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HON HAI PRECISION INDUSTRY CO., LTD.

2021 Annual Shareholders' Meeting

Meeting Handbook

June 23, 2021

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2021 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.
2021 Annual General Shareholders' Meeting

MEETING PROCEDURE

Time of Meeting: June 23, 2021 (Wednesday) at 9:00 am

Location of Meeting: No.2 Zihyou Street,
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.
2021 Annual General Shareholders' Meeting

MEETING AGENDA

- I. Chairman to announce the commencement of meeting
- II. Report Items
 - (1) Report the business of 2020.
 - (2) Statutory Auditor's review of 2020 audited financial statements.
 - (3) Report on the 2020 employee compensation distributions.
 - (4) Report on the 2020 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 2020 Business Report and Financial Statements.
 - (2) To approve the proposal for distribution of 2020 earnings.
 - (3) To approve the lifting of director of non-competition restrictions.
- IV. Extraordinary Motions
- V. Meeting Adjournment

REPORT ITEMS

Item 1:

2020 Business Report

Description:

1. Please refer to Attachment 1 (pages 14-17) for the Business Report.
2. Please refer to Attachment 3 (pages 19-50) for the Financial Statements.

Item 2:

Audit Committee's Review Report of 2020 audited financial statements

Description:

Please refer to Attachment 2 (page 18) and Attachment 3 (pages 19-50) for the Audit Committee's Review Report and the Accountant's Audit Report, respectively.

Item 3:

Report on the 2020 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\$6,001,329,021 in 2020, 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 2020.
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 2020 Earnings distribution****Description:**

1. The 2020 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 were NT\$55,451,962,436 at the end of the 2020 period, and the Company distributed dividends of NT\$4.
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 2020 investments in the Chinese mainland, and status of approval by the Investment Commission, Ministry of Economic Affairs are as follows:

Approval Code	Company Name	Amount Approved (US\$)
10800372280	HongFuJin Precision Electrons (YanTai) Co., Ltd.	100,000,000
10900245300	FOXCONN (KUNSHAN) COMPUTER CONNECTOR CO.,LTD.	150,460,000
10930001720	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	16,930,000
10930007310	Zettmage Solutions, Inc.	3,496,660
10930007320	Pollux Technologies, Inc.	2,097,996
10930007330	Langyage Semiconductor, Inc.	1,398,664
10930014760	Kore Semiconductor,Inc.	8,532,000
10930014830	Foshan Pulida Technology Co., Ltd.	9,995,114

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, 2020		
Date of Approval	May 5th 2020		
Date of Issuance	May 14th 2020		
Total Issuance Amount	6,600,000		
Face Value	1,000		
Issue Price	NT\$100 (at Par)		
Type of Bonds	Coupon A	Coupon B	Coupon C
Issuance Amount	1,900,000	4,100,000	600,000
Term	2020.5.14 | 2025.5.14	2020.5.14 | 2027.5.14	2020.5.14 | 2030.5.14
Coupon Rate (Fixed Rate)	0.80%	0.90%	1.00%
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 Q2 2020		

Unit: NT\$'000

Tranche/Category	The 2 nd Tranche of Unsecured Ordinary Corporate Bonds, 2020			
Date of Approval	August 31 st 2020			
Date of Issuance	September 9 th 2020			
Total Issuance Amount	8,250,000			
Face Value	1,000			
Issue Price	NT\$100 (at Par)			
Type of Bonds	Coupon A	Coupon B	Coupon C	Coupon D
Issuance Amount	2,850,000	3,700,000	1,400,000	300,000
Term	2020.9.9 | 2025.9.9	2020.9.9 | 2027.9.9	2020.9.9 | 2030.9.9	2020.9.9 | 2032.9.9
Coupon Rate (Fixed Rate)	0.69%	0.79%	0.90%	1.00%
Interest Payment	From the date of the issuance, a simple interest is calculated and distributed			
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 Q3 2020			

Unit: NT\$'000

Tranche/Category	The 3 rd Tranche of Unsecured Ordinary Corporate Bonds, 2020			
Date of Approval	December 17 th 2020			
Date of Issuance	December 28 th 2020			
Total Issuance Amount	12,000,000			
Face Value	1,000			
Issue Price	NT\$100 (at Par)			
Type of Bonds	Coupon A	Coupon B	Coupon C	Coupon D
Issuance Amount	1,800,000	6,600,000	3,400,000	200,000
Term	2020.12.28 | 2025.12.28	2020.12.28 | 2027.12.28	2020.12.28 | 2030.12.28	2020.12.28 | 2035.12.28
Coupon Rate (Fixed Rate)	0.53%	0.63%	0.68%	0.90%
Interest Payment	From the date of the issuance, a simple interest is calculated and distributed			
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 2020			

RATIFICATION AND DISCUSSION ITEMS

Proposal 1: To approve 2020 Business Report and Financial Statements

(Proposed by the Board of Directors)

Description:

1. The 2020 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 2020 earnings.

(Proposed by the Board of Directors)

Description:

The 2020 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.

2020 Earnings Allocation Table

Unit: NT\$

Items	Amount	Note
Net Income of 2020	101,794,807,191	
Minus: Disposal of investments in equity instruments at fair value through other comprehensive income	4,656,502,528	
Minus: 2020 remeasurements of defined benefit plans	38,100,660	
Add: Changes in equity of associates and joint ventures accounted for using equity method	18,221,018	
The total amount of after-tax net income for the period and other items adjusted to the current year's undistributed earnings other than after-tax net income for the period	97,118,425,021	
Minus: Legal Reserve (10%)	9,711,842,502	
Add: Special reserve	15,136,593,824	
Earnings in 2020 available for distribution	102,543,176,343	
Add: Unappropriated retained earnings at the beginning of period	682,717,955,077	
Retained earnings available for distribution as of December 31, 2020	785,261,131,420	
Distributable Items:		
Cash Dividends	55,451,962,436	NT\$4 per share
Unappropriated retained earnings	729,809,168,984	

Note1: Priority to distribute 2020 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: To approve the lifting of director of non-competition restrictions.

(Proposed by the Board of Directors)

Description:

In accordance with the Article 209 of the Company Act, it is proposed to lift the non-competition restrictions to the following directors, so as to assist the company’s business development.

Category	Candidate Name	Company Name and Concurrent Position
Chairperson	Liu, Young-Way	Chairperson of Foxtron Vehicle Technologies Co., Ltd.

Resolution:

Extraordinary Motions

Adjournment

ATTACHMENTS

Hon Hai Precision Industry Co., Ltd. Attachment 1: Business Report

Thank you to all shareholders for the unwavering support for Hon Hai throughout our growth, as we approach the 30-year milestone since Hon Hai's initial public listing in 1991. Before public listing two decades ago, Hon Hai was just a small enterprise focused on the connector manufacturing business with an annual turnover of NT\$1.775 billion, and a capital of NT\$460 million. Fast forward to the present, Hon Hai is now reached NT\$5.358 trillion in turnover, with performance growing more than three-thousand-fold in the past 30 years; it has become a global group spanning Asia, America, and Europe. Currently, the Group ranks first globally in the field of Electronic Manufacturing Services ("EMS"), with a market share exceeding 40%.

With the continual growth of Hon Hai, Hon Hai will need to consider existing operations and sources for new growth momentum in tandem. In an effort to adhere to the principles set before public listing, "Continual development of new products and technologies to respond to changes in the market". In the recent years, we have rigorously challenged the status quo for the Information and Communication Technologies ("ICT") industry, with novel products and meeting new customers' needs. In the past year, the development and implementation of the "3+3" new industry, technology fields have also yielded significant results.

