

FOXCONN TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND REPORT OF INDEPENDENT
ACCOUNTANTS
DECEMBER 31, 2019 AND 2018

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Foxconn Technology Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Foxconn Technology Co., Ltd. (the “Company”) as at December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its 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 parent company only financial statements as of and for the year ended December 31, 2019 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 (ROC GAAS); and in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS) for our audit of the parent company only financial statements as of and for the year ended December 31, 2018. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 parent company only financial statements of the current period. 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 for the Company's parent company only financial statements of the year ended December 31, 2019 are stated as follows:

Revenue cutoff

Description

Refer to Note 4(28) for accounting policy on revenue recognition and Note 6(19) for details of revenues.

The Company has three revenue types, including (1) direct shipment from the factory, (2) FOB destination, and (3) hub. For FOB destination and hub, revenue is recognised when goods are shipped to destination or picked up by customers (when control of the products is transferred). The supporting documents for revenue recognition include receipts from customers (FOB destination), reports or other information provided by hub custodians and inventory movement record of hub. 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 the quantities as reflected in accounting records.

Since there are numerous daily revenue transactions from hubs and from FOB destination and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, we consider revenue cutoff 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. Evaluated and tested the Company's internal controls over revenue recognition.

- B. Tested sales transactions that took place shortly before and after the balance sheet date by verifying the customers' receipt notes, supporting documents provided by hub custodian, and inventory movement records, and ascertained whether cost of goods sold was recognised in the correct reporting period.
- C. Confirmed physical inventory quantities held by distribution warehouses and agreed to accounting records. Assessed the reasonableness of reconciling items identified through confirmation or physical inventory, if any and inspected related supporting documents and rationale.

Provision for inventory valuation losses

Description

Refer to Note 4(13) for accounting policies on inventory valuation, Note 5 for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses, and Note 6(6) for details of inventories.

The Company is primarily engaged in the sales of 3C electronic products manufactured by its subsidiaries. Due to rapid technological innovations, short electronic product life cycles and fluctuations in market prices, there is a higher risk of inventory losses arising from market value decline or obsolescence. The Company and its subsidiaries recognise inventories at the lower of cost and net realisable value which is determined based on historical data of inventory closeout. Inventory valuation losses are provided against inventory aged over a certain time period and individually identified as obsolete or damaged.

As the amounts of the Company and its subsidiaries' inventory are material, types of inventories vary, the identification of obsolete or damaged inventories and determination of net realisable value are subject to management and audit judgement, we consider provision for inventory valuation losses 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. Ensured consistent application of accounting policies on provision for inventory valuation losses and ascertained compliance with respective accounting guidance.

- B. Validated the appropriateness of system logic of inventory aging report utilised by management in assessing inventory valuation losses and sampled and tested transactions for proper categorisation in inventory aging report.
- C. Assessed the reasonableness of inventory valuation losses through discussion with management as to the determination of net realisable value of obsolete or damaged inventories and validated related supporting documents.

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 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 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 the Company’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 Company 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 Company’s financial reporting process.

Auditor’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 an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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:

- A. 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 control.
- 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 Company'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 Company'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 the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Jackie, Feng Wu, Han-Chi
For and on behalf of PricewaterhouseCoopers, Taiwan
March 30, 2020

The accompanying parent company only 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 parent company only 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.

FOXCONN TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2019		December 31, 2018			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	6,369,328	5	\$	11,123,840	8
1110	Current financial assets at fair value through profit or loss	6(2)		10,946	-		567,640	1
1136	Current financial assets at amortised cost	6(4)		3,457,000	2		500,000	-
1170	Accounts receivable, net	6(5)		10,387,754	7		12,734,403	9
1180	Accounts receivable due from related parties, net	7		905,378	1		974,348	1
1200	Other receivables	7		79,317	-		380,117	-
130X	Inventories	6(6)		422,313	-		269,161	-
1470	Other current assets			14,555	-		15,407	-
11XX	Total current assets			21,646,591	15		26,564,916	19
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(3)		1,271,373	1		1,415,846	1
1550	Investments accounted for using equity method	6(7)		120,816,539	84		109,456,141	80
1600	Property, plant and equipment	6(8)		71,979	-		77,567	-
1755	Right-of-use assets	6(9)		2,001	-		-	-
1760	Investment property, net	6(11)		123,571	-		127,279	-
1840	Deferred tax assets	6(24)		45,281	-		60,268	-
1900	Other non-current assets			8,000	-		9,146	-
15XX	Total non-current assets			122,338,744	85		111,146,247	81
1XXX	Total assets		\$	143,985,335	100	\$	137,711,163	100

(Continued)

FOXCONN TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 14,785,129	10	\$ 13,689,160	10
2120	Current financial liabilities at fair value through profit or loss	6(2)	99,427	-	39,992	-
2170	Accounts payable		1,888,146	1	1,325,536	
2180	Accounts payable to related parties	7	15,630,547	11	19,347,339	14
2200	Other payables	6(13)	1,648,200	1	2,100,239	1
2230	Current tax liabilities	6(24)	704,752	1	989,355	1
2280	Current lease liabilities	7	683	-	-	-
2300	Other current liabilities		105,338	-	84,419	-
21XX	Total current liabilities		34,862,222	24	37,576,040	27
Non-current liabilities						
2570	Deferred tax liabilities	6(24)	483,673	1	610,671	1
2580	Non-current lease liabilities	7	1,327	-	-	-
2600	Other non-current liabilities	6(14)	18,688	-	12,791	-
25XX	Total non-current liabilities		503,688	1	623,462	1
2XXX	Total liabilities		35,365,910	25	38,199,502	28
Equity						
Share capital		6(15)				
3110	Ordinary share		14,144,852	10	14,144,852	10
Capital surplus		6(16)				
3200	Capital surplus		7,527,178	5	7,767,553	6
Retained earnings		6(17)				
3310	Legal reserve		12,018,153	8	11,103,487	8
3320	Special reserve		46,492	-	-	-
3350	Unappropriated retained earnings		68,099,323	47	66,542,261	48
Other equity interest		6(18)				
3400	Other equity interest		6,783,427	5	(46,492)	-
3XXX	Total equity		108,619,425	75	99,511,661	72
Commitments and Contingent Liabilities		9				
Significant Subsequent Events		11				
3X2X	Total liabilities and equity		\$ 143,985,335	100	\$ 137,711,163	100

The accompanying notes are an integral part of these parent company only financial statements.

FOXCONN TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items		Notes	Years ended December 31,			
			2019		2018	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19) and 7	\$ 66,650,972	100	\$ 93,824,119	100
5000	Operating costs	6(6)(22) and 7	(63,119,421)	(95)	(88,948,243)	(95)
5900	Gross profit from operations		<u>3,531,551</u>	<u>5</u>	<u>4,875,876</u>	<u>5</u>
	Operating expenses	6(22)				
6100	Selling expenses		(170,207)	-	(221,299)	-
6200	Administrative expenses		(156,369)	-	(247,425)	-
6300	Research and development expenses		(207,295)	(1)	(254,194)	(1)
6000	Total operating expenses		<u>(533,871)</u>	<u>(1)</u>	<u>(722,918)</u>	<u>(1)</u>
6900	Net operating income		<u>2,997,680</u>	<u>4</u>	<u>4,152,958</u>	<u>4</u>
	Non-operating income and expenses					
7010	Other income	6(20)	211,501	-	508,693	1
7020	Other gains and losses	6(21)	134,891	-	30,445	-
7050	Finance costs		(337,898)	-	(521,117)	(1)
7070	Share of profits of associates and joint ventures accounted for using equity method	6(7)	<u>4,797,055</u>	<u>7</u>	<u>6,310,617</u>	<u>7</u>
7000	Total non-operating income and expenses		<u>4,805,549</u>	<u>7</u>	<u>6,328,638</u>	<u>7</u>
7900	Profit before income tax		<u>7,803,229</u>	<u>11</u>	<u>10,481,596</u>	<u>11</u>
7950	Tax expense	6(24)	(673,428)	(1)	(1,334,937)	(1)
8200	Profit		<u>\$ 7,129,801</u>	<u>10</u>	<u>\$ 9,146,659</u>	<u>10</u>
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial losses on defined benefit plans	6(14)	(\$ 7,489)	-	(\$ 93)	-
8316	Unrealised loss on valuation of financial assets at fair value through other comprehensive income	6(18)	(144,473)	(1)	(375,409)	(1)
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(18)	10,522,950	16	(38,662,563)	(41)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	<u>1,498</u>	<u>-</u>	<u>869</u>	<u>-</u>
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>10,372,486</u>	<u>15</u>	<u>(39,037,196)</u>	<u>(42)</u>
	Components of other comprehensive income that will be reclassified to profit or loss	6(18)				
8361	Exchange differences on translation		(3,548,558)	(5)	8,278	-
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		<u>(3,548,558)</u>	<u>(5)</u>	<u>8,278</u>	<u>-</u>
8500	Total comprehensive income (loss)		<u>\$ 13,953,729</u>	<u>20</u>	<u>(\$ 29,882,259)</u>	<u>(32)</u>
	Earnings per share (in dollars)	6(25)				
9750	Basic earnings per share		<u>\$ 5.04</u>		<u>\$ 6.47</u>	
9850	Diluted earnings per share		<u>\$ 5.01</u>		<u>\$ 6.41</u>	

The accompanying notes are an integral part of these parent company only financial statements.

