<u>\$ 3,381,355,427</u>	<u>100</u>

(Continued)

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term loans	6(16)	\$ 380,866,050	11	\$ 532,315,377	16
2110	Short-term notes and bills payable	6(15)	30,528,296	1	19,283,228	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	1,881,685	-	651,426	-
2170	Accounts payable		870,678,994	26	905,682,505	27
2180	Accounts payable - related parties	7	35,509,127	1	42,340,749	1
2200	Other payables	6(17) and 7	217,732,729	7	228,985,231	7
2230	Current tax liabilities	6(36)	18,531,289	1	36,400,157	1
2250	Provisions for liabilities - current	6(24)	2,725,293	-	5,652,147	-
2280	Current lease liabilities	7	7,131,038	-	-	-
2300	Other current liabilities	6(18)	91,876,860	3	38,550,736	1
21XX	Total current liabilities		<u>1,657,461,361</u>	<u>50</u>	<u>1,809,861,556</u>	<u>54</u>
	Non-current liabilities					
2500	Financial liabilities at fair value through profit or loss - non-current	6(2)	-	-	22,835	-
2530	Corporate bonds payable	6(19)	175,505,344	5	178,794,577	5
2540	Long-term loans	6(20)	41,576,252	1	36,483,791	1
2550	Provisions for liabilities - non-current	6(24)	369,953	-	-	-
2570	Deferred income tax liabilities	6(36)	18,261,509	1	14,649,508	1
2580	Non-current lease liabilities	7	20,875,343	1	-	-
2600	Other non-current liabilities	6(23)	7,266,519	-	9,109,272	-
25XX	Total non-current liabilities		<u>263,854,920</u>	<u>8</u>	<u>239,059,983</u>	<u>7</u>
2XXX	Total liabilities		<u>1,921,316,281</u>	<u>58</u>	<u>2,048,921,539</u>	<u>61</u>
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(25)				
3110	Share capital - common stock		138,629,906	4	138,629,906	4
	Capital reserve	6(26)				
3200	Capital surplus		199,383,371	6	190,018,456	6
	Retained earnings	6(27)				
3310	Legal reserve		149,512,874	4	136,606,364	4
3320	Special reserve		60,309,927	2	27,539,310	1
3350	Unappropriated retained earnings		794,615,182	24	779,409,554	23
	Other equity interest	6(28)				
3400	Other equity interest		(102,451,720)	(3)	(60,309,927)	(2)
3500	Treasury stocks	6(25)	(15,194)	-	(15,194)	-
31XX	Equity attributable to owners of the parent		<u>1,239,984,346</u>	<u>37</u>	<u>1,211,878,469</u>	<u>36</u>
36XX	Non-controlling interest	6(29)	<u>159,641,071</u>	<u>5</u>	<u>120,555,419</u>	<u>3</u>
3XXX	Total equity		<u>1,399,625,417</u>	<u>42</u>	<u>1,332,433,888</u>	<u>39</u>
	Commitments and Contingent Liabilities	9				
	Subsequent Events	11				
3X2X	Total liabilities and equity		<u>\$ 3,320,941,698</u>	<u>100</u>	<u>\$ 3,381,355,427</u>	<u>100</u>

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

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31			
		2019		2018	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(30) and 7	\$ 5,342,810,995	100	\$ 5,293,803,022	100
5000 Operating costs	6(7)(33)(34) and 7	(5,026,942,570)	(94)	(4,961,773,118)	(94)
5900 Net operating margin		<u>315,868,425</u>	<u>6</u>	<u>332,029,904</u>	<u>6</u>
Operating expenses	6(33)(34)				
6100 Selling expenses		(30,129,101)	(1)	(32,690,093)	(1)
6200 General and administrative expenses	12(2)	(79,294,289)	(1)	(78,762,853)	(1)
6300 Research and development expenses		(91,548,149)	(2)	(84,430,083)	(2)
6000 Total operating expenses		<u>(200,971,539)</u>	<u>(4)</u>	<u>(195,883,029)</u>	<u>(4)</u>
6900 Operating profit		<u>114,896,886</u>	<u>2</u>	<u>136,146,875</u>	<u>2</u>
Non-operating income and expenses					
7010 Other income	6(31)	90,380,254	2	74,415,499	2
7020 Other gains and losses	6(32)	5,567,450	-	(997,809)	-
7050 Finance costs	6(35)	(66,600,696)	(1)	(55,544,836)	(1)
7060 Share of profit of associates and joint ventures accounted for under equity method	6(8)	<u>19,634,053</u>	<u>-</u>	<u>16,231,713</u>	<u>-</u>
7000 Total non-operating income and expenses		<u>48,981,061</u>	<u>1</u>	<u>34,104,567</u>	<u>1</u>
7900 Profit before income tax		163,877,947	3	170,251,442	3
7950 Income tax expense	6(36)	(31,692,859)	-	(40,416,017)	-
8200 Profit for the year		<u>\$ 132,185,088</u>	<u>3</u>	<u>\$ 129,835,425</u>	<u>3</u>