Currently in the ICT industry, the Group selects electronic products with growth potential and stable profitability with the criteria of "Right Customers, Right Products, and Right Timing". Consequently, even when the macro environment has been adversely affected by the coronavirus, Hon Hai still performed. The company's operational results for the year are as follows: the consolidated revenue for the year was NT\$5.358 trillion, a record high; the net profit for the period attributable to the owners of the parent company is a new record NT\$101.795 billion, and an earnings per share of NT\$7.34.

Promising Prospects for the ICT Industry

In the past, the main areas for the application of the Group's products included consumer electronics; cloud network products; computer terminal products, components, and other products, etc. Amongst these, smartphones accounted for the largest portion of revenue; even though hardware has been developed for many years, differentiation and innovation is still ubiquitous for high-end products. With lighter and thinner form factors in tandem with increased functionality, the complexity and precision of components and mechanisms, and the expansion of the ecosystem into product categories such as wearables. This gives Hon Hai a distinct advantage to leverage our extensive vertical integration and mass production capabilities; to assist customers in brand value creation, increasing competitiveness, and create more development opportunities into the future.

Additionally, due to the global promotion of 5G infrastructure, many customers have also begun to launch new consumer products, driving Hon Hai's next wave of growth momentum. Moreover, with the impact of the coronavirus, home office, home entertainment, and other stay-at-home economies have maintained an uptrend; driving growth and significant demand for cloud servers and network communications, through to the end consumers in forms of tablets, laptops, gaming consoles. Expectations for the future growth momentum of the ICT industry will be supported by the stay-at-home economy in the post-pandemic era.

In response to the industry development trend of "Regional Manufacturing", Hon Hai continues its commitment in Taiwan, China, Vietnam, India, Mexico, the United States, among others to collaborate with customers regional manufacturing implementation, while adopting a localized strategy to strengthen the Group's reach and depth in international manufacturing. Equipped with the Group's flexibility, depth, breadth, and speed, we maintain a distinct competitive advantage that is difficult for competitors to rival in the short-term.

New Hon Hai's Successful Transformation

Due to the ravaging pandemic, we have faced the "worst environment" in the past year. The resistance on the flow of personnel have increased, and the decades-long habitual face-to-face with customers has undergone a forced transformation. At the same time, we are also ushering in the period of "best opportunity". The Group's short, medium, and long-term corporate transformation plan of "F1.0 optimization of the status-quo; F2.0 digital transformation; F3.0 transformation and upgrade", has laid a foundation for a clear direction.

For F1.0, a meeting of senior managers was held internally to instill the strengthening of corporate governance thinking and implementation, and implementation of key topics of "Division of Labor, Sharing, Profit-making, and Elimination of Fraud". With the coronavirus pandemic yet to abate, an increased adoption of digital tools to service customers worldwide is necessary, moreover, to keep factories connected globally. In the past year, the Group has held more than 160 global pandemic prevention and safety related events; established new standards of production safety communication mechanisms. Despite the pandemic, this has positively increased the optimization speed for the Groups internal and external communications and elevated the Groups efficiencies above and beyond pre-pandemic levels.

In terms of F2.0, the Group successfully established a set of innovative factory digital management system. This system enabled the Hon Hai Chengdu campus to be selected as of the Lighthouse factories for the World Economic Forum, and the Group joined the rare few companies with two WEF-certified Lighthouse factories. This award also represents the affirmation of the group's promotion of F2.0 digital transformation, and further validated the strength of our global technology manufacturing services. In the past year, we have also formed alliances with top companies such as SAP and Microsoft to further enhance the Group's competitiveness.

For F3.0, the focal point of New Hon Hai's strategy, the Group's planned "3+3" (emerging industries + technologies) enables the expansion of the Group's technical and industrial breadth, in-turn increases profitability goals. Among them is the field of electric vehicles ("EV"). The Group has successively established cooperative relationships with partners such as Fisker Automotive in the United States, Geely and Byton in Mainland China, etc., continually expanding the potential of the EV industry offerings going forwards.

On Hon Hai Tech Day ("HHTD20") last October, we announced the establishment of the MIH Alliance, with the goal of standardization, modularization, and platformization. It was not only the first in the industry, but also significantly lowered the entry barrier for EV development and heralded an open participation era. Within just six months, more than 1,500 members from five continents at home and abroad have signed on. The alliance has received enthusiastic responses from partners in the fields of software, hardware, and services; many of whom leaders in their fields. The accumulation and collaboration between the participants will be key in promoting the development of the EV industry.

Moreover, in this era of rapid development of technologies such as automation, chip integration, digitization, and intelligence; it is imperative to identify trends and deploy R&D in advance, to provide transformation impetus for the Group from "brawns" to "brains". Therefore, we formally established the Hon Hai Research Institute on June 17, 2020. As one of the core development strategies of the Group's transformation and upgrading towards F3.0, the research institute focuses on the future 3 to 7 years of forward-looking technology research and development; strengthening the Group's technological prowess and elevating product value. The institute has 5 research faculties: Artificial Intelligence, Next-Generation Communications, Quantum Computing, Cyber-Security, and Semiconductors. The fruits of research will provide prospective support for the Group's manufacturing sites, empowering various business groups and establishing technical advantage in the 3+3 fields, widening the gap with competitors.

Continuous Efforts for Social Responsibility

At last year's shareholders' meeting, we reported the Group's goals relating to Environmental, Social and Governance issues ("ESG"). During the past year, in our efforts of social communication, we have continued transparent disclosures and promote the establishment of the "Sustainable Management = EPS + ESG" corporate culture.

In view of the increasingly severe global climate crisis, the Group has formally announced its response to Climate Action 100+ ("CA100+") in November 2020, requiring all affiliated plants to comply with the local government's carbon emission policy, continue the strengthening of climate risks governance and actively manage greenhouse gas emissions. For climate-related disclosure, support and adherence with Task Force on Climate-related Financial Disclosures ("TCFD") suggestions have been implemented. At the same time, we have also announced our contribution and determination to the 1.5°C goal, to achieve net-zero greenhouse gas emissions by 2050, and limit global warming to 1.5°C.

To ensure a more scientifically fair calculation methodology for our carbon reduction targets, Hon Hai submitted an ambitiously stringent 1.5°C commitment to the Science Based Targets initiative (SBTi) in January 2021. At present, we have brought onboard third-party consultant Carbon Trust to assist in the setting of scientific carbon targets, accurate calculation of carbon footprints, formulation of targets and corresponding strategies in line with our 1.5°C goal, and achieve Hon Hai's target of net zero emissions.

Recently, we have also signed a memorandum of cooperation with international certifier UL, jointly promote the use of Shenzhen Longhua Park as a demonstration site for the "Zero Waste Park" and to strengthen cooperation with supply chain customers for environmental management.

As an emergency response during the early stages of the coronavirus outbreak, we have successively launched self-made face mask production lines in Taiwan, China, India, Hungary, the United States, and Mexico, among others. Within a year's time, the cumulative production of masks for the Group has exceeded 240 million units. Although face masks are technically the simplest product produced in the Group's history, it is one of most symbolic importance. The Group has also contributed surplus mask production capacity to assist communities to strengthen pandemic prevention.