FOXCONN TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

		Retained Earnings					Other Equity Interest			
	Notes	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gains (losses) on available-for-sale financial assets	Total
<u>Year ended December 31, 2018</u>										
Balance at January 1, 2018		\$ 14,144,852	\$ 7,768,067	\$ 10,106,948	\$ -	\$ 63,516,070	(\$ 2,586,289)	\$ -	\$ 41,569,491	\$ 134,519,139
Effects of retrospective application and retrospective restatement		-	-	-	-	(16,843)	-	41,569,491	(41,569,491)	(16,843)
Balance at January 1 after adjustments		14,144,852	7,768,067	10,106,948	-	63,499,227	(2,586,289)	41,569,491	-	134,502,296
Profit		-	-	-	-	9,146,659	-	-	-	9,146,659
Other comprehensive income (loss)		-	-	-	-	776	8,278	(39,037,972)	-	(39,028,918)
Total comprehensive income (loss)		-	-	-	-	9,147,435	8,278	(39,037,972)	-	(29,882,259)
Appropriations of 2017 earnings	6(17)									
Legal reserve		-	-	996,539	-	(996,539)	-	-	-	-
Cash dividends		-	-	-	-	(5,092,147)	-	-	-	(5,092,147)
Changes in equity of associates and joint ventures accounted for using equity method		-	(514)	-	-	(15,715)	-	-	-	(16,229)
Balance at December 31, 2018		\$ 14,144,852	\$ 7,767,553	\$ 11,103,487	\$ -	\$ 66,542,261	(\$ 2,578,011)	\$ 2,531,519	\$ -	\$ 99,511,661
<u>Year ended December 31, 2019</u>										
Balance at January 1, 2019		\$ 14,144,852	\$ 7,767,553	\$ 11,103,487	\$ -	\$ 66,542,261	(\$ 2,578,011)	\$ 2,531,519	\$ -	\$ 99,511,661
Profit		-	-	-	-	7,129,801	-	-	-	7,129,801
Other comprehensive income (loss)		-	-	-	-	(5,991)	(3,548,558)	10,378,477	-	6,823,928
Total comprehensive income (loss)		-	-	-	-	7,123,810	(3,548,558)	10,378,477	-	13,953,729
Appropriations of 2018 earnings	6(17)									
Legal reserve		-	-	914,666	-	(914,666)	-	-	-	-
Special reserve		-	-	-	46,492	(46,492)	-	-	-	-
Cash dividends		-	-	-	-	(4,526,353)	-	-	-	(4,526,353)
Changes in equity of associates and joint ventures accounted for using equity method		-	(240,375)	-	-	(79,237)	-	-	-	(319,612)
Balance at December 31, 2019		\$ 14,144,852	\$ 7,527,178	\$ 12,018,153	\$ 46,492	\$ 68,099,323	(\$ 6,126,569)	\$ 12,909,996	\$ -	\$ 108,619,425

The accompanying notes are an integral part of these parent company only financial statements.

FOXCONN TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
	Notes	2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 7,803,229	\$ 10,481,596
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property)	6(22)	7,778	16,718
Amortisation	6(22)	1,146	1,250
Expected credit gain	12(2)	(658)	(887)
Interest expense		337,898	521,116
Share of profits of associates and joint ventures accounted for using equity method	6(7)	(4,797,055)	(6,310,617)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss		616,129	(573,619)
Gain on disposal of property, plant and equipment		(1,460)	-
Dividend income	6(20)	(12,856)	(106,424)
Interest income	6(20)	(171,637)	(293,720)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		2,347,324	1,352,682
Accounts receivable due from related parties		68,953	351,877
Other receivables		7,196	52,448
Inventories		(153,152)	951,759
Other current assets		852	(10,689)
Changes in operating liabilities			
Accounts payable		562,610	546,607
Accounts payable to related parties		(3,716,792)	(5,559,044)
Other payables		(155,221)	452,863
Other current liabilities		20,919	74,221
Other non-current liabilities		(1,591)	(1,606)
Cash inflow generated from operations		2,763,612	1,946,531
Income taxes paid		(1,068,544)	(1,165,774)
Net cash flows from operating activities		<u>1,695,068</u>	<u>780,757</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Net (increase) decrease in financial assets at amortised cost-current		(2,957,000)	6,147,700
Acquisition of property, plant and equipment		-	(2,482)
Proceeds from disposal of property, plant and equipment		3,664	-
Decrease in other non-current assets		-	661
Interest received		158,300	329,768
Dividends received		104,293	119,816
Net cash flows (used in) from investing activities		<u>(2,690,743)</u>	<u>6,595,463</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings		1,095,969	(8,760,120)
Cash dividends paid	6(17)	(4,526,353)	(5,092,147)
Payments of lease liabilities		(699)	-
Interest paid		(327,754)	(514,208)
Net cash flows used in financing activities		<u>(3,758,837)</u>	<u>(14,366,475)</u>
Net decrease in cash and cash equivalents		(4,754,512)	(6,990,255)
Cash and cash equivalents at beginning of year		11,123,840	18,114,095
Cash and cash equivalents at end of year		<u>\$ 6,369,328</u>	<u>\$ 11,123,840</u>

The accompanying notes are an integral part of these parent company only financial statements.

FOXCONN TECHNOLOGY CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

The Company was originally known as Q-RUN Technology Co., Ltd. and established on April 26, 1990. On March 1, 2004, the Company merged with Foxconn Precision Components Co., Ltd. and was renamed as Foxconn Technology Co., Ltd. The Company is primarily engaged in manufacturing, processing and sales of case, heat dissipation modules and consumer electronics products.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

The accompanying parent company only financial statements were authorised for issuance by the Board of Directors on March 30, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
IFRS 16, ‘Leases’	January 1, 2019
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 1, 2019
Amendments to IAS 28, ‘Long-term interests in associates and joint ventures’	January 1, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Effects on the Company’s financial condition and financial performance arising from the above standards and interpretations based on the Company’s assessment are as follows:

IFRS 16, ‘Leases’

- A. IFRS 16, ‘Leases’ replaces IAS 17, ‘Leases’ and related interpretations and SICs. The standard requires lessees to recognise a ‘right-of-use asset’ and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.
- B. The Company has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’) when applying “IFRSs” effective in 2019 as endorsed by the FSC. Accordingly, the Company increased ‘right-of-use asset’ and ‘lease liability’ both by \$2,687, and there is no impact on retained earnings with respect to the lease contracts of lessees on January 1, 2019.
- C. The Company has used the following practical expedients permitted by the standard at the date of

initial application of IFRS 16:

- (a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
 - (b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - (c) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.
- D. The Company calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate of 0.944%.
- E. The Company recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$ 3,009
Less: Low-value assets	(271)
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	\$ 2,738
Incremental borrowing interest rate at the date of initial application	0.944%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	\$ 2,687

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the accompanying parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The accompanying parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

- A. Except for the following items, the accompanying parent company only financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC(collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the accompanying parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The accompanying parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences

arising upon re-translation at the balance sheet date are recognised in profit or loss.

- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the company, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even the Company still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be paid off within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than

twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
 - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
- (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expires.