(Continued)

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	Year ended December 31			
			2019		2018	
			AMOUNT	%	AMOUNT	%
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	(Losses) gains on defined benefit plans	6(21)	(\$ 7,404)	-	\$ 217,476	-
8316	Unrealised gain (loss) on valuation of financial assets at fair value through other comprehensive income	6(3)(28)(29)	4,720,616	-	(4,687,419)	-
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	6(28)	3,028,377	-	(12,700,347)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(36)	1,481	-	(43,495)	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>7,743,070</u>	<u>-</u>	<u>(17,213,785)</u>	<u>(1)</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(28)(29)	(51,266,536)	(1)	(11,603,077)	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for under equity method	6(28)	(1,096,843)	-	(121,619)	-
8360	Other comprehensive loss that will be reclassified to profit or loss		<u>(52,363,379)</u>	<u>(1)</u>	<u>(11,724,696)</u>	<u>-</u>
8300	Other comprehensive loss for the year		<u>(\$ 44,620,309)</u>	<u>(1)</u>	<u>(\$ 28,938,481)</u>	<u>(1)</u>
8500	Total comprehensive income for the year		<u>\$ 87,564,779</u>	<u>2</u>	<u>\$ 100,896,944</u>	<u>2</u>
	Profit attributable to:					
8610	Owners of the parent		\$ 115,308,736	3	\$ 129,065,105	3
8620	Non-controlling interest		16,876,352	-	770,320	-
			<u>\$ 132,185,088</u>	<u>3</u>	<u>\$ 129,835,425</u>	<u>3</u>
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		\$ 74,706,141	2	\$ 103,120,437	2
8720	Non-controlling interest		12,858,638	-	(2,223,493)	-
			<u>\$ 87,564,779</u>	<u>2</u>	<u>\$ 100,896,944</u>	<u>2</u>
	Earnings per share	6(37)				
9750	Basic earnings per share		<u>\$</u>	<u>8.32</u>	<u>\$</u>	<u>8.03</u>
9850	Diluted earnings per share		<u>\$</u>	<u>8.24</u>	<u>\$</u>	<u>7.95</u>