External Honors and Affirmation

Recently, the Group was awarded the Clarivate Analytics "Top 100 Global Innovators" and is also the only non-state-owned enterprise in Taiwan to have won this award for four consecutive years. It represents the ongoing affirmation of the Group's excellent performance in terms of innovation and influence, active strengthening of international market presence, forward-looking innovations, and thereby establishing long-term competitiveness.

Moreover, Hon Hai has also won the "2019 2020 Taiwan Corporate Sustainability Awards" from the Taiwan Business Sustainability Institute ("TCSA") for two consecutive years, and the British Standards Institute ("BSI") "Sustainability Excellence Award 2020"; In Mainland China, the Group received the "2020 Chinese Enterprises ESG Best Practice" and were selected as the "Excellent ESG Cases of Chinese Enterprises White Paper", both of these awards support the Group's excellent commitments and contributions to ESG issues.

Looking to the future, Hon Hai will continue to uphold the concept of "Sustainable Management = EPS + ESG", promote a culture of friendly environment, and fulfill its role as a corporate citizen. Among them, "3+3" is an important long-term strategy of the group. The first step will entail commitment in the new energy automobile industry, in-turn accelerating the transformation and upgrade of Hon Hai on the path of sustainable management. Most importantly, we aim to continue to Group's expansion, continue to deliver steady value and higher equity for all shareholders.

Chairman: Liu, Young-Way

Hon Hai Precision Industry Co., Ltd.

Attachment 2: Audit Committee's Review Report

The Board of Directors has prepared the Company's Financial Statements, 2020 Business Report and proposal for distribution of 2020 earnings. Of which, the Financial Statements have been audited by PricewaterhouseCoopers Taiwan. The Financial Statements, 2020 Business Report and proposal for distribution of 2020 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.

Chairperson of the Audit Committee:

On the date of May 14, 2021

Hon Hai Precision Industry Co., Ltd.

Attachment 3: Independent Auditors' Report and 2020 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, 2020 AND 2019

(STOCK CODE: 2317)

Audit Reports of Independent Accountants

Financial Review No. 20004152 (2021)

To Hon Hai Precision Industry Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Hon Hai Precision Industry Co., Ltd. (hereinafter referred to as ‘Hon Hai’) as of December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, parent company only statements of changes in equity, parent company only statements of cash flows as of January 1 to December 31, 2020 and 2019, and notes to the parent company only financial statements (including a summary of significant accounting policies).

In our opinion, based on our audit results and the audit reports of other public accountants, the above-mentioned parent company only financial statements present fairly, in all material aspects, the parent company only financial position of Hon Hai as of December 31, 2020 and 2019, and its parent company only financial performance and parent company only cash flows as of January 1 to December 31, 2020 and 2019 in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Basis for Opinion

In 2020, we conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants,” and the generally accepted auditing standards in the Republic of China (“ROC GAAS”). In 2019, we conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants,” “Jin-Guan-Zheng-Shen-Zi Order No. 1090360805 issued by the Financial Supervisory Commission on February 25, 2020” and the generally accepted auditing standards in the Republic of China (“ROC GAAS”). Our responsibility under such standards will be further explained in the section titled “Independent accountant’s responsibilities for the audit of the parent company only financial statements.” Our staffs subject to the independence requirements are complied with the Codes of Professional Ethics for Certified Public Accountants in the Republic of China (the “Codes”), independent of Hon Hai, and have fulfilled other ethical responsibilities in accordance with the Codes. Based on our audits and the audit 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 refer to those matters that, in our professional judgment, were of most significance in the audit of Hon Hai's 2020 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 2020 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 (31) 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, 2020, Hon Hai's inventories and allowance for inventory valuation losses amounted to NT\$84,040,761 thousand and NT\$1,715,176 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, 2020 and 2019, the investment accounted for under the equity method amounted to NT\$36,873,056 thousand and NT\$38,854,657 thousand, respectively. Based on the financial statements for 2020 and 2019 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\$224,548 thousand and a loss of NT\$911,941 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 2020 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

Hsu, Sheng-Chung

Former Securities Commission of the Ministry of Finance

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

Financial Supervisory Commission

Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1010034097

March 30, 2021

HON HAI PRECISION INDUSTRY CO., LTD.
Parent Company Only Balance Sheets
December 31, 2020 and 2019
Unit: Expressed in thousands of New Taiwan Dollars

Assets	Notes	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Current assets					
1100 Cash and cash equivalents	6 (1)	\$ 283,147,770	9	\$ 29,946,068	1
1100 Financial assets at fair value through profit or loss - current	6 (2)	967,325	-	980,454	-
1136 Financial assets at amortized cost - current	6 (4)	3,000,000	-	-	-
1170 Accounts receivable, net	6(5)	353,798,480	11	421,831,190	14
1180 Net accounts receivable - related parties	7	237,960,074	7	163,985,832	5
1200 Other receivables		930,046	-	1,251,995	-
1210 Other receivables - related parties	7	810,529,936	24	835,369,029	28
130X Inventory	6(6)	82,325,585	2	97,924,242	3
1410 Prepayments	7	771,066	-	756,593	-
11XX Total current assets		<u>1,773,430,282</u>	<u>53</u>	<u>1,552,045,403</u>	<u>51</u>
Non-current assets					
1517 Financial assets at fair value through other comprehensive income - non-current	6 (3)	2,508,831	-	1,505,069	-
1535 Financial assets at amortized cost - non-current	6 (4) and 8	22,500	-	329,712	-
1550 Investments accounted for under the equity method	6(7)	1,539,863,379	47	1,467,515,183	49
1600 Property, plant and equipment	6(8)	4,137,352	-	4,210,766	-
1755 Right-of-use assets	6(9) and 7	138,408	-	233,644	-
1840 Deferred income tax assets	6 (26)	2,306,974	-	2,037,418	-
1900 Other non-current assets		968,273	-	783,646	-
15XX Total non-current assets		<u>1,549,945,717</u>	<u>47</u>	<u>1,476,615,438</u>	<u>49</u>
1XXX Total assets		<u>\$ 3,323,375,999</u>	<u>100</u>	<u>3,028,660,841</u>	<u>100</u>

(Continued)

HON HAI PRECISION INDUSTRY CO., LTD.