(12) Leasing agreements (lessor) – operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Investments accounted for under equity method / subsidiaries and associates

- A. Subsidiary is an entity where the Company has the right to dominate its finance and operation policies (includes special purpose entity), normally the Company owns more than 50 percent of the voting rights directly or indirectly in that entity. Subsidiaries are accounted for under the equity method in the Company's parent company only financial statements.
- B. Unrealised gains or losses resulted from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.
- C. After acquisition of subsidiaries, the Company recognises proportionately for the share of profit and loss and other comprehensive incomes in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interests in that subsidiary, the Company continues to recognise its shares in the subsidiary's loss proportionately.
- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- E. The Company's share of its investments' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- H. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- I. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the

relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- L. According to “Rules Governing the Preparations of Financial Statements by Securities Issuers”, 'profit for the year' and 'other comprehensive income for the year' reported in an entity's parent company only statement of comprehensive income, shall equal to 'profit for the year' and 'other comprehensive income' attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall be equal to the equity attributable to owners of parent reported in that entity's consolidated financial statements.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives for buildings and structures, machinery and equipment and other equipment are 3~55 years, 1~10 years and 1~10 years, respectively.

(16) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

Effective 2019

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and

the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(17) Operating leases (lessee)

Prior to 2019

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 8 ~ 55 years.

(19) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(20) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(21) Accounts and notes payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(23) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(24) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation, directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

- A. The Company is primarily engaged in manufacturing and sales of consumer electronics products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

- B. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of the accompanying parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

Revenue recognition

The Company determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for the other party to provide those goods or services (i.e. the Company is an agent) based on the transaction model and its economic substance. The Company is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Company recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Company is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Company recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services. Indicators that the Company controls the good or service before it is provided to a customer include the following:

The Company provides integrated electronics manufacturing services to meet the following criteria by judgment, and recognises revenue on a gross basis:

- A. The Company is primarily responsible for the provision of goods or services;
- B. The Company assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.
- C. The Company has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2019, information on the carrying amount of inventories is provided in Note 6(6).

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Checking accounts and demand deposits	\$ 2,981,588	\$ 9,791,840
Cash equivalents		
Time deposits	<u>3,387,740</u>	<u>1,332,000</u>
	<u>\$ 6,369,328</u>	<u>\$ 11,123,840</u>

A. The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others. Time deposits with maturity in excess of three months as of December 31, 2019 and 2018 have been listed under “financial assets at amortised cost-current”.

(2) Financial assets or liabilities at fair value through profit or loss

<u>Assets</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivatives	<u>\$ 10,946</u>	<u>\$ 567,640</u>
<u>Liabilities</u>		
Current items:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivatives	<u>\$ 99,427</u>	<u>\$ 39,992</u>

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Derivatives	<u>\$ 51,551</u>	<u>\$ 769,013</u>

B. The Company entered into contracts relating to derivative financial assets or liabilities which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2019		
	Contract amount		
Derivative instruments	(Nominal Principal in thousands)		Contract period
Current items:			
Foreign exchange contracts	TWD (SELL)	4,567,904	2019/03~2020/03
	USD (BUY)	152,000	
Cross currency swap contracts	TWD (SELL)	4,291,170	2019/03~2020/03
	HKD (BUY)	1,090,878	
	TWD (SELL)	924,300	2019/03~2020/03
	USD (BUY)	30,000	
Forward exchange contracts	USD (SELL)	16,000	2019/11~2020/02
	CNH (BUY)	112,480	

	December 31, 2018		
	Contract amount		
Derivative instruments	(Nominal Principal in thousands)		Contract period
Current items:			
Foreign exchange contracts	TWD (SELL)	4,443,720	2018/03~2019/03
	USD (BUY)	152,000	
Cross currency swap contracts	TWD (SELL)	1,900,275	2018/03~2019/03
	USD (BUY)	65,000	
	TWD (SELL)	2,186,925	2018/04~2019/04
	USD (BUY)	75,000	
	TWD (SELL)	7,708,750	2018/12~2019/01
	USD (BUY)	250,000	

(a) Cross currency swap contracts

The Company signed cross currency swap contracts aiming to satisfy capital requirement. In terms of exchange rate swaps, the principal in two currencies are exchanged at the beginning and the end of period to reduce exchange rate risk. In terms of rate swaps, the fixed interest rates of two currencies are exchanged to reduce interest rate risk.

(b) Forward exchange contracts

The Company signed forward exchange contracts to hedge exchange rate risks arising from the activities listed below:

- i. Business activity: The payables due from importing materials and supplies as well as receivables from exports.
- ii. Investment activity: The payment due from importing machinery and equipment.
- iii. Financial activity: Assets and liabilities (financing) resulted from long-term or short-term loans.

(c) Foreign exchange contracts

The Company entered into foreign exchange contracts to satisfy capital requirement. The principal in two currencies are swapped using the same exchange rate at the beginning and the end of the period to reduce exchange rate risk.

C. The counterparties of derivative instruments held by the Company are all banks with good credit quality or financial institutions with investment grade credit ratings that are above A.

D. The Company has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2019	December 31, 2018
Non-current items:		
Equity instruments	\$ 1,271,373	\$ 1,415,846

A. The Company has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.

B. The Company recognised other comprehensive losses of \$144,473 and \$375,409 for fair value change for the years ended December 31, 2019 and 2018, respectively.

C. As of December 31, 2019, the Company has no financial assets at fair value through other comprehensive income pledged to others.

(4) Financial assets at amortised cost

Items	December 31, 2019	December 31, 2018
Current items:		
Time deposits with maturity in excess of three months	\$ 3,457,000	\$ 500,000

A. As of December 31, 2019 and 2018, the Company has no financial assets at amortised cost pledged to others.

B. The Company transacts with reputable financial institutions and the probability of default is expected to be very low.

(5) Accounts receivable

	December 31, 2019	December 31, 2018
Accounts receivable	\$ 10,391,016	\$ 12,738,341
Less: Allowance for bad debts	(3,262)	(3,938)
	\$ 10,387,754	\$ 12,734,403

A. The Company does not hold any collateral as security.

B. Information relating to credit risk is provided in Note 12(2).

(6) Inventories

	December 31, 2019	December 31, 2018
Finished goods	\$ 438,042	\$ 284,890
Less: Allowance for inventory obsolescence and market price decline	(15,729)	(15,729)
	\$ 422,313	\$ 269,161

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2019	2018
Cost of inventories sold	\$ 63,119,421	\$ 88,948,243

(7) Investments accounted for using equity method

<u>Investees</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Q-RUN HOLDINGS LTD.	\$ 103,757,140	\$ 92,037,098
FOXCONN PRECISION COMPONENTS HOLDING CO., LTD.	15,580,232	15,692,164
HUAZHUN INVESTMENT CO., LTD.	1,197,817	1,440,657
SYNTREND CREATIVE PARK CO., LTD.	<u>281,350</u>	<u>286,222</u>
	<u>\$ 120,816,539</u>	<u>\$ 109,456,141</u>

A. The Company's subsidiary:

- (a) Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements as of and for the year ended December 31, 2019.
- (b) The Company's investments in China through FOXCONN PRECISION COMPONENTS HOLDING CO., LTD. and Q-RUN HOLDINGS LTD. are engaged in the production and sales of computer components (computer radiators, magnesium alloys and computer components). Please refer to Note 13 for the disclosure of information on investments in China.

B. The Company's associates:

The operating results of the Company's share in all individually immaterial associates are summarized below:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Other comprehensive income, net of tax	(\$ 24,399)	(\$ 85,477)

- C. The Company's subsidiary, HUAZHUN INVESTMENT CO., LTD., issued cash dividends of \$91,437 and \$13,392 in October 2019 and October 2018, respectively, which resulted in the decrease in investments accounted for using equity method.
- D. The Company's share of profit of associates accounted for using equity method in 2019 and 2018 amounted to \$4,797,055 and \$6,310,617, respectively.