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

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Equity attributable to owners of the parent													
	Notes	Retained Earnings					Other Equity Interest				Non-controlling interest	Total equity	
		Share capital - common stock	Total capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gain or loss on available-for-sale financial assets	Treasury stocks			Total
Year ended December 31, 2018													
Balance at January 1, 2018		\$ 173,287,383	\$ 97,872,884	\$ 122,732,924	\$ -	\$ 717,885,835	(\$ 56,320,437)	\$ -	\$ 28,781,127	(\$ 18,901)	\$ 1,084,220,815	\$ 87,571,640	\$ 1,171,792,455
Effects of retrospective application and retrospective restatement		-	-	-	-	7,309,666	-	23,174,353	(28,781,127)	-	1,702,892	(297,228)	1,405,664
Balance at January 1 after adjustments		<u>173,287,383</u>	<u>97,872,884</u>	<u>122,732,924</u>	<u>-</u>	<u>725,195,501</u>	<u>(56,320,437)</u>	<u>23,174,353</u>	<u>-</u>	<u>(18,901)</u>	<u>1,085,923,707</u>	<u>87,274,412</u>	<u>1,173,198,119</u>
Consolidated net income		-	-	-	-	129,065,105	-	-	-	-	129,065,105	770,320	129,835,425
Other comprehensive income (loss)	6(28)	-	-	-	-	173,981	(9,078,746)	(17,039,903)	-	-	(25,944,668)	(2,993,813)	(28,938,481)
Total comprehensive income (loss)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,239,086</u>	<u>(9,078,746)</u>	<u>(17,039,903)</u>	<u>-</u>	<u>-</u>	<u>103,120,437</u>	<u>(2,223,493)</u>	<u>100,896,944</u>
Appropriations of 2017 earnings:	6(27)	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	13,873,440	-	(13,873,440)	-	-	-	-	-	-	-
Special reserve		-	-	-	27,539,310	(27,539,310)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(34,657,477)	-	-	-	-	(34,657,477)	-	(34,657,477)
Capital reduction by cash	6(25)	(34,657,477)	-	-	-	-	-	-	-	3,707	(34,653,770)	-	(34,653,770)
Changes in equity of associates and joint ventures accounted for under the equity method	6(26)	-	6,572,078	-	-	-	-	-	-	-	6,572,078	-	6,572,078
Adjustments arising from changes in percentage of ownership in subsidiaries	6(26)	-	85,573,494	-	-	-	-	-	-	-	85,573,494	251,608	85,825,102
Increase in non-controlling interests	6(29)	-	-	-	-	-	-	-	-	-	-	35,252,892	35,252,892
Disposal of equity instruments at fair value through other comprehensive income	6(3)	-	-	-	-	1,045,194	-	(1,045,194)	-	-	-	-	-
Balance at December 31, 2018		<u>\$ 138,629,906</u>	<u>\$ 190,018,456</u>	<u>\$ 136,606,364</u>	<u>\$ 27,539,310</u>	<u>\$ 779,409,554</u>	<u>(\$ 65,399,183)</u>	<u>\$ 5,089,256</u>	<u>\$ -</u>	<u>(\$ 15,194)</u>	<u>\$ 1,211,878,469</u>	<u>\$ 120,555,419</u>	<u>\$ 1,332,433,888</u>
Year ended December 31, 2019													
Balance at January 1, 2019		\$ 138,629,906	\$ 190,018,456	\$ 136,606,364	\$ 27,539,310	\$ 779,409,554	(\$ 65,399,183)	\$ 5,089,256	\$ -	(\$ 15,194)	\$ 1,211,878,469	\$ 120,555,419	\$ 1,332,433,888
Consolidated net income		-	-	-	-	115,308,736	-	-	-	-	115,308,736	16,876,352	132,185,088
Other comprehensive income (loss)	6(28)	-	-	-	-	(5,923)	(48,490,283)	7,893,611	-	-	(40,602,595)	(4,017,714)	(44,620,309)
Total comprehensive income (loss)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,302,813</u>	<u>(48,490,283)</u>	<u>7,893,611</u>	<u>-</u>	<u>-</u>	<u>74,706,141</u>	<u>12,858,638</u>	<u>87,564,779</u>
Appropriations of 2018 earnings:	6(27)	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	12,906,510	-	(12,906,510)	-	-	-	-	-	-	-
Special reserve		-	-	-	32,770,617	(32,770,617)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(55,451,962)	-	-	-	-	(55,451,962)	-	(55,451,962)
Changes in equity of associates and joint ventures accounted for under the equity method	6(26)	-	(950,756)	-	-	(513,217)	-	-	-	-	(1,463,973)	-	(1,463,973)
Adjustments arising from changes in percentage of ownership in subsidiaries	6(26)	-	10,315,671	-	-	-	-	-	-	-	10,315,671	-	10,315,671
Increase in non-controlling interests	6(29)	-	-	-	-	-	-	-	-	-	-	26,227,014	26,227,014
Disposal of equity instruments at fair value through other comprehensive income	6(3)	-	-	-	-	1,545,121	-	(1,545,121)	-	-	-	-	-
Balance at December 31, 2019		<u>\$ 138,629,906</u>	<u>\$ 199,383,371</u>	<u>\$ 149,512,874</u>	<u>\$ 60,309,927</u>	<u>\$ 794,615,182</u>	<u>(\$ 113,889,466)</u>	<u>\$ 11,437,746</u>	<u>\$ -</u>	<u>(\$ 15,194)</u>	<u>\$ 1,239,984,346</u>	<u>\$ 159,641,071</u>	<u>\$ 1,399,625,417</u>