Parent Company Only Balance Sheets

December 31, 2020 and 2019

Unit: Expressed in thousands of New Taiwan Dollars

Liabilities and equity	Notes	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Current liabilities					
2100 Short-term loans	6 (10)	\$ 113,123,855	4	\$ 112,180,200	4
2110 Short-term notes and bills payable	6 (11)	37,562,534	1	28,837,201	1
2120 Financial liabilities at fair value through profit or loss - current	6 (2)	2,261,752	-	1,868,454	-
2170 Accounts payable		104,475,755	3	59,560,268	2
2180 Accounts payable - related parties	7	1,176,021,972	35	1,036,020,630	34
2200 Other payables	7	399,162,636	12	367,305,027	12
2230 Current income tax liabilities	6 (26)	5,786,690	-	1,604,512	-
2250 Provisions for liabilities - current	6 (15)	81,915	-	372,980	-
2280 Leasing liabilities - current	7	42,651	-	70,872	-
2300 Other current liabilities	6 (12), (13) and (20)	60,116,313	2	48,963,961	2
21XX Total current liabilities		1,898,636,073	57	1,656,784,105	55
Non-current liabilities					
2530 Bonds payable	6 (12)	119,599,388	4	111,787,181	4
2540 Long-term loans	6 (13)	1,000,000	-	14,477,901	-
2570 Deferred income tax liabilities	6 (26)	5,361,244	-	4,074,448	-
2580 Leasing liabilities – non-current	7	100,372	-	165,021	-
2600 Other non-current liabilities	6 (14)	1,401,546	-	1,387,839	-
25XX Total non-current liabilities		127,462,550	4	131,892,390	4
2XXX Total liabilities		2,026,098,623	61	1,788,676,495	59
Equity					
Share capital					
3110 Share capital - common stock	6 (16)	138,629,906	4	138,629,906	5
Capital surplus					
3200 Capital surplus	6 (17)	202,645,942	6	199,383,371	6
Retained earnings					
3310 Legal reserve	6 (18)	161,043,748	5	149,512,874	5
3320 Special reserve		102,451,720	3	60,309,927	2
3350 Unappropriated retained earnings		779,836,380	24	794,615,182	26
Other equity interest					
3400 Other equity interest	6 (19)	(87,315,126)	(3)	(102,451,720)	(3)
3500 Treasury stocks	6 (16)	(15,194)	-	(15,194)	-
3XXX Total equity		1,297,277,376	39	1,239,984,346	41
Significant contingent liabilities and unrecognized contract commitments					
Significant events after the balance sheet date					
3X2X Total liabilities and equity		\$ 3,323,375,999	100	\$ 3,028,660,841	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, 2020 and 2019

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

Item	Notes	2020		2019	
		Amount	%	Amount	%
4000 Operating revenue	6 (20) and 7	\$ 3,060,945,666	100	\$ 2,849,729,987	100
5000 Operating costs	6 (6) (23) (24) and 7	(3,000,519,878)	(98)	(2,820,591,664)	(99)
5900 Operating profit - gross		<u>60,425,788</u>	<u>2</u>	<u>29,138,323</u>	<u>1</u>
Operating expenses	6 (23) (24) and 12 (2)				
6100 Selling expenses		(2,197,101)	-	(2,299,976)	-
6200 General and administrative expenses		(6,774,341)	-	(7,641,375)	-
6300 Research and development expenses		(7,617,439)	-	(8,520,297)	(1)
6000 Total operational expenses		<u>(16,588,881)</u>	<u>-</u>	<u>(18,461,648)</u>	<u>(1)</u>
6900 Operating profit		<u>43,836,907</u>	<u>2</u>	<u>10,676,675</u>	<u>-</u>
Non-operating income and expenses					
7100 Interest income	6 (21)	847,867	-	2,602,949	-
7010 Other income		410,204	-	1,040,042	-
7020 Other gains and losses	6 (22)	89,308	-	5,108,008	-
7050 Finance cost	6 (25)	(3,043,118)	-	(3,327,491)	-
7070 Shares of profit (loss) of subsidiaries, associates and joint ventures accounted for under the equity method	6 (7)				
		<u>71,884,083</u>	<u>2</u>	<u>104,561,091</u>	<u>4</u>
7000 Total non-operating income and expenses		<u>70,188,344</u>	<u>2</u>	<u>109,984,599</u>	<u>4</u>
7900 Profit before income tax		<u>114,025,251</u>	<u>4</u>	<u>120,661,274</u>	<u>4</u>
7950 Income tax expense	6 (26)	(12,230,444)	(1)	(5,352,538)	-
8200 Net income for the period		<u>\$ 101,794,807</u>	<u>3</u>	<u>\$ 115,308,736</u>	<u>4</u>

(Continued)

HON HAI PRECISION INDUSTRY CO., LTD.
Parent Company Only Statements of Comprehensive Income
December 31, 2020 and 2019

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

Item	Notes	2020		2019	
		Amount	%	Amount	%
Other comprehensive income - net					
Components not to be reclassified to profit or loss					
8311 Remeasurement of defined benefit plan	6 (14)	(\$ 47,626)	-	(\$ 7,404)	-
8316 Unrealized gains and losses on valuation of investment in equity instruments measured at fair value through other comprehensive income	6 (19)	1,018,558	-	(270,789)	-
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)	20,124,048	1	8,164,400	-
8349 Income tax related to components that are not reclassified subsequently to profit or loss	6 (26)	9,525	-	1,481	-
8310 Components not to be reclassified to profit or loss - total		<u>21,104,505</u>	<u>1</u>	<u>7,887,688</u>	<u>-</u>
Components that may be reclassified to profit or loss					
8361 Exchange difference arising from translation of foreign operation financial statements	6 (19)	(12,757,150)	-	(47,393,440)	(1)
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)	2,094,637	-	(1,096,843)	-
8360 Components that may be reclassified to profit or loss - total		(10,662,513)	(-)	(48,490,283)	(1)
8300 Other comprehensive income - net		<u>\$ 10,441,992</u>	<u>1</u>	<u>(\$ 40,602,595)</u>	<u>(1)</u>
8500 Total comprehensive income		<u>\$ 112,236,799</u>	<u>4</u>	<u>\$ 74,706,141</u>	<u>3</u>
Earnings per share					
9750 Basic earnings per share	6 (27)		<u>7.34</u>		<u>8.32</u>
9850 Diluted earnings per share			<u>7.28</u>		<u>8.24</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, 2020 and 2019

Unit: Expressed in thousands of New Taiwan Dollars

Notes	Retained earnings					Other equity interest		Treasury stocks	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		
<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	6 (19)	-	-	-	(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:	6 (18)								
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	6 (17)	(950,756)	-	-	(513,217)	-	-	-	(1,463,973)
Recognition of adjustments arising from changes in percentage of ownership in subsidiaries	6 (17)	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

(continued)

HON HAI PRECISION INDUSTRY CO., LTD.
Parent Company Only Statements of Changes in Equity
December 31, 2020 and 2019

Unit: Expressed in thousands of New Taiwan Dollars

	Notes	Retained earnings				Other equity interest		Treasury stocks	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
<u>2020</u>										
Balance - January 1		\$ 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
Net income		-	-	-	-	101,794,807	-	-	-	101,794,807
Other comprehensive income	6 (19)	-	-	-	-	(38,101)	(10,662,513)	21,142,606	-	10,441,992
Total comprehensive income		-	-	-	-	101,756,706	(10,662,513)	21,142,606	-	112,236,799
Earnings allocation and distribution in 2019:	6 (18)									
Legal reserve		-	-	11,530,874		(11,530,874)	-	-	-	-
Special reserve		-	-	-	42,141,793	(42,141,793)	-	-	-	-
Cash dividends		-	-	-	-	(58,224,561)	-	-	-	(58,224,561)
Changes in equity of associates and joint ventures accounted for under the equity method	6 (17)	-	10,032	-	-	18,221	-	-	-	28,253
Recognition of adjustments arising from changes in percentage of ownership in subsidiaries	6 (17)	-	3,252,539	-	-	-	-	-	-	3,252,539
Subsidiaries' disposal of equity instruments measured at fair value through other comprehensive income		-	-	-	-	(4,656,501)	-	4,656,501	-	-
Balance - December 31		\$ 138,629,906	\$ 202,645,942	\$ 161,043,748	\$ 102,451,720	\$ 779,836,380	(\$ 124,551,979)	\$ 37,236,853	(\$ 15,194)	\$ 1,297,277,376