(8) Property, plant and equipment

	2019				
	Land	Buildings and structures	Machinery and equipment	Others	Total
<u>At January 1</u>					
Cost	\$ 51,850	\$ 51,749	\$ 81,038	\$ 79,061	\$ 263,698
Accumulated depreciation	-	(41,540)	(78,052)	(66,539)	(186,131)
	<u>\$ 51,850</u>	<u>\$ 10,209</u>	<u>\$ 2,986</u>	<u>\$ 12,522</u>	<u>\$ 77,567</u>
Opening net book amount as at January 1	\$ 51,850	\$ 10,209	\$ 2,986	\$ 12,522	\$ 77,567
Transfer in	-	2,541	-	-	2,541
Disposals	-	-	-	(2,204)	(2,204)
Depreciation charge	-	(516)	(373)	(5,036)	(5,925)
Closing net book amount as at December 31	<u>\$ 51,850</u>	<u>\$ 12,234</u>	<u>\$ 2,613</u>	<u>\$ 5,282</u>	<u>\$ 71,979</u>
<u>At December 31</u>					
Cost	\$ 51,850	\$ 54,108	\$ 81,038	\$ 76,857	\$ 263,853
Accumulated depreciation	-	(41,874)	(78,425)	(71,575)	(191,874)
	<u>\$ 51,850</u>	<u>\$ 12,234</u>	<u>\$ 2,613</u>	<u>\$ 5,282</u>	<u>\$ 71,979</u>
	2018				
	Land	Buildings and structures	Machinery and equipment	Others	Total
<u>At January 1</u>					
Cost	\$ 51,850	\$ 52,938	\$ 83,626	\$ 77,600	\$ 266,014
Accumulated depreciation	-	(38,384)	(72,793)	(59,533)	(170,710)
	<u>\$ 51,850</u>	<u>\$ 14,554</u>	<u>\$ 10,833</u>	<u>\$ 18,067</u>	<u>\$ 95,304</u>
Opening net book amount as at January 1	\$ 51,850	\$ 14,554	\$ 10,833	\$ 18,067	\$ 95,304
Additions	-	-	80	1,461	1,541
Transfer	-	(1,189)	-	-	(1,189)
Disposals	-	-	(2,668)	-	(2,668)
Depreciation charge	-	(3,156)	(5,259)	(7,006)	(15,421)
at December 31	<u>\$ 51,850</u>	<u>\$ 10,209</u>	<u>\$ 2,986</u>	<u>\$ 12,522</u>	<u>\$ 77,567</u>
<u>At December 31</u>					
Cost	\$ 51,850	\$ 51,749	\$ 81,038	\$ 79,061	\$ 263,698
Accumulated depreciation	-	(41,540)	(78,052)	(66,539)	(186,131)
	<u>\$ 51,850</u>	<u>\$ 10,209</u>	<u>\$ 2,986</u>	<u>\$ 12,522</u>	<u>\$ 77,567</u>

(9) Leasing arrangements — lessee

Effective 2019

- A. The Company leases various assets including buildings and structures. Rental contracts are typically made for a period of 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Low-value assets comprise multifunction printers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2019</u>	<u>Year ended December 31, 2019</u>
	<u>Book value</u>	<u>Depreciation charge</u>
Buildings and structures	\$ 2,001	\$ 686

- D. For the year ended December 31, 2019, the additions to right-of-use assets was \$0.

- E. Information on profit or loss in relation to lease contracts is as follows:

<u>Items affecting profit or loss</u>	<u>Year ended December 31, 2019</u>
Interest expense on lease liabilities	\$ 22
Expense on leases of low-value assets	81

- F. For the year ended December 31, 2019, the Company's total cash outflow for leases was \$802.

(10) Leasing arrangements - lessor

Effective 2019

- A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 8 and 55 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. For the year ended December 31, 2019, the Company recognised rent income in the amount of \$19,855 based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2019</u>
2020	\$ 20,187
2021	20,187
2022	19,809
2023	7,382
2024	1,151
	<u>\$ 68,716</u>

(11) Investment property

	2019		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 95,910	\$ 72,454	\$ 168,364
Accumulated depreciation and impairment	-	(41,085)	(41,085)
	<u>\$ 95,910</u>	<u>\$ 31,369</u>	<u>\$ 127,279</u>
Opening net book amount as at January 1	\$ 95,910	\$ 31,369	\$ 127,279
Transfer out	-	(2,541)	(2,541)
Depreciation charge	-	(1,167)	(1,167)
Closing net book amount as at December 31	<u>\$ 95,910</u>	<u>\$ 27,661</u>	<u>\$ 123,571</u>
<u>At December 31</u>			
Cost	\$ 95,910	\$ 66,584	\$ 162,494
Accumulated depreciation and impairment	-	(38,923)	(38,923)
	<u>\$ 95,910</u>	<u>\$ 27,661</u>	<u>\$ 123,571</u>
	2018		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 95,910	\$ 69,816	\$ 165,726
Accumulated depreciation and impairment	-	(38,339)	(38,339)
	<u>\$ 95,910</u>	<u>\$ 31,477</u>	<u>\$ 127,387</u>
Opening net book amount as at January 1	\$ 95,910	\$ 31,477	\$ 127,387
Transfer in	-	1,189	1,189
Depreciation charge	-	(1,297)	(1,297)
Closing net book amount as at December 31	<u>\$ 95,910</u>	<u>\$ 31,369</u>	<u>\$ 127,279</u>
<u>At December 31</u>			
Cost	\$ 95,910	\$ 72,454	\$ 168,364
Accumulated depreciation and impairment	-	(41,085)	(41,085)
	<u>\$ 95,910</u>	<u>\$ 31,369</u>	<u>\$ 127,279</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2019	2018
Rental income from investment property	\$ 19,855	\$ 21,487
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 1,167	\$ 1,297

B. The fair value of the investment property held by the Company as at December 31, 2019 and 2018 was \$677,598 and \$783,686, respectively. Valuations were made using the income approach which is categorised within Level 3 in the fair value hierarchy.

(12) Short-term borrowings

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 14,785,129	0.59%~3.19673%	None
Type of borrowings	December 31, 2018	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 13,689,160	0.69%~3.05563%	None

(13) Other payables

	December 31, 2019	December 31, 2018
Employees' compensation payable	\$ 1,460,134	\$ 1,398,777
Payable for purchases made by parties on behalf of others	51,654	361,663
Awards and salaries payable	36,497	29,662
Others	99,915	310,137
	<u>\$ 1,648,200</u>	<u>\$ 2,100,239</u>

(14) Pensions

A. Defined benefit plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.
- (b) The amounts recognised in the balance sheet are as follows (shown as 'other non-current liabilities'):

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	(\$ 57,744)	(\$ 51,634)
Fair value of plan assets	39,056	38,843
Net defined benefit liability	<u>(\$ 18,688)</u>	<u>(\$ 12,791)</u>

(C) Movements in net defined benefit liabilities are as follows:

	2019		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	(\$ 51,634)	\$ 38,843	(\$ 12,791)
Current service cost	-	-	-
Interest income	(581)	446	(135)
	(52,215)	39,289	(12,926)
Remeasurements			
Return on plan assets (Note)	-	1,433	1,433
Change in demographic assumptions	(345)	-	(345)
Change in financial assumptions	(1,724)	-	(1,724)
Experience adjustments	(6,853)	-	(6,853)
	(8,922)	1,433	(7,489)
Pension fund contribution	-	1,727	1,727
Paid pension	3,393	(3,393)	-
	3,393	(1,666)	1,727
Balance at December 31	(\$ 57,744)	\$ 39,056	(\$ 18,688)
	2018		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	(\$ 55,950)	\$ 41,646	(\$ 14,304)
Current service cost	(71)	-	(71)
Interest income	(699)	532	(167)
	(56,720)	42,178	(14,542)
Remeasurements			
Return on plan assets (Note)	-	1,154	1,154
Change in demographic assumptions	(121)	-	(121)
Change in financial assumptions	(604)	-	(604)
Experience adjustments	(522)	-	(522)
	(1,247)	1,154	(93)
Pension fund contribution	-	1,844	1,844
Paid pension	6,333	(6,333)	-
	6,333	(4,489)	1,844
Balance at December 31	(\$ 51,634)	\$ 38,843	(\$ 12,791)

Note: The amount included in interest income or expense is excluded.

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after approval by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2019	2018
Discount rate	0.80%	1.125%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2019				
Effect on present value of defined benefit obligation	\$ 1,350	(\$ 1,396)	(\$ 1,340)	\$ 1,303
December 31, 2018				
Effect on present value of defined benefit obligation	\$ 1,231	(\$ 1,272)	(\$ 1,225)	(\$ 1,191)

The sensitivity analysis above was based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2020 are \$1,700.

B. Defined contribution plan

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump

sum upon termination of employment.

- (b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2019 and 2018 were \$11,096 and \$11,076, respectively.

(15) Share capital

As of December 31, 2019, the Company's authorised capital was \$15,000,000 (including subscription warrant or 50 million shares reserved for convertible bonds issued by the Company), and the paid-in capital was \$14,144,852, consisting of outstanding ordinary shares of 1,414,485 thousand shares with a par value of \$10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2019	2018
	Number of ordinary shares (in thousands)	Number of ordinary shares (in thousands)
At January 1 (December 31)	1,414,485	1,414,485

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Retained earnings

- A. In accordance with the Company's Articles of Incorporation, current year's earnings must be distributed in the following order:

- (a) Covering accumulated deficit;
- (b) Setting aside as legal reserve equal to 10% of current year's net income after tax and distribution pursuant to clause (A);
- (c) Setting aside a special reserve in accordance with applicable legal and regulatory requirements;

The remaining earnings along with the unappropriated earnings at the beginning of the period are considered as accumulated distributable earnings. In accordance with dividend policy, the proposal of earnings appropriation is prepared by the Board of Directors and resolved by the shareholders.