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

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31	
		2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 163,877,947	\$ 170,251,442
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(33)	65,144,046	58,210,706
Amortisation	6(33)	1,864,811	1,715,151
Cost of share-based payments	6(34)	3,831,801	-
Expected credit losses	12(2)	1,876,660	195,147
Impairment loss	6(32)	391,323	5,124,948
Loss on disposal of property, plant and equipment, net	6(32)	837,950	824,918
Gain on financial assets or liabilities at fair value through profit or loss, net	6(32)	(10,996,109)	(12,202,000)
Share of profit of associates and joint ventures accounted for using equity method	6(8)	(19,634,053)	(16,231,713)
Gain on disposal of investments	6(32)	(1,869,967)	(1,666,502)
Interest expense	6(35)	66,108,704	54,978,871
Interest income	6(31)	(75,819,336)	(60,400,627)
Dividend income	6(31)	(6,423,484)	(3,543,981)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss		7,762,176	(2,011,528)
Notes receivable		536,036	(302,417)
Accounts receivable		22,456,556	143,814,705
Accounts receivable due from related parties		3,418,255	31,879,664
Other receivables		5,878,317	2,888,426
Inventories		110,599,948	(58,738,438)
Prepayments		(299,314)	731,851
Changes in operating liabilities			
Accounts payable		(36,285,069)	(220,012,620)
Accounts payable to related parties		(6,831,622)	(54,974,370)
Other payables		(12,493,588)	(37,530,727)
Provisions for liabilities		(2,556,901)	855,649
Other current liabilities		11,543,240	(1,747,794)
Accrued pension liabilities		(179,233)	(123,752)
Cash inflow generated from operations		292,739,094	1,985,009
Income taxes paid		(44,721,356)	(42,141,231)
Net cash flows from (used in) operating activities		<u>248,017,738</u>	<u>(40,156,222)</u>

(Continued)

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31	
		2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(39)	(\$ 77,521,451)	(\$ 65,532,812)
Proceeds from disposal of property, plant and equipment	6(39)	6,569,952	27,883,428
Acquisition of financial assets at fair value through profit or loss		(22,036,448)	(4,405,425)
Net cash flow from acquisition of subsidiaries	6(38)	(3,989,043)	(26,112,000)
Proceeds from disposal of financial assets at fair value through profit or loss		20,768,886	112,953
Acquisition of financial assets at fair value through other comprehensive income		(1,264,282)	(7,514,778)
Proceeds from disposal of financial assets at fair value through other comprehensive income		2,845,909	2,794,477
Proceeds from disposal of financial assets at amortised cost-current		25,989,262	55,580,447
Acquisition of financial assets at amortised cost-non-current		-	(14,312,960)
Proceeds from repayments of financial assets at amortised cost		1,369,020	1,379,850
Other receivable due from related parties		30,049,126	44,992,310
Acquisition of investments accounted for using equity method	6(8)	(1,243,716)	(3,937,967)
Increase in other prepayment		-	241,377
Interest received		76,563,195	54,451,751
Dividends received		11,228,694	6,290,869
Acquisition of right-of-use assets		(469,473)	-
Acquisition of intangible assets		(21,271)	-
Decrease (increase) in other non-current assets		2,036,918	(167,081)
Other investing activities		(290,947)	(312,983)
Net cash flows from investing activities		<u>70,584,331</u>	<u>71,431,456</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans	6(39)	(153,984,671)	113,480,231
Increase in short-term notes and bills payable	6(39)	10,538,810	8,340,928
Proceeds from issuing bonds	6(39)	36,770,000	19,500,000
Repayments of bonds	6(39)	(11,000,000)	(38,617,729)
Proceeds from long-term debt	6(39)	21,128,785	17,585,680
Repayments of long-term debt	6(39)	(1,068,637)	(7,440,627)
(Decrease) increase in other non-current liabilities		(626,579)	645,671
Payment of lease liabilities		(4,712,236)	-
Changes in non-controlling interests	6(29)	3,091,260	251,608
Interest paid		(62,779,924)	(48,346,530)
Cash received from investment of non-controlling interests	6(29)	-	122,882,261
Cash dividends paid	6(27)	(55,451,962)	(34,657,477)
Capital reduction payments to shareholders	6(25)	-	(34,653,770)
Net cash flows (used in) from financing activities		(218,095,154)	118,970,246
Net effect of changes in foreign currency exchange rates		(31,304,878)	(4,079,214)
Net increase in cash and cash equivalents		69,202,037	146,166,266
Cash and cash equivalents at beginning of year		<u>788,662,325</u>	<u>642,496,059</u>
Cash and cash equivalents at end of year		<u>\$ 857,864,362</u>	<u>\$ 788,662,325</u>

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

Hon Hai Precision Industry Co., Ltd.