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, 2020 and 2019

Unit: Expressed in thousands of New Taiwan Dollars

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Profit before tax		\$ 114,025,251	\$ 120,661,274
Adjustments			
Adjustments to reconcile profit(loss)			
Effect of foreign exchange on foreign			
currency cash	(	167,481)	(474,327)
Depreciation expense	6 (23)	458,899	536,673
Amortization expense	6 (23)	347,786	360,589
Loss on expected credit impairment	12 (2)	1,017,112	1,322,661
Gain on disposal or retirement of property,	6 (22)		
plant and equipment	(	30,505)	(8,204)
Gain on disposal of investment	6 (22)	-	(1,692,822)
Net (Gain) loss on financial assets or	6 (22)		
liabilities measured at fair value through profit or			
loss		4,950,322	(3,258,264)
Share of profit or loss of associates and joint	6 (7)		
ventures accounted for under the equity method	(	71,884,083)	(104,561,091)
Valuation of long-term loans in foreign			
currency		32,472	(5,326)
Interest expense	6 (25)	2,955,602	3,200,827
Interest income	6 (21) (	847,867)	(2,602,949)
Dividend income		-	(8,878)
Changes in operating assets and liabilities			
Changes in operating assets, net			
Financial assets mandatorily measured at			
fair value through profit or loss	(	4,543,895)	5,508,415
Notes receivable		10,252	5,008
Accounts receivable		67,534,666	(9,498,486)
Accounts receivable - related parties	(	73,765,660)	(33,015,712)
Other receivables		290,462	5,554,659
Inventory		15,598,657	(18,521,466)
Prepayments	(	14,473)	(308,756)
Changes in operating liabilities, net			
Accounts payable		44,915,487	(1,263,882)
Accounts payable - related parties		140,001,342	7,773,850
Other payables	(	77,861,715)	(36,963,867)
Other current liabilities		7,605,040	(3,410,710)
Provisions for liabilities - current	(	291,065)	(225,189)
Accrued pension liabilities	(	33,919)	(53,410)
Cash inflow (outflow) generated from operating			
activities		170,302,687	(70,949,383)
Income taxes paid	(	7,021,501)	(19,459,665)
Cash inflow (outflow) generated from			
operating activities, net		<u>163,281,186</u>	<u>(90,409,048)</u>

(Continued)

HON HAI PRECISION INDUSTRY CO., LTD.
Parent Company Only Statements of Cash Flows
December 31, 2020 and 2019

Unit: Expressed in thousands of New Taiwan Dollars

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of investments accounted for under the equity method	6(7)	(\$ 13,277,607)	(\$ 20,716,326)
Acquisition of property, plant and equipment	6 (28)	(470,260)	(1,568,320)
Decrease (increase) in other assets	(	169,143)	(101,794)
Other receivables - related parties		22,182,739	27,172,007
Decrease (increase) in financial assets at amortized cost - current	(	3,000,000)	3,500,000
Disposal of property, plant and equipment	6 (28)	44,804	3,223,112
Decrease in receivables arising from purchase of raw materials on behalf of others		110,138,809	101,505,304
Interest received		844,961	1,625,462
Dividend received		21,586,132	16,522,368
Return of capital from investments accounted for using equity method	6 (7)	5,721,800	-
Cash inflow generated from investing activities, net		<u>143,602,235</u>	<u>131,161,813</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term loans		943,655	(41,582,000)
Increase in short-term notes and bills payables		8,700,000	10,400,000
Issuance of corporate bonds payable		33,050,000	5,950,000
Repayments of corporate bonds	(	27,100,000)	(11,000,000)
Redemption of overseas corporate bonds	(	1,817,558)	-
Borrowing of long-term loans		-	1,000,000
Repayments of long-term loans	(	6,574,507)	(138,975)
Cash dividends paid	6(18)	(58,224,561)	(55,451,962)
Interest Paid	(	2,724,823)	(3,248,896)
Repayment of leasing principal	(	101,406)	(99,272)
Cash outflow generated from financing activities, net		<u>(53,849,200)</u>	<u>(94,171,105)</u>
Effects of foreign exchange rates		<u>167,481</u>	<u>474,327</u>
Increase (decrease) in cash and cash equivalents		253,201,702	(52,944,013)
Cash and cash equivalents, beginning of period		29,946,068	82,890,081
Cash and cash equivalents, end of period		<u>\$ 283,147,770</u>	<u>\$ 29,946,068</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.

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT
ACCOUNTANTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

INDEPENDENT AUDITORS' REPORT 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, 2020 and 2019, 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 auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, 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 at and for the year ended December 31, 2020 in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China; and in accordance with the 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 for our audit of the consolidated financial statements as at and for the year ended December 31, 2019. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the these requirements. Based on our audits and the reports of other independent auditors, 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 Group's 2020 consolidated financial statements. 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 for the Group's 2020 consolidated financial statements are stated as follows:

Cut-off of hub sales revenue

Description

Refer to Note 4(34) 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 quantities in the hubs and quantities as reflected in the 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, we identified the cut-off of hub sales revenue 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, 2020, the Group's inventories and allowance for inventory valuation losses amounted to NT\$608,332,105 thousand and NT\$26,218,370 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 considered the 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(27) 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, 2020, the financial instruments that were offset amounted to NT\$1,259,254,404 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 considered 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 the Note 4(20) for 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, 2020, 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 considered 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, 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., Ltd. and its subsidiaries

Description

Refer to Notes 4(16) and (19) for accounting policies applied to property, plant and equipment and intangible assets. Note 4(20) for accounting policies on impairment assessment of non-financial assets.

Note 5(2)1 for critical accounting estimate and key sources of assumption uncertainty applied to property, plant and equipment, intangible assets and other operating assets, 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, we identified the impairment assessment of operating assets 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 auditors

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 auditors. Total assets of these consolidated subsidiaries amounted to NT\$151,573,867 thousand and NT\$208,374,823 thousand, constituting 4.13% and 6.27% of the consolidated total assets

as of December 31, 2020 and 2019, respectively, and total operating revenues amounted to NT\$232,746,063 thousand and NT\$458,130,373 thousand, constituting 4.34% and 8.57% 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, 2020 and 2019.

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.

Auditor’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 the generally accepted auditing standards in the Republic of China 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 the generally accepted auditing standards in the Republic of China, 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 Hsu, Sheng-Chung
for and on behalf of PricewaterhouseCoopers, Taiwan
March 30, 2021

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, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,232,794,015	34	\$ 857,864,362	26
1110	Financial assets at fair value through profit or loss - current	6(2)	6,285,594	-	2,952,049	-
1136	Financial assets at amortised cost, net-current	6(4) and 8	38,783,566	1	52,954,877	1
1170	Accounts receivable, net	6(5)	903,070,230	25	987,278,438	30
1180	Accounts receivable - related parties	7	39,414,164	1	44,754,604	1
1200	Other receivables	6(6)(11)	58,237,719	2	67,854,299	2
1210	Other receivables - related parties	7	5,285,774	-	24,366,543	1
130X	Inventory	6(7)	582,113,735	16	515,772,177	15
1410	Prepayments	7	18,664,505	-	19,895,574	1
11XX	Total current assets		<u>2,884,649,302</u>	<u>79</u>	<u>2,573,692,923</u>	<u>77</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	83,681,186	2	82,660,725	3
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	87,074,089	2	68,807,217	2
1535	Financial assets at amortised cost, net - non-current	6(4) and 8	18,786,030	1	12,528,569	-
1550	Investments accounted for using equity method	6(8)	175,199,441	5	168,631,642	5
1600	Property, plant and equipment	6(9) and 8	287,091,978	8	287,523,253	9
1755	Right-of-use assets	6(10) and 7	46,268,685	1	46,760,340	1
1760	Investment property - net	6(12)	11,083,273	-	4,419,912	-
1780	Intangible assets	6(13)	44,760,083	1	41,380,353	1
1840	Deferred income tax assets	6(37)	19,946,852	1	18,701,465	1
1900	Other non-current assets	6(11)(14) and 8	15,734,671	-	15,835,299	1
15XX	Total non-current assets		<u>789,626,288</u>	<u>21</u>	<u>747,248,775</u>	<u>23</u>
1XXX	Total assets		<u>\$ 3,674,275,590</u>	<u>100</u>	<u>\$ 3,320,941,698</u>	<u>100</u>