The Company is at the growing stage. The Company's stock dividend policy shall consider the Company's current and future investment environment, capital needs, local and foreign competition situation and capital budget, along with shareholders' profit and the Company's long-term financial plans. The shareholders' dividends are appropriated based on accumulated distributable earnings, which shall not be lower than 15% of the distributable earnings for the period and the cash dividends shall not be less than 10% of the shareholders' dividends.

- B. According to related regulations, 10% of the balance of earnings after tax less the accumulated loss of prior years should be set aside as legal reserve, until such legal reserve amount reaches the total authorised capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve

is limited to the portion in excess of 25% of the Company's paid-in capital.

- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of earnings for 2018 and 2017 had been resolved at the stockholders' meeting on June 21, 2019 and June 22, 2018, respectively. Details are summarised below:

	Years ended December 31,			
	2018		2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 914,666		\$ 996,539	
Special reserve	46,492		-	
Cash dividends	4,526,353	\$ 3.2	5,092,147	\$ 3.6
	<u>\$ 5,487,511</u>		<u>\$ 6,088,686</u>	

The appropriations of earnings for 2019 has not yet been approved at the Board of Directors' meeting as of March 30, 2020. The information on distribution of earnings will be posted in the "Market Observation Post System" of the TSEC.

- E. For the information relating to employees' compensation, please refer to Note 6(23).

(18) Other equity items

	2019		
	Unrealised gain (loss) on financial assets at fair value through other comprehensive income	Currency translation adjustments	Total
At January 1	\$ 2,531,519	(\$ 2,578,011)	(\$ 46,492)
Revaluation of fair value		-	
- Parent	(144,473)	-	(144,473)
- Subsidiaries	10,522,950	-	10,522,950
Currency translation			
- Parent and subsidiaries	-	(3,548,558)	(3,548,558)
At December 31	<u>\$ 12,909,996</u>	<u>(\$ 6,126,569)</u>	<u>\$ 6,783,427</u>

2018

	Unrealised gain (loss) on financial assets at fair value through other comprehensive income	Unrealised gain (loss) on available-for-sale financial assets	Currency translation adjustments	Total
At January 1	\$ -	\$ 41,569,491	(\$ 2,586,289)	\$ 38,983,202
Adjustments under new standards	41,569,491	(41,569,491)	-	-
Revaluation of fair value			-	
- Parent	(375,409)	-	-	(375,409)
- Subsidiaries	(38,662,563)	-	-	(38,662,563)
Currency translation differences:				
- Parent and subsidiaries	-	-	8,278	8,278
At December 31	<u>\$ 2,531,519</u>	<u>\$ -</u>	<u>(\$ 2,578,011)</u>	<u>(\$ 46,492)</u>

(19) Operating revenue

	Years ended December 31,	
	2019	2018
Revenue from contracts with customers	<u>\$ 66,650,972</u>	<u>\$ 93,824,119</u>

The Company derives revenue from the transfer of goods and services at a point in time in the following categories:

	Year ended December 31, 2019		
	Electronic products trading services	Others	Total
Revenue from contracts with customers	<u>\$ 66,570,492</u>	<u>\$ 80,480</u>	<u>\$ 66,650,972</u>
	Year ended December 31, 2018		
	Electronic products trading services	Others	Total
Revenue from contracts with customers	<u>\$ 93,740,958</u>	<u>\$ 83,161</u>	<u>\$ 93,824,119</u>

(20) Other income

	Years ended December 31,	
	2019	2018
Interest income from bank deposits	\$ 171,637	\$ 293,720
Dividend income	12,856	106,424
Rental revenue	19,855	21,487
Others	<u>7,153</u>	<u>87,062</u>
	<u>\$ 211,501</u>	<u>\$ 508,693</u>

(21) Other gains and losses

	Years ended December 31,	
	2019	2018
Gains on financial assets (liabilities) at fair value through profit or loss	\$ 51,551	\$ 769,013
Net currency exchange gains (losses)	83,243	(738,994)
Others	97	426
	<u>\$ 134,891</u>	<u>\$ 30,445</u>

Information related to gains (losses) on financial assets at fair value through profit or loss is provided in Note 6(2).

(22) Expenses by nature

	Years ended December 31,	
	2019	2018
Employee benefit expense	\$ 624,021	\$ 980,026
Depreciation (Note)	7,778	16,718
Amortisation	1,146	1,250
	<u>\$ 632,945</u>	<u>\$ 997,994</u>

Note: Including investment property and right-of-use assets.

(23) Employee benefit expense

	Years ended December 31,	
	2019	2018
Wages and salaries	\$ 556,757	\$ 897,623
Labor and health insurance fees	20,755	24,119
Pension costs	11,231	11,314
Other personnel expenses	35,278	46,970
	<u>\$ 624,021</u>	<u>\$ 980,026</u>

A. According to the Company's Articles of Incorporation, if the Company accrues profit (referring to profit before tax prior to deducting the appropriation for employees' compensation and directors' remuneration), 4%~6% should be appropriated as employees' compensation.

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at \$325,135 and \$666,180, respectively. The aforementioned amounts were recognised in salary expenses and share of profit of associates and joint ventures accounted for using equity method. For the year ended December 31, 2019, the employees' compensation was estimated and accrued based on 4% of profit of current year distributable as of the end of reporting period.

Employees' compensation for 2018 as resolved by the Board of Directors was in agreement with the amount recognised in the 2018 financial statements. In 2018, the employees' compensation was distributed in the form of cash amounting to \$666,180.

Information about employees' compensation of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Components of income tax expense:

	Years ended December 31,	
	2019	2018
Current tax:		
Current tax on profits for the year	\$ 602,941	\$ 805,550
Tax on undistributed surplus earnings	181,368	386,685
Prior year income tax (over) under estimation	(368)	122,525
Total current tax	783,941	1,314,760
Deferred tax:		
Origination and reversal of temporary differences	(110,513)	(74,396)
Impact of change in tax rate	-	94,573
Income tax expense	\$ 673,428	\$ 1,334,937

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate	\$ 1,560,563	\$ 2,096,319
Tax effects of unrecognised deferred tax assets	(1,068,135)	(1,365,165)
Tax on undistributed earnings	181,368	386,685
Prior year income tax (over) under estimation	(368)	122,525
Impact of change in tax rate	-	94,573
Income tax expense	673,428	1,334,937
Origination and reversal of temporary differences	110,513	(20,177)
Prior year income tax over (under) estimation	368	(2,525)
Prior year income tax payable	120,000	-
Prepaid income tax	(199,557)	(322,880)
Current income tax liabilities	\$ 704,752	\$ 989,355

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Reserve for inventory obsolescence	\$ 3,146	\$ -	\$ -	\$ 3,146
Permanent loss on market value decline of long-term equity investments	16,222	-	-	16,222
Unused compensated absences for employees	2,852	688	-	3,540
Unrealised loss on financial instruments	-	17,696	-	17,696
Others	<u>38,048</u>	<u>(34,869)</u>	<u>1,498</u>	<u>4,677</u>
	<u>\$ 60,268</u>	<u>(\$ 16,485)</u>	<u>\$ 1,498</u>	<u>\$ 45,281</u>
Deferred tax liabilities:				
Foreign investment income using equity method	(\$ 505,141)	\$ 62,486	\$ -	(\$ 442,655)
Unrealised valuation gain on financial instruments	(105,530)	105,530	-	-
Others	<u>-</u>	<u>(41,018)</u>	<u>-</u>	<u>(41,018)</u>
	<u>(\$ 610,671)</u>	<u>\$ 126,998</u>	<u>\$ -</u>	<u>(\$ 483,673)</u>

	2018			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Reserve for inventory obsolescence	\$ 2,674	\$ 472	\$ -	\$ 3,146
Permanent loss on market value decline of long-term equity investments	13,789	2,433	-	16,222
Unused compensated absences for employees	2,747	105	-	2,852
Unrealised loss on financial instruments	7,815	(7,815)	-	-
Others	3,269	33,910	869	38,048
	<u>\$ 30,294</u>	<u>\$ 29,105</u>	<u>\$ 869</u>	<u>\$ 60,268</u>
Deferred tax liabilities:				
Foreign investment income using equity method	(\$ 498,863)	(\$ 6,278)	\$ -	(\$ 505,141)
Unrealised valuation gain on financial instruments	-	(105,530)	-	(105,530)
Others	(62,526)	62,526	-	-
	<u>(\$ 561,389)</u>	<u>(\$ 49,282)</u>	<u>\$ -</u>	<u>(\$ 610,671)</u>