Attachment 4: Articles of Incorporation Amendment Comparison Table

Before Amendments	After Amendments	Description
<p>Article 2: The Company's scope of business is as follows:</p> <ol style="list-style-type: none"> 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, 	<p>Article 2: The Company's scope of business is as follows:</p> <ol style="list-style-type: none"> 1.C801010 Basic Industrial Chemical Manufacturing 2.C801030 Precision Chemical Materials Manufacturing 3.C802170 Toxic and Concerned Chemical Substances Manufacturing 4.C805050 Industrial Plastic Products Manufacturing 5.CA01090 Aluminum Casting Manufacturing 6.CA01130 Copper Material Rolls over Extends and Crowding 7.CA01990 Other Non-ferrous Metal Basic Industries 8.CA02010 Metal Architectural Components Manufacturing 9.CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified 10.CA04010 Metal Surface Treating 11.CB01010 Machinery and Equipment Manufacturing 12.CB01020 Office Machines Manufacturing 13.CB01030 Pollution Controlling Equipment Manufacturing 14.CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing Manufacturing 15.CC01020 Electric Wires and Cables Manufacturing 16.CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing 17.CC01060 Wired Communication Equipment and Apparatus Manufacturing 18.CC01070 Telecommunication Equipment and Apparatus Manufacturing 19.CC01080 Electronic Parts and Components Manufacturing 	<p>Amended in accordance with the Company Act and operational needs.</p>

sales and after-sales service.	20.CC01090 Batteries Manufacturing	
10. Measurement and inspection services for machineries, electronic parts and molds.	21.CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing	
11. The development, manufacture, or sale of testing equipment or acting as a sale agent thereof.	22.CC01110 Computers and Computing Peripheral Equipments Manufacturing	
12. Plastic materials and metal materials import and export.	23.CC01120 Data Storage Media Manufacturing and Duplicating	
13. The development, design, manufacture, processing and sale of constructions materials.	24.CC01990 Electrical Machinery, Supplies Manufacturing	
14. Shipping centers and bonded warehouse business.	25.CD01030 Automobiles and Parts Manufacturing	
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.	26.CD01060 Aircraft and Parts Manufacturing	
16. Construction of industrial plants, residential and commercial real estate business.	27.CE01010 Precision Instruments Manufacturing	
17. Construction materials and machineries business or as an agent thereof.	28.CE01021 Metrological Instruments Manufacturing	
18. Illumination and telecommunication system design and installation.	29.CE01030 Photographic and Optical Equipment Manufacturing	
19. Health and safety system and interior remodeling design and installation.	30.CE01040 Watches and Clocks Manufacturing	
20. Operation of real estate property management, trading broker, lease, contract and agency businesses.	31.CE01990 Other Photographic and Optical Instruments Manufacturing	
21. The development, design, manufacture, assembly, processing, testing and trading of integrated circuit and the docking stations.	32.CQ01010 Die Manufacturing	
22. The development, design, manufacture, processing and trading of CD-ROM drives.	33.E603050 Cybernation Equipments Construction	
	34.E603090 Illumination Equipments Construction	
	35.E701040 Basic Telecommunications Equipment Construction	
	36.E801030 Interior Light Rigid Frame Construction	
	37.F106010 Wholesale of Ironware	
	38.F106030 Wholesale of Die	
	39.F107060 Toxic and Concerned Chemical Substances Wholesale Trade	
	40.F107200 Wholesale of Chemistry Raw Material	
	41.F110010 Wholesale of Clocks and Watches	
	42.F111090 Wholesale of Building Materials	
	43.F113010 Wholesale of Machinery	
	44.F113020 Wholesale of Household Appliance	
	45.F113030 Wholesale of Precision Instruments	
	46.F113050 Wholesale of Computing and Business Machinery Equipment	
	47.F113060 Wholesale of Metrological Instruments	
	48.F113070 Wholesale of Telecom	