(Continued)

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term loans	6(16)	\$ 446,422,100	12	\$ 380,866,050	11
2110	Short-term notes and bills payable	6(15)	39,101,893	1	30,528,296	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	2,291,221	-	1,881,685	-
2170	Accounts payable		1,037,912,518	28	870,678,994	26
2180	Accounts payable - related parties	7	27,680,046	1	35,509,127	1
2200	Other payables	6(17) and 7	220,177,215	6	217,732,729	7
2230	Current tax liabilities	6(37)	24,004,318	1	18,531,289	1
2250	Provisions for liabilities - current	6(24)	4,136,517	-	2,725,293	-
2280	Current lease liabilities	7	9,058,272	-	7,131,038	-
2300	Other current liabilities	6(18)	105,473,211	3	91,876,860	3
21XX	Total current liabilities		<u>1,916,257,311</u>	<u>52</u>	<u>1,657,461,361</u>	<u>50</u>
Non-current liabilities						
2530	Corporate bonds payable	6(19)	201,691,563	5	175,505,344	5
2540	Long-term loans	6(20)	31,593,197	1	41,576,252	1
2550	Provisions for liabilities - non-current	6(24)	407,915	-	369,953	-
2570	Deferred income tax liabilities	6(37)	18,805,119	1	18,261,509	1
2580	Non-current lease liabilities	7	20,390,740	1	20,875,343	1
2600	Other non-current liabilities	6(23)	10,983,336	-	7,266,519	-
25XX	Total non-current liabilities		<u>283,871,870</u>	<u>8</u>	<u>263,854,920</u>	<u>8</u>
2XXX	Total liabilities		<u>2,200,129,181</u>	<u>60</u>	<u>1,921,316,281</u>	<u>58</u>
Equity						
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(25)	138,629,906	4	138,629,906	4
Capital reserve						
3200	Capital surplus	6(26)	202,645,942	5	199,383,371	6
Retained earnings						
3310	Legal reserve	6(27)	161,043,748	4	149,512,874	4
3320	Special reserve		102,451,720	3	60,309,927	2
3350	Unappropriated retained earnings		779,836,380	21	794,615,182	24
Other equity interest						
3400	Other equity interest	6(28)	(87,315,126)	(2)	(102,451,720)	(3)
3500	Treasury stocks	6(25)	(15,194)	-	(15,194)	-
31XX	Equity attributable to owners of the parent		<u>1,297,277,376</u>	<u>35</u>	<u>1,239,984,346</u>	<u>37</u>
36XX	Non-controlling interest	6(29)	176,869,033	5	159,641,071	5
3XXX	Total equity		<u>1,474,146,409</u>	<u>40</u>	<u>1,399,625,417</u>	<u>42</u>
Commitments and Contingent Liabilities						
Subsequent Events						
3X2X	Total liabilities and equity		<u>\$ 3,674,275,590</u>	<u>100</u>	<u>\$ 3,320,941,698</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
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	Items	Notes	Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(30) and 7	\$ 5,358,023,065	100	\$ 5,342,810,995	100
5000	Operating costs	6(7)(34)(35) and 7	(5,055,104,342)	(94)	(5,026,942,570)	(94)
5900	Net operating margin		302,918,723	6	315,868,425	6
	Operating expenses	6(34)(35)				
6100	Selling expenses		(27,243,581)	(1)	(30,129,101)	(1)
6200	General and administrative expenses		(70,737,182)	(1)	(79,294,289)	(1)
6300	Research and development expenses		(94,110,512)	(2)	(91,548,149)	(2)
6000	Total operating expenses		(192,091,275)	(4)	(200,971,539)	(4)
6900	Operating profit		110,827,448	2	114,896,886	2
	Non-operating income and expenses					
7100	Interest income	6(31)	47,934,352	1	75,819,336	2
7010	Other income	6(32)	11,887,533	-	14,560,918	-
7020	Other gains and losses	6(33)	7,314,465	-	5,567,450	-
7050	Finance costs	6(36)	(40,317,013)	-	(66,600,696)	(1)
7060	Share of profit of associates and joint ventures accounted for under equity method	6(8)	7,825,449	-	19,634,053	-
7000	Total non-operating income and expenses		34,644,786	1	48,981,061	1
7900	Profit before income tax		145,472,234	3	163,877,947	3
7950	Income tax expense	6(37)	(31,146,647)	(1)	(31,692,859)	-
8200	Profit for the year		\$ 114,325,587	2	\$ 132,185,088	3

(Continued)

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

Items	Notes	Year ended December 31				
		2020		2019		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Losses on defined benefit plans	6(21)	(\$ 47,626)	-	(\$ 7,404)	-
8316	Unrealised gain on valuation of financial assets at fair value through other comprehensive income	6(3)(28)(29)				
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method	6(28)	19,999,225	-	4,720,616	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(37)	497,658	-	3,028,377	-
8310	Other comprehensive income that will not be reclassified to profit or loss		<u>9,525</u>	<u>-</u>	<u>1,481</u>	<u>-</u>
			<u>20,458,782</u>	<u>-</u>	<u>7,743,070</u>	<u>-</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)	(15,380,879)	-	(51,266,536)	(1)
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	6(28)				
8360	Other comprehensive loss that will be reclassified to profit or loss		<u>2,094,637</u>	<u>-</u>	<u>(1,096,843)</u>	<u>-</u>
8300	Other comprehensive income (loss) for the year		<u>(13,286,242)</u>	<u>-</u>	<u>(52,363,379)</u>	<u>(1)</u>
8500	Total comprehensive income for the year		<u>\$ 7,172,540</u>	<u>-</u>	<u>(\$ 44,620,309)</u>	<u>(1)</u>
Profit attributable to:						
8610	Owners of the parent		\$ 101,794,807	2	\$ 115,308,736	3
8620	Non-controlling interest		<u>12,530,780</u>	<u>-</u>	<u>16,876,352</u>	<u>-</u>
			<u>\$ 114,325,587</u>	<u>2</u>	<u>\$ 132,185,088</u>	<u>3</u>
Comprehensive income attributable to:						
8710	Owners of the parent		\$ 112,236,799	2	\$ 74,706,141	2
8720	Non-controlling interest		<u>9,261,328</u>	<u>-</u>	<u>12,858,638</u>	<u>-</u>
			<u>\$ 121,498,127</u>	<u>2</u>	<u>\$ 87,564,779</u>	<u>2</u>
Earnings per share						
9750	Basic earnings per share	6(38)	<u>\$ 7.34</u>		<u>\$ 8.32</u>	
9850	Diluted earnings per share		<u>\$ 7.28</u>		<u>\$ 8.24</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, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Equity attributable to owners of the parent											
Notes	Retained Earnings					Other Equity Interest			Total	Non-controlling interest	Total equity
	Share capital - common stock	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	Treasury stocks			
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
Profit	-	-	-	-	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)		-	-	-	115,302,813	(48,490,283)	7,893,611	-	74,706,141	12,858,638	87,564,779
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 using 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	\$ 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	\$ 159,641,071	\$ 1,399,625,417
2020											
Balance at January 1, 2020	\$ 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	\$ 159,641,071	\$ 1,399,625,417
Profit	-	-	-	-	101,794,807	-	-	-	101,794,807	12,530,780	114,325,587
Other comprehensive income (loss)	6(28)	-	-	-	(38,101)	(10,662,513)	21,142,606	-	10,441,992	(3,269,452)	7,172,540
Total comprehensive income (loss)		-	-	-	101,756,706	(10,662,513)	21,142,606	-	112,236,799	9,261,328	121,498,127
Appropriations of 2019 earnings: 6(27)											
Legal reserve	-	-	11,530,874	-	(11,530,874)	-	-	-	-	-	-
Special reserve	-	-	-	42,141,793	(42,141,793)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(58,224,561)	-	-	-	(58,224,561)	-	(58,224,561)
Changes in equity of associates and joint ventures accounted for using the equity method	6(26)	10,032	-	-	22,673	-	-	-	32,705	-	32,705
Adjustments arising from changes in percentage of ownership in subsidiaries	6(26)	-	3,252,539	-	(4,452)	-	-	-	3,248,087	-	3,248,087
Increase in non-controlling interests	6(29)	-	-	-	-	-	-	-	-	7,966,634	7,966,634
Disposal of equity instruments at fair value through other comprehensive income	6(3)	-	-	-	(4,656,501)	-	4,656,501	-	-	-	-
Balance at December 31, 2020	\$ 138,629,906	\$ 202,645,942	\$ 161,043,748	\$ 102,451,720	\$ 779,836,380	(\$ 124,551,979)	\$ 37,236,853	(\$ 15,194)	\$ 1,297,277,376	\$ 176,869,033	\$ 1,474,146,409