- D. The Company did not recognise taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2019 and 2018, the temporary differences unrecognised as deferred tax liabilities were \$98,103,567 and \$87,657,473, respectively. Abovementioned taxable temporary differences arose from the differences between estimated carrying amounts of long-term investments in foreign subsidiaries and tax payable. The Company will not dispose the subsidiaries in the foreseeable future nor remit back earnings and thus, did not recognise deferred income tax liabilities.
- E. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.
- F. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% and income tax rate on undistributed surplus earnings was reduced from 10% to 5% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(25) Earnings per share

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Net income	<u>\$ 7,129,801</u>	1,414,485	<u>\$ 5.04</u>
<u>Diluted earnings per share</u>			
Net income	\$ 7,129,801		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	8,389	
Net income plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 7,129,801</u>	<u>1,422,874</u>	<u>\$ 5.01</u>
	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Net income	<u>\$ 9,146,659</u>	1,414,485	<u>\$ 6.47</u>
<u>Diluted earnings per share</u>			
Net income	\$ 9,146,659		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	13,146	
Net income plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 9,146,659</u>	<u>1,427,631</u>	<u>\$ 6.41</u>

7. RELATED PARTY TRANSACTIONS(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Hon Hai Precision Industry Co., Ltd. and Subsidiaries (Hon Hai and Subsidiaries)	Entity with significant influence to the Company
Hongfujin Precision Electronics (Yantai) Co., Ltd.	"
Pan-International Industrial Corporation and Subsidiaries	Other related party
Innolux Corporation	"
Sharp Corporation and Subsidiaries	"
CyberTAN Technology, Inc. and Subsidiaries	"
SIO International Holdings Limited Taiwan Branch	"

For more information about the Company and other subsidiaries, please refer to Note 7.

(2) Significant related party transactions

A. Sales

	Years ended December 31,	
	2019	2018
Sales of goods and services:		
Entities with significant influence to the Company		
-Hon Hai and Subsidiaries	\$ 704,432	\$ 2,675,632
Subsidiaries	553,397	177,078
Other related parties	43,476	24,848
	<u>\$ 1,301,305</u>	<u>\$ 2,877,558</u>

Except for circumstances in which there are no similar transactions for reference and the prices and credit periods are negotiated by both parties, the aforementioned related party is offered prices very close to those offered to other customers and given a payment period of 30 to 90 days. For transactions involving the sale of raw materials to the aforementioned related party and subsequent repurchase of goods made from the same raw materials from the same party, the initial sale of raw materials is eliminated due to economic substance.

B. Management service revenue (shown as ‘operating revenue’)

	Years ended December 31,	
	2019	2018
Management service revenue:		
Subsidiaries	<u>\$ 158,956</u>	<u>\$ 148,541</u>

C. Purchases

	Years ended December 31,	
	2019	2018
Purchases of goods and services:		
Entities with significant influence to the Company		
-Hon Hai and Subsidiaries	\$ 54,708,022	\$ 80,274,174
Other related parties	3,132,186	3,505,819
Subsidiaries	5,331,239	3,175,037
	<u>\$ 63,171,447</u>	<u>\$ 86,955,030</u>

Except for circumstances in which there are no similar transactions for reference and the prices and payment terms are negotiated by both parties, the Company makes purchases from the aforementioned related party at the prevailing market price, with payment periods of 30 to 90 days.

D. Receivables from related parties

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accounts receivable:		
Entities with significant influence to the Company		
-Hon Hai and Subsidiaries	\$ 539,571	\$ 502,096
Subsidiaries	333,927	469,451
Other related parties	<u>32,052</u>	<u>2,955</u>
	905,550	974,502
Less: Allowance for uncollectible accounts	(<u>172</u>)	(<u>154</u>)
	<u>\$ 905,378</u>	<u>\$ 974,348</u>

The receivables from related parties arise mainly from sales transactions. The amount is due three months after the invoice date. The receivables are unsecured and non-interest bearing. No allowance for doubtful debts was provided against receivables from related parties.

E. Payables to related parties

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accounts payable:		
Entities with significant influence to the Company		
-Hon Hai and Subsidiaries	\$ 13,951,320	\$ 14,946,070
Subsidiaries	1,058,296	3,984,399
Other related parties	<u>620,931</u>	<u>416,870</u>
	<u>\$ 15,630,547</u>	<u>\$ 19,347,339</u>

The payables to related parties arise mainly from purchase transactions and are made at arm's-length, non-interest bearing and payable within 30~90 days.

F. Raw materials purchased on behalf of others

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Raw materials purchased on behalf of others		
Entities with significant influence to the Company	<u>\$ 23,940,737</u>	<u>\$ 26,887,244</u>
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Receivable for raw materials purchased on behalf of others (shown as 'other receivables')		
Entities with significant influence to the Company	<u>\$ 51,333</u>	<u>\$ 358,273</u>

G. Lease transactions – lessee

(a) The Company leases plant from entities with significant influence to the Company. Rental contracts are typically made for a period of 5 years. Rents are paid at the beginning of each month.

(b) Acquisition of right-of-use assets:

On January 1, 2019 (the date of initial application of IFRS 16), the Company increased right-of-use assets by \$2,687.

(c) Lease liabilities:

i. Outstanding balance:

	<u>December 31, 2019</u>
Current:	
Entities with significant influence to the Company	\$ <u>683</u>
Non-current:	
Entities with significant influence to the Company	\$ <u>1,327</u>
ii. Interest expense	

	<u>Year ended</u> <u>December 31, 2019</u>
Entities with significant influence to the Company	\$ <u>22</u>

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Salaries and other short-term employee benefits	\$ 26,031	\$ 51,363
Post-employment benefits	523	495
Share-based payments	<u>28,666</u>	<u>24,818</u>
	\$ <u>55,220</u>	\$ <u>76,676</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Operating lease commitments:

The future aggregate minimum lease payments for the lease of dormitory are as follows:

	<u>December 31, 2018</u>
Not later than one year	\$ 753
Later than one year but not later than five years	<u>2,256</u>
	\$ <u>3,009</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

As of March 30, 2020, the Company has implemented relevant measures in response to COVID-19 pandemic since the beginning of 2020. The subsidiaries in China have gradually resumed work in February 2020 and the Company has liaised with customers and suppliers for delivery arrangements. The extent to which the Company's operations is affected by the delay in production resumption depends on the subsequent control of the pandemic situation.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to operate with the goal to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including “current and non-current borrowings” as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as “equity” as shown in the consolidated balance sheet less total intangible assets.

During 2019, the Company’s strategy, which was unchanged from 2018, was to maintain the gearing ratio below 70%.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 10,946	\$ 567,640
Financial assets at fair value through other comprehensive income	1,271,373	1,415,846
Financial assets at amortised cost	<u>21,198,777</u>	<u>25,712,708</u>
	<u>\$ 22,481,096</u>	<u>\$ 27,696,194</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss	\$ 99,427	\$ 39,992
Financial liabilities at amortised cost	<u>33,952,022</u>	<u>36,462,274</u>
	<u>\$ 34,051,449</u>	<u>\$ 36,502,266</u>
Lease liabilities	<u>\$ 2,010</u>	<u>\$ -</u>

Note: Financial assets at amortised cost included cash, accounts receivable, accounts receivable due from related parties and other receivables; financial liabilities at amortised cost included short-term borrowings, accounts payable, accounts payable to related parties and other payables.

B. Risk management policies

(a) Risk categories

The Company employs a comprehensive financial risk management and control system to clearly identify, measure and control the various kinds of financial risk it faces, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Management objectives:

- i. Except for market risk, which is controlled by outside factors, the remainder of the foregoing types of risks can be controlled internally or removed from business processes. Therefore, the goal in managing each of these risks is to reduce them to zero.
- ii. As for market risk, the goal is to optimize its overall position through strict analysis, suggestion, execution and audit processes, and proper consideration of a) long-term trends in the external economic/financial environment, b) internal operating conditions, and c) the actual effects of market fluctuations.
- iii. The Company’s overall risk management policy focuses on the unpredictable items in financial markets and seeks to reduce the risk that potentially pose adverse effects on the Company’s financial position and financial performance.