23. The development, design, manufacture and trading of CD-ROM disks.	Instruments 49.F113100 Wholesale of Pollution Controlling Equipments	
24. The manufacture, processing and trading of gold potassium cyanide.	50.F113110 Wholesale of Batteries 51.F113990 Wholesale of Other Machinery and Equipment	
25. Research and development of engineering plastics, blending, mixing, and processing applications, technology transfer and trading.	52.F116010 Wholesale of Photographic Equipment 53.F118010 Wholesale of Computer Software	
26. Import and export trade business of the products listed above.	54.F119010 Wholesale of Electronic Materials 55.F206010 Retail Sale of Ironware	
27. CC01020 Wire and cable manufacturing.	56.F207060 Toxic and Concerned Chemical Substances Retail 57.F207200 Retail sale of Chemistry Raw Material	
28. CC01080 Electronic parts and components manufacturing.	58.F210010 Retail Sale of Watches and Clocks 59.F211010 Retail Sale of Building Materials	
29. CB01020 Office machines manufacturing.	60.F213010 Retail Sale of Household Appliance 61.F213030 Retail sale of Computing and Business Machinery Equipment	
30. CC01010 Power generation, transmission, and distribution equipment manufacturing.	62.F213040 Retail Sale of Precision Instruments 63.F213050 Retail Sale of Metrological Instruments	
31. CB01010 Machinery and equipment manufacturing.	64.F213060 Retail Sale of Telecom Instruments 65.F213080 Retail Sale of Machinery and Equipment	
32. CD01030 Automotive and parts manufacturing.	66.F213100 Retail Sale of Pollution Controlling Equipments 67.F213990 Retail Sale of Other Machinery and Equipment	
33. CD01060 Aircraft and parts manufacturing.	68.F218010 Retail Sale of Computer Software 69.F219010 Retail Sale of Electronic Materials	
34. CA01990 Other non-ferrous metal industries. (Mg)	70.F401010 International Trade 71.F401021 Restrained Telecom Radio Frequency Equipments and Materials Import	
35. C805050 Industrial plastic products manufacturing.	72.F401181 Metrological Instruments Importing 73.G801010 Warehousing and Storage	
36. CC01050 Data storage and processing equipment manufacturing.	74.H701010 Residence and Buildings Lease Construction and Development 75.H701020 Industrial Factory Buildings Lease Construction and Development	
37. F119010 Electronic materials wholesale trading.	76.H703100 Real Estate Rental and Leasing	
38. F219010 Electronic materials retail sales.		
39. CA01090 Aluminum foundry.		
40. CA01130 Copper secondary processing.		
41. CC01060 Wired communication machinery and equipment		

<p>manufacturing.</p> <p>42. CC01070 Wireless communication machinery and equipment manufacturing.</p> <p>43. CC01101 Restricted telecommunications RF equipment manufacturing.</p> <p>44. F401021 Restricted telecommunications RF equipment importers.</p> <p>45. ZZ99999 In addition to licensed businesses, the Company may operate any other businesses that are not prohibited or restricted by law.</p>	<p>77.H704031 Real Estate Agencies</p> <p>78.H704041 Real Estate Agency Operation</p> <p>79.I101100 Aviation Consultancy</p> <p>80.I301010 Software Design Services</p> <p>81.I301030 Digital Information Supply Services</p> <p>82.I501010 Product Designing</p> <p>83.IF04010 Harmless Checking Services</p> <p>84.IG03010 Energy Technical Services</p> <p>85.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval</p> <p><u>86.I301020 Data Processing Services</u></p> <p><u>87.JA02010 Electric Appliance and Audiovisual Electric Products Repair Shops</u></p> <p><u>88.CD01040 Motor Vehicles and Parts Manufacturing</u></p> <p><u>89.IG01010 Biotechnology Services</u></p> <p><u>90.IG02010 Research Development Service</u></p> <p><u>91.CF01011 Medical Materials and Equipment Manufacturing</u></p> <p><u>92.F108031 Wholesale of Drugs, Medical Goods</u></p> <p><u>93.F208031 Retail sale of Medical Equipments</u></p>	
<p>Article 32 These Articles of Incorporation were enacted on January 5, 1974. The 1st amendment was made on January 20, 1974.</p> <p>(omitted)</p> <p>The 49th Amendment was made on June 21, 2019.</p>	<p>Article 32 These Articles of Incorporation were enacted on January 5, 1974. The 1st amendment was made on January 20, 1974.</p> <p>(omitted)</p> <p>The 49th Amendment was made on June 21, 2019. The 50th Amendment was made on June 23, 2020.</p>	

APPENDICES

Hon Hai Precision Industry Co., Ltd.

Appendix 1: Rules and Procedures of Shareholders' Meeting

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

third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Act.

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

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

resolutions shall be designated by the chairman, provided, however, that the person supervising the casting of votes shall be a shareholder.

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

Hon Hai Precision Industry Co., Ltd.
Appendix 2: Articles of Incorporation

Chapter I
General Provisions

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

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

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

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

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

Article 4 The Company is headquartered in New Taipei City, Taiwan and when necessary may

establish branches or subsidiaries at home and abroad according to resolutions by the board of directors.