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, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31	
		2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 145,472,234	\$ 163,877,947
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(34)	60,952,265	65,144,046
Amortization	6(34)	4,161,469	1,864,811
Cost of share-based payments	6(35)	4,403,815	3,831,801
Provision for doubtful accounts and sales discount	12(2)	1,705,559	1,876,660
Impairment loss	6(33)	959,481	391,323
Loss on disposal of property, plant and equipment, net	6(33)	873,283	837,950
Gain on financial assets or liabilities at fair value through profit or loss, net	6(33)	(13,727,567)	(10,996,109)
Share of profit of associates and joint ventures accounted for using equity method	6(8)	(7,825,449)	(19,634,053)
Loss on disposal of investments	6(33)	(633,645)	(1,869,967)
Interest expense	6(36)	40,148,900	66,108,704
Interest income	6(31)	(47,934,352)	(75,819,336)
Dividend income	6(32)	(4,891,042)	(6,423,484)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss, mandatorily measured at fair value		9,572,395	7,762,176
Notes receivable		190,805	536,036
Accounts receivable		83,147,102	22,456,556
Accounts receivable due from related parties		6,788,779	3,418,255
Other receivables		(5,026,811)	5,878,317
Inventories		(66,341,558)	110,599,948
Prepayments		1,231,069	(299,314)
Changes in operating liabilities			
Accounts payable		167,233,525	(36,285,069)
Accounts payable to related parties		(7,829,082)	(6,831,622)
Other payables		18,463,204	(12,493,588)
Provisions for liabilities		1,449,186	(2,556,901)
Other current liabilities		9,687,771	1,233,013
Contract liabilities		1,751,652	10,310,227
Accrued pension liabilities		16,324	(179,233)
Cash inflow generated from operations		403,999,312	292,739,094
Income taxes paid		(26,375,395)	(44,721,356)
Net cash flows from operating activities		<u>377,623,917</u>	<u>248,017,738</u>

(Continued)

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(40)	(\$ 65,500,041)	(\$ 77,521,451)
Proceeds from disposal of property, plant and equipment	6(40)	6,104,599	6,569,952
Acquisition of financial assets at fair value through profit or loss		(12,793,651)	(22,036,448)
Net cash flow from acquisition of subsidiaries	6(39)	(1,211,884)	(3,989,043)
Proceeds from disposal of financial assets at fair value through profit or loss		14,729,300	20,768,886
Acquisition of financial assets at fair value through other comprehensive income		(5,150,525)	(1,264,282)
Proceeds from disposal of financial assets at fair value through other comprehensive income		3,326,838	2,845,909
Proceeds from repayments of financial assets at amortised cost-non-current		14,171,311	25,989,262
Acquisition of financial assets at amortised cost-non-current		(7,420,291)	-
Proceeds from repayments of financial assets at amortised cost-current		1,279,800	1,369,020
Other receivables due from related parties		17,101,208	30,049,126
Acquisition of investments accounted for using equity method	6(8)	(3,131,377)	(1,243,716)
Interest received		62,711,773	76,563,195
Dividends received		10,168,019	11,228,694
Acquisition of right-of-use assets		(1,495,068)	(469,473)
Acquisition of intangible assets	6(13)	(541,250)	(21,271)
Proceeds from disposal of right-of-use asset		397,145	-
Proceeds from disposal of investments accounted for using equity method		657,350	-
(Increase) decrease in other non-current assets		(375,283)	2,036,918
Other investing activities		1,557,802	(290,947)
Net cash flows from investing activities		<u>34,585,775</u>	<u>70,584,331</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term loans		65,556,050	(153,984,671)
Increase in short-term notes and bills payable		8,549,712	10,538,810
Proceeds from issuing bonds		72,922,000	36,770,000
Repayments of bonds		(40,199,748)	(11,000,000)
Proceeds from long-term debt		1,877,645	21,128,785
Repayments of long-term debt		(12,043,607)	(1,068,637)
Increase (decrease) in other non-current liabilities		449,683	(626,579)
Payment of lease liabilities		(7,701,599)	(4,712,236)
Changes in non-controlling interests	6(29)	3,110,549	4,939,701
Cash dividends paid to non-controlling interest	6(29)	(2,685,915)	(1,848,441)
Interest paid		(56,728,260)	(62,779,924)
Cash dividends paid	6(27)	(58,224,561)	(55,451,962)
Net cash flows used in financing activities		<u>(25,118,051)</u>	<u>(218,095,154)</u>
Net effect of changes in foreign currency exchange rates		(12,161,988)	(31,304,878)
Net increase in cash and cash equivalents		374,929,653	69,202,037
Cash and cash equivalents at beginning of year		857,864,362	788,662,325
Cash and cash equivalents at end of year		<u>\$ 1,232,794,015</u>	<u>\$ 857,864,362</u>

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

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. 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 overextends 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
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. The development, design, manufacture and sale of connectors, cable assemblies and parts for computer networking systems, telecommunications, fiber optical and optoelectronic products.
20. CC01090 Batteries Manufacturing

21. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
22. CC01110 Computers and Computing Peripheral Equipments Manufacturing
23. CC01120 Data Storage Media Manufacturing and Duplicating
24. CC01990 Electrical Machinery, Supplies Manufacturing
25. CD01030 Automobiles and Parts Manufacturing
26. CD01060 Aircraft and Parts Manufacturing
27. CE01010 Precision Instruments Manufacturing
28. CE01021 Metrological Instruments Manufacturing
29. CE01030 Photographic and Optical Equipment Manufacturing
30. CE01040 Watches and Clocks Manufacturing
31. CE01990 Other Photographic and Optical Instruments Manufacturing
32. CQ01010 Die Manufacturing
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 Instruments
49. F113100 Wholesale of Pollution Controlling Equipments
50. F113110 Wholesale of Batteries
51. F113990 Wholesale of Other Machinery and Equipment
52. F116010 Wholesale of Photographic Equipment