By a resolution of the board of directors, the Company may engage in domestic or foreign investment in other companies. The total amount of the Company's investment in other companies is exempted from the prohibition against exceeding 40 percent of paid-up capital described in Article 13 of the Company Act.

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

Chapter II

Shares

Article 6 The authorized capital of the Company is NT\$180 billion, consisting of 18 billion shares, all of common stock, with a par value of NT\$10 per share. The board of directors is authorized to issue the shares in separate installments as required, of which 500 million shares are reserved for stock options with warrants or corporate bonds for the exercise of stock options. The board of directors is also authorized to issue shares in separate installments as required. Directors are empowered to authorize the recipients of employee stock options; recipients of employee restricted shares plan; recipients of issuance of shares (cash capitalization) reserved for subscription by employees; the means of issuance and subscription of the above, furthermore, recipients must qualify as an employee of the Company.

Article 7 The share certificates of the Company shall without exception be in registered form, signed by, or affixed with the seals of a Company representative Director, and authenticated by securities certification bank upon issuance. Shares issued by the Company need not be in certificate form, but need to be registered through the centralized securities depository.

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

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

Chapter III

Shareholders' Meeting

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

regulations whenever necessary.

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

- Article 11 The shareholders' meeting shall be convened by the board of directors. The chairman of the board shall be the chairman presiding at the meeting. If the chairman of the board is on leave or cannot perform his duties for some reason, pursuant to Article 208 of the Company Act, the shareholders' meeting shall be convened by others who have the right to convene a meeting and he or she shall be the chairman. If there is more than one person with the rights to convene a shareholders' meeting, they shall nominate a chairman from among themselves.
- Article 12 For any shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by using the proxy form issued by the Company and specifying the scope of proxy.
- Article 13 Each shareholder of the Company is entitled to one vote per share, unless otherwise provided by applicable law or regulation.
- Article 14 Unless otherwise provided by applicable law or regulation, a resolution of the shareholders' meeting shall be adopted by the consent of a majority of the votes represented by those in attendance at the meeting, in person or by proxy, by shareholders who represent a majority of the total issued shares.
- Article 15 The resolutions of the shareholders meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the stamp of the chairman of the meeting. Such minutes, together with the attendance list and proxies, shall be filed and kept at the head office of the Company and announced to all shareholders within 20 days.

Chapter IV

Board of Directors and the Audit Committee

- Article 16 The Company shall have seven to eleven directors, with three-year office term. Directors are elected and appointed by the shareholders' meeting from candidates in accordance with the candidate nomination system of Article 192-1 of the Company Act. Candidate(s) may continue in office if re-elected. The aggregate shareholding percentages of the entire bodies of directors shall comply with the regulations prescribed by the securities supervisory authorities.
- Article 16-1 Pursuant to Article 14-2 and Article 183 of the Securities and Exchange Act, the Company's board of directors shall include at least two independent directors, and independent directors should be no less than 1/5 of the total number of directors.
- Article 17 The board of directors shall consist of the directors of the Company; the chairman of the board of directors shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors, and also elect a vice chairman of the board in the same manner. Internally, the chairman of the board of directors shall preside the shareholders' meeting and the

meeting of the board of directors, and also represent the Company in external matters. In case the chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, the resulting procedures will be pursuant to Article 208 of the Company Act.

Article 18 Except for the first meeting of the board of directors of every new term, which shall be convened pursuant to Article 203 of the Company Act, all other meetings of the board of directors shall be convened by the chairman of the board of directors. Unless otherwise provided for by applicable law or regulation, a resolution of the board of directors shall be adopted by the consent of a majority of the votes represented by those the majority in attendance at the board of directors meeting. Directors shall attend meetings of the board of directors. If a director is unavailable to attend a meeting in person, the director may issue a power of attorney for the given meeting specifying the scope of the authorized powers to authorize another director to attend the meeting on the director's behalf, provided that a director may represent only one other director at a meeting pursuant to Article 205 of the Company Act. Meetings of the board of directors shall be called once per quarter, and extraordinary sessions may be convened only when necessary.

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

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

1. The Company's business focus, business and long-term development plans shall be decided by the board of directors.
2. Propose the Company's annual budget plan.
3. Propose to increase or decrease Company capital.
4. Propose profit distribution or a plan for recovery of losses.
5. Propose major contracts.
6. Propose to revise the Articles of Incorporation.
7. Set up Company organizational structures and business rules.
8. Setup, dissolution, re-organization and dismissal of branch offices.
9. Commissioning and decommissioning of the Company's 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.
15. Resolutions regarding shareholder cash bonuses, legal reserve, and additional paid-in capital.

Article 20 If there is a shortfall of one-third of directors, the Board of Directors shall convene a shareholders' meeting for the by-election. The term of newly elected directors shall

continue for the original term of the directors replaced, except in the case of a comprehensive re-election of all directors.

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

Article 22 (deleted)

Article 23 (deleted)

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

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

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

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

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

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

Chapter V

Manager

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

Chapter VI

Accounting

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

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

Article 28 If the Company reports a surplus (Surplus refers to profit before tax deducted

appropriated employee compensation), 5%-7% of which shall be set aside as employee compensation. If the Company has accumulated losses, the Company shall reserve an amount to offset it.

Employee compensations mentioned in preceding paragraph shall be distributed in stocks or in cash. The payment shall apply to employees in the subsidiaries and must qualify as an employee of the Company along with criteria of issuance and eligibility developed by the Board of Directors.

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

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

1. Recovering of Losses.
2. Appropriation of 10% for legal capital reserve, where such legal reserve amounts to the total paid-in capital, this provision shall not apply.
3. Appropriate or return to Special capital reserve pursuant to applicable law or regulation.

As to the earnings available for appropriation to shareholders including accumulated un-appropriated earnings and earnings available for appropriation of this year, the board of directors is authorized to draft an appropriation plan in accordance with the dividend policy in Section 4 of this Article.

The Company authorizes the distributable dividends and bonuses, legal or capital reserve, in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting, in this case the aforesaid resolution at the meeting of shareholders in the previous section will not apply.

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

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

The aforesaid stock purchases, the recipient must qualify as an employee of the Company along with criteria of issuance and eligibility developed by the Board of Directors.

Chapter VII

Supplementary Provisions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The 21st amendment was made on May 19, 1990.

The 22nd amendment was made on April 28, 1991.

The 23rd amendment was made on May 27, 1992.

The 24th amendment was made on June 21, 1993.

The 25th amendment was made on May 21, 1994.

The 26th amendment was made on June 10, 1995.

The 27th amendment was made on June 24, 1996.

The 28th amendment was made on June 21, 1997.

The 29th amendment was made on October 7, 1997.

The 30th amendment was made on June 15, 1998.

The 31st amendment was made on June 1, 1999.

The 32nd amendment was made on June 2, 2000.

The 33rd amendment was made on May 31, 2001.

The 34th amendment was made on June 10, 2002.

The 35th amendment was made on December 24, 2003.

The 36th amendment was made on June 10, 2004.

The 37th amendment was made on June 14, 2005.

The 38th amendment was made on June 14, 2006.

The 39th amendment was made on June 8, 2007.

The 40th amendment was made on June 2, 2008.

The 41st amendment was made on April 16, 2009.

The 42nd amendment was made on June 8, 2010.
The 43rd amendment was made on June 8, 2011.
The 44th amendment was made on June 18, 2012.
The 45th amendment was made on June 26, 2013.
The 46th amendment was made on June 25, 2014.
The 47th Amendment was made on June 25, 2015.
The 48th Amendment was made on June 22, 2016.
The 49th Amendment was made on June 21, 2019.

Hon Hai Precision Industry Co., Ltd.

Appendix 3: Shareholdings of Directors and Independent Directors

1. As of 04/25/2020, all directors and independent directors' minimum shareholding number and actually registered holding shares

Title	Minimum number of shares to be held	Shares actually held in share register
Director	160,000,000	1,350,095,955

2. As of 04/25/2020, table of shares held by all directors and independent directors

Title	Name	Shares actually held in share register
Chairman	Liu, Young-Way	656,219
Vice Chairman	Hon Jin International Investment Co., Ltd. Representative: Lee, Jay	1,483,078
Director	Gou, Tai-Ming (Terry Gou)	1,341,768,518
Director	Lu, Fang-Ming	6,177,580
Director	Hon Jin International Investment Co., Ltd. Representative: Lu, Sung-Ching	1,483,078
Director	Fu Chu Technology Co., Ltd. Representative: Tai, Cheng-Wu	10,560
INED	James Wang	0
INED	Kuo, Tei-Wei	0
INED	Kung, Kuo-Chuan	0