53. F118010 Wholesale of Computer Software
54. F119010 Wholesale of Electronic Materials
55. F206010 Retail Sale of Ironware
56. F207060 Toxic and Concerned Chemical Substances Retail
57. F207200 Retail sale of Chemistry Raw Material
58. F210010 Retail Sale of Watches and Clocks
59. F211010 Retail Sale of Building Materials
60. F213010 Retail Sale of Household Appliance
61. F213030 Retail sale of Computing and Business Machinery Equipment
62. F213040 Retail Sale of Precision Instruments
63. F213050 Retail Sale of Metrological Instruments
64. F213060 Retail Sale of Telecom Instruments
65. F213080 Retail Sale of Machinery and Equipment
66. F213100 Retail Sale of Pollution Controlling Equipments
67. F213990 Retail Sale of Other Machinery and Equipment
68. F218010 Retail Sale of Computer Software
69. F219010 Retail Sale of Electronic Materials
70. F401010 International Trade
71. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
72. F401181 Metrological Instruments Importing
73. G801010 Warehousing and Storage
74. H701010 Residence and Buildings Lease Construction and Development
75. H701020 Industrial Factory Buildings Lease Construction and Development
76. H703100 Real Estate Rental and Leasing
77. H704031 Real Estate Agencies
78. H704041 Real Estate Agency Operation
79. I101100 Aviation Consultancy
80. I301010 Software Design Services
81. I301030 Digital Information Supply Services
82. I501010 Product Designing
83. IF04010 Harmless Checking Services
84. IG03010 Energy Technical Services

85. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval
86. I301020 Data Processing Services
87. JA02010 Electric Appliance and Audiovisual Electric Products Repair Shops
88. CD01040 Motor Vehicles and Parts Manufacturing
89. IG01010 Biotechnology Services
90. IG02010 Research Development Service
91. CF01011 Medical Materials and Equipment Manufacturing
92. F108031 Wholesale of Drugs, Medical Goods
93. F208031 Retail sale of Medical Equipments

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 common stock, with a par value of NT\$10 per share. The board of directors is authorized to issue the shares in separate installments as required, of which 500 million shares are reserved for stock options with warrants or corporate bonds for the exercise of stock options. The board of directors is also authorized to issue shares in separate installments as required.

Article 7 The share certificates of the Company shall without exception be in registered form, signed by, or affixed with the seals of, at least three directors, and authenticated by the competent governmental authority upon issuance. Shares issued by the Company need not be in certificate form.

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

issued by the Financial Supervisory Commission.

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

Chapter III

Shareholders' Meeting

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

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

Article 11 The shareholders' meeting shall be convened by the board of directors. The chairman of the board shall be the chairman presiding at the meeting. If the chairman of the board is on leave or cannot perform his duties for some reason, pursuant to Article 208 of the Company Act, the shareholders' meeting shall be convened by others who have the right to convene a meeting and he or she shall be the chairman. If there is more than one person with the rights to convene a shareholders' meeting, they shall nominate a chairman from among themselves.

Article 12 For any shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by using the proxy form issued by the Company and specifying the scope of proxy.

Article 13 Each shareholder of the Company is entitled to one vote per share, unless otherwise provided by applicable law or regulation.

Article 14 Unless otherwise provided by applicable law or regulation, a resolution of the shareholders' meeting shall be adopted by the consent of a majority of the votes represented by those in attendance at the meeting, in person or by proxy, by shareholders who represent a majority of the total issued shares.

Article 15 The resolutions of the shareholders meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the stamp of the chairman of the meeting. Such minutes, together with the attendance list and proxies, shall be filed and kept at the head office of the Company and announced to all shareholders within 20 days.

Chapter IV

Board of Directors and the Audit Committee

- Article 16 The Company shall have seven to eleven directors, with three-year office term. Directors are elected and appointed by the shareholders' meeting from candidates in accordance with the candidate nomination system of Article 192-1 of the Company Act. Candidate(s) may continue in office if re-elected. The aggregate shareholding percentages of the entire bodies of directors shall comply with the regulations prescribed by the securities supervisory authorities.
- Article 16-1 Pursuant to Article 14-2 and Article 183 of the Securities and Exchange Act, the Company's board of directors shall include at least two independent directors, and independent directors should be no less than 1/5 of the total number of directors.
- Article 17 The board of directors shall consist of the directors of the Company; the chairman of the board of directors shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors. The chairman of the board of directors shall represent the Company in external matters. If the chairman of the board is on leave or cannot perform his duties for some reason, the chairman shall designate a director to act on his behalf. If the chairman has not appointed an agent or the designated director cannot perform his duties for some reason, the directors shall nominate one from among themselves to act on behalf of the chairman.
- Article 18 Except for the first meeting of the board of directors of every new term, which shall be convened pursuant to Article 203 of the Company Act, all other meetings of the board of directors shall be convened by the chairman of the board of directors. Unless otherwise provided for by applicable law or regulation, a resolution of the board of directors shall be adopted by the consent of a majority of the votes represented by those the majority in attendance at the board of directors meeting. Directors shall attend meetings of the board of directors. If a director is unavailable to attend a meeting in person, the director may issue a power of attorney for the given meeting specifying the scope of the authorized powers to authorize another director to attend the meeting on the director's behalf, provided that a director may represent only one other director at a meeting pursuant to Article 205 of the Company Act. Meetings of the board of directors shall be called once per quarter, and extraordinary sessions may be convened only when necessary.
- Article 18-1 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 19 The authorities of the board of directors are as follows:

1. The Company's business focus, business and long-term development plans shall be decided by the board of directors.
2. Propose the Company's annual budget plan.
3. Propose to increase or decrease Company capital.
4. Propose profit distribution or a plan for recovery of losses.
5. Propose major contracts.
6. Propose to revise the Articles of Incorporation.
7. Set up Company organizational structures and business rules.
8. Setup, dissolution, re-organization, and dismissal of branch offices.
9. Commissioning and decommissioning of the Company's CEO, deputy general managers and managers.
10. Convening of the shareholders' meeting.
11. Propose the acquisition or disposal of the Company's major assets.
12. Propose external endorsements and guarantees or schedule foreign investments.
13. Propose to increase the Company's capital plan by dividends, bonus, or reserves.
14. The authorities pursuant to Article 202 of the Company Act.
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 Chief Executive Officer, whose commissioning, decommissioning and pay rate shall be as pursuant to Article 29 of the Company Act.

Chapter VI

Accounting

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

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

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

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

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

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

1. Recovering of Losses.

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

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

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

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

Chapter VI

Accounting

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.
The 50th Amendment was made on June 23, 2020.

Hon Hai Precision Industry Co., Ltd.

Appendix 3: Shareholdings of Directors and Independent Directors

1. As of 04/25/2021, 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	1,351,077,955

2. As of 04/25/2021, 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)	1,342,198,518
Director	Lu, Fang-Ming	6,729,580
Director	Hon Jin International Investment Co., Ltd. Representative: Lu, Sung-Ching	1,483,078
Director	Fu Chu Technology Co., Ltd. Representative: Christina Yee-ru Liu	10,560
INED	James Wang	0
INED	Kuo, Tei-Wei	0
INED	Kung, Kuo-Chuan	0