- iv. For the information on the derivative financial instruments that the Company enters into, please refer to Note 6(2).

(c) Management system:

- i. Risk management is executed by the Company's finance department by following policies approved by the Board. Through cooperation with the Company's operating units, finance department is responsible for identifying, evaluating and hedging financial risks.
- ii. The Board has a written policy covering overall risk management. It also has written policies covering specific issues, such as exchange rate risk, interest rate risk, credit risk, derivative and non-derivative financial instruments used, and the investment of excess working capital.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. Nature:

The Company is a multinational group in the electronic manufacturing services industry. Most of the exchange rate risk from operating activities comes from:

- (i) Foreign exchange risk arises from different exchange rates to functional currency as the invoice dates of accounts receivable and payable denominated in non-functional foreign currency are different. Because the amount after the assets and liabilities are offset is insignificant, income/loss is insignificant as well. (Note: The Company has several sites in various countries and thus is exposed to various foreign exchange risks. The main risk arises from USD and RMB.)
- (ii) Changes in exchange rates of functional currencies to presentation currency at different timing will cause another foreign exchange risk.
- (iii) Except for the above transactions (operating activities) recognised in the income statement, assets and liabilities recognised in the balance sheet and the net investment in foreign operations also result in the exchange rate risk.

ii. Management:

- (i) For such risks, the Company has set up policies requiring the Company to manage its exchange rate risks.
- (ii) As to the exchange rate risk arising from the difference between various functional currencies and the reporting currency in the parent company only financial statements, it is managed by the Company's finance department.

iii. Sources of risk:

U.S. dollars and NT dollars:

Foreign exchange risk arises primarily from gains or losses from translating U.S. dollar-denominated assets, such as cash, cash equivalents, accounts receivable, other receivables and time deposits maturing in excess of three months, and U.S. dollar-denominated liabilities, such as loans, accounts payable and other payables, into New Taiwan dollars.

- iv. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2019					
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	452,771	29.98	\$ 13,574,075	1%	\$ 135,741
<u>Non-monetary items</u>					
<u>Foreign operations</u>					
USD : NTD	3,980,566	29.98	119,337,372		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	624,622	29.98	18,726,168	1%	187,262

December 31, 2018					
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	512,724	30.72	\$ 15,750,881	1%	\$ 157,509
<u>Non-monetary items</u>					
<u>Foreign operations</u>					
USD : NTD	3,506,812	30.72	107,729,262		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	779,846	30.72	23,956,869	1%	239,569

- v. Total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2019 and 2018 amounted to \$83,243 and (\$738,994), respectively.

Price risk

i. Nature

The Company primarily invests in domestic listed equity instruments, which are accounted for as financial assets at fair value through other comprehensive income. The price of those equity instruments will be affected by the uncertainty of the future value of the investment.

ii. Extent

If the price of such equity instrument rises or falls by 1%, with all other factors held constant, the impact on other comprehensive income due to equity instruments measured at fair value through other comprehensive income would have been an increase/decrease of \$12,714 and \$14,158 for the years ended December 31, 2019 and 2018, respectively.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from short-term loans. Short-term loans with floating rates expose the Company to cash flow interest rate risk, but most of the risks are offset by cash and cash equivalents with variable interest rates.

If short-term loans interest rates rise or fall by 1%, with all other factors held constant, profit after tax would decrease/increase by \$118,281 and \$109,513 for the years ended December 31, 2019 and 2018, respectively.

(b) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments.

- i. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. The Company assesses the credit quality of the customers by taking into account their financial position, past experience and other factors to conduct its internal risk management.

Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Major credit risk arises from cash and cash equivalents, derivative financial instruments, deposits and short-term investments with banks and financial institutions, and other financial instruments. The counterparties are banks with good credit quality, financial institutions with investment grade credit ratings and government agencies, so there is no significant default concerns and credit risk.

- ii. If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- iv. The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Not past due	\$ 11,093,293	\$ 11,332,370
0 to 90 days	199,732	2,380,346
91 to 180 days	2,175	-
181 to 270 days	997	-
271 to 360 days	369	127
Over 360 days	-	-
	<u>\$ 11,296,566</u>	<u>\$ 13,712,843</u>

The above ageing analysis was based on past due date.

- v. As of December 31, 2019 and 2018, accounts receivable (including related parties) and notes receivable were all from contracts with customers. As of January 1, 2018, the balance of receivables from contracts with customers amounted to \$15,469,802.
- vi. The Company assesses the expected credit losses of accounts receivable (including those from related parties) as follows:
- Accounts receivable are divided into segments according to the Company's credit rating standards; expected credit losses for each segment are assessed based on the specific loss rate or provision matrix for the segment.
 - Loss rates are calculated based on past and current information, taking into account forward-looking information provided by the Business Indicators Database of the National Development Council and the Basel Committee on Banking Supervision.
 - As of December 31, 2019 and 2018, the loss allowance for accounts receivable (including those from related parties), assessed using loss rate or provision matrix, is as follows:

	<u>Group 1</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Group 4</u>	<u>Total</u>
<u>December 31, 2019</u>					
Expected loss rate	<u>0.03%</u>	<u>0.03%</u>	<u>0.07%</u>	<u>0.07%</u>	
Total book value	<u>\$ 10,737,245</u>	<u>\$ 231,826</u>	<u>\$ 281,915</u>	<u>\$ 45,580</u>	<u>\$ 11,296,566</u>
Allowance for uncollectible accounts	<u>\$ 3,135</u>	<u>\$ 70</u>	<u>\$ 197</u>	<u>\$ 32</u>	<u>\$ 3,434</u>
	<u>Group 1</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Group 4</u>	<u>Total</u>
<u>December 31, 2018</u>					
Expected loss rate	<u>0.03%</u>	<u>0.03%</u>	<u>0.07%</u>	<u>0%~1%</u>	
Total book value	<u>\$ 12,914,823</u>	<u>\$ 438,719</u>	<u>\$ 309,323</u>	<u>\$ 49,978</u>	<u>\$ 13,712,843</u>
Allowance for uncollectible accounts	<u>\$ 3,744</u>	<u>\$ 132</u>	<u>\$ 216</u>	<u>\$ -</u>	<u>\$ 4,092</u>

Group 1: Standard Poor's, Fitch's, or Moody's rating of A-level, or rated as A-level in accordance with the Group's credit policies for those that have no external

credit ratings.

Group 2: Standard Poor's or Fitch's rating of BBB, Moody's rating of Baa, or rated as B or C in accordance with the Group's credit policies for those that have no external credit ratings.

Group 3: Standard Poor's or Fitch's rating of BB + and below, or Moody's rating of Ba1 and below.

Group 4: Rated as other than A, B, or C in accordance with the Group's credit policies for those that have no external credit ratings.

vii. The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

	2019
At January 1	\$ 4,092
Gain on reversal of expected credit impairment loss	(658)
At December 31	<u>\$ 3,434</u>
	2018
At January 1_IAS 39	\$ -
Adjustments under new standards	4,979
At January 1_IFRS 9	4,979
Gain on reversal of expected credit impairment loss	(887)
At December 31	<u>\$ 4,092</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed by each of the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.
- ii. The Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.
- iii. Except for lease liabilities listed below, as of December 31, 2019 and 2018, the Company's non-derivative financial liabilities (including short-term loans, accounts payable and other payables) and derivative financial liabilities (including foreign exchange contracts, cross currency swap contracts and forward foreign exchange contracts) will expire within 1 year.

<u>December 31, 2019</u>	<u>Less than 1 year</u>	<u>Between 1 to 2 years</u>	<u>Over 2 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities:</u>				
Lease liability	<u>\$ 699</u>	<u>\$ 699</u>	<u>\$ 641</u>	<u>\$ 2,039</u>

(3) Fair value estimation

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability takes place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(11).

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 10,946</u>	<u>\$ -</u>	<u>\$ 10,946</u>
Financial assets at fair value through other comprehensive income				
Equity instruments	<u>\$ 1,271,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,271,373</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 99,427</u>	<u>\$ -</u>	<u>\$ 99,427</u>

<u>December 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Derivative instruments	\$ -	\$ 567,640	\$ -	\$ 567,640
Financial assets at fair value through other comprehensive income				
Equity instruments	\$ 1,415,846	\$ -	\$ -	\$ 1,415,846
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Foreign exchange contracts	\$ -	\$ 39,992	\$ -	\$ 39,992

(b) The methods and assumptions the Company used to measure fair value are as follows:

- i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

Listed shares

Market quoted price Closing price

- ii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
 - iii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
 - iv. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.
- D. For the years ended December 31, 2019 and 2018, there was no transfer into or out from Level 1 to Level 2.
- E. For the years ended December 31, 2019 and 2018, there was no transfer into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of paid-in capital or more: Please refer to table 3.

- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), 6(21) and 12(3).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

14. SEGMENT INFORMATION

None.

Foxconn Technology Co., Ltd.

Loans to others

Year ended December 31, 2019

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019	Balance at December 31, 2019	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Note
													Item	Value			
1	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Qingdao Hiyn Materials Co., Ltd.	Other receivables	Y	\$ 681,614	\$ 215,165	\$ 215,165	4.35000%	Short-term financing	\$ -	Business operation	\$ -	None	\$ -	\$ 4,035,829	\$ 16,143,317	Note 1
1	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Fuzhun Precision Industry (shenyang) Co., Ltd.	Other receivables	Y	195,241	189,345	86,066	3.91500%	Short-term financing	-	Business operation	-	None	-	32,585,828	65,171,656	Note 2
2	Q-Run Holdings Ltd.	YanTai Fuzhun Precision Electronics Co., Ltd.	Other receivables	Y	632,200	-	-	0.00000%	Short-term financing	-	Business operation	-	None	-	32,585,828	65,171,656	Note 2
3	FOXCONN TECHNOLOGY PTE. LTD.	YanTai Fuzhun Precision Electronics Co., Ltd.	Other receivables	Y	609,940	600,780	600,780	2.11538%	Short-term financing	-	Business operation	-	None	-	32,585,828	65,171,656	Note 2

Note 1: For short-term loans, limit on loans granted for a single party is 10% of the lending company's net assets and ceiling on total loans is 40% of the Company's net assets based on the latest audited or reviewed financial statements.

Note 2: Limit on loans granted for a single foreign company whose voting rights are 100% owned directly and indirectly by the Company is 30% of the Company's net assets and 60% for ceiling on total loans.

Foxconn Technology Co., Ltd.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2019

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019				Note
				Number of shares	Book value	Ownership (%)	Fair value	
Foxconn Technology Co., Ltd.	Common stock of CyberTAN Technology Inc.	None	Financial assets at fair value through other comprehensive income - non-current	10,035,348	\$ 183,647	3.05	\$ 183,647	
"	Common stock of Pan-International Industrial Corp.	"	"	1,079,986	25,164	0.21	25,164	
"	Common stock of Innolux Corporation	"	"	127,556,349	1,062,544	1.31	1,062,544	
"	Common stock of Advanced Optoelectronic Technology, Inc.	"	"	1,000	18	0	18	
Huazhun Investment Co., Ltd.	Common stock of Innolux Corporation	"	"	121,036,800	1,008,237	1.25	1,008,237	
"	Common stock of Advanced Optoelectronic Technology, Inc.	"	"	7,672,000	138,096	5.31	138,096	
Q-Run Holdings Ltd.	Common stock of China Harmony Auto Holding Ltd.	"	"	38,452,340	583,171	2.44	583,171	
"	Common stock of FE Holdings USA, Inc.	"	"	8,040	2,285,312	15.50	2,285,312	
Foxconn Technology Pte. Ltd.	Common stock of Sharp Corporation	"	"	64,640,000	30,041,437	12.14	30,041,437	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Jinan Fujie Industrial Investment Fund Partnership (limited partnership)	"	Financial assets at fair value through profit or loss - non-current	-	493,296	9.09	493,296	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Bank of Beijing for RMB public structured deposits - 14	"	Financial assets at amortised cost - current	-	2,174,510	-	2,174,510	
"	Bank of Beijing for RMB public structured deposits - 15	"	"	-	2,174,510	-	2,174,510	
"	Bank of Beijing for RMB public structured deposits - 16	"	"	-	2,159,051	-	2,159,051	
"	Bank of Beijing for RMB public structured deposits - 17	"	"	-	2,157,583	-	2,157,583	
"	Bank of Beijing for RMB public structured deposits - 18	"	"	-	2,157,354	-	2,157,354	
"	Bank of Beijing for RMB public structured deposits - 19	"	"	-	2,156,898	-	2,156,898	
"	Bank of Beijing for RMB public structured deposits - 21	"	"	-	2,154,117	-	2,154,117	
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Fortune Shuttle No. 1	"	"	-	3,018,861	-	3,018,861	
Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Shanghai Commercial & Savings Bank "Winner" Currency and Bond Series (Drip into Gold) Financial product (WG19011S)	"	"	-	647,466	-	647,466	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Guangdong Finance Trust - Peng Yun Tian Hua Collection Fund Trust	"	Financial assets at amortised cost - non-current	-	861,020	-	861,020	
"	Guangdong Finance Trust - Peng Yun Tian Hua Collection Fund Trust	"	"	-	2,152,575	-	2,152,575	
Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Guangdong Finance Trust - Peng Yun Tian Hua Collection Fund Trust	"	"	-	861,020	-	861,020	

Foxconn Technology Co., Ltd.

Aggregate purchases or sale of the same securities reaching \$300 million or 20% of paid-in capital or more

Year ended December 31, 2019

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Balance as at														
January 1, 2019														
Addition														
Disposal														
December 31, 2019														
Investor	Marketable securities	General ledger account	Counterparty (Note 4)	Relationship with the investor (Note 4)	Number of shares (In thousands)		Number of shares (In thousands)		Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
						Amount		Amount						
Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Guangdong Finance Trust - Peng Yun Tian Hua Collection Fund Trust	Note 3	Guangdong Yuecai Intrust & Investment Company	None	-	RMB 350,000 thousand	-	-	-	RMB 170,650 thousand	RMB 150,000 thousand	RMB 20,650 thousand	-	RMB 200,000 thousand
Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Shanghai Commercial & Savings Bank “Winner” Currency and Bond Series (Drip into Gold) Financial product (WG19006S)	Note 2	The Shanghai Commercial & Savings Bank	”	-	-	-	RMB 150,000 thousand	-	RMB 150,879 thousand	RMB 150,000 thousand	RMB 879 thousand	-	-
Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Shanghai Commercial & Savings Bank “Winner” Currency and Bond Series (Drip into Gold) Financial product (WG19008S)	Note 2	The Shanghai Commercial & Savings Bank	”	-	-	-	RMB 150,000 thousand	-	RMB 150,893 thousand	RMB 150,000 thousand	RMB 893 thousand	-	-
Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Shanghai Commercial & Savings Bank “Winner” Currency and Bond Series (Drip into Gold) Financial product (WG19011S)	Note 2	The Shanghai Commercial & Savings Bank	”	-	-	-	RMB 150,000 thousand	-	-	-	-	-	RMB 150,395 thousand
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Liduoduo (18JG2723) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	”	-	RMB 350,000 thousand	-	-	-	RMB 351,276 thousand	RMB 350,000 thousand	RMB 1,276 thousand	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Liduoduo (19JG0313) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	”	-	-	-	RMB 300,000 thousand	-	RMB 301,333 thousand	RMB 300,000 thousand	RMB 1,333 thousand	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Liduoduo (19JG0314) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	”	-	-	-	RMB 300,000 thousand	-	RMB 301,367 thousand	RMB 300,000 thousand	RMB 1,367 thousand	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Liduoduo (19JG0669) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	”	-	-	-	RMB 400,000 thousand	-	RMB 402,589 thousand	RMB 400,000 thousand	RMB 2,589 thousand	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Liduoduo (19JG1261) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	”	-	-	-	RMB 600,000 thousand	-	RMB 602,604 thousand	RMB 600,000 thousand	RMB 2,604 thousand	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Liduoduo (18JG2528) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	”	-	RMB 130,000 thousand	-	-	-	RMB 130,479 thousand	RMB 130,000 thousand	RMB 479 thousand	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Liduoduo (19JG0670) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	”	-	-	-	RMB 200,000 thousand	-	RMB 201,295 thousand	RMB 200,000 thousand	RMB 1,295 thousand	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Liduoduo (19JG1585) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	”	-	-	-	RMB 600,000 thousand	-	RMB 603,005 thousand	RMB 600,000 thousand	RMB 3,005 thousand	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Liduoduo (19JG2120) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	”	-	-	-	RMB 600,000 thousand	-	RMB 603,885 thousand	RMB 600,000 thousand	RMB 3,885 thousand	-	-

Investor	Marketable securities	General ledger account	Counterparty (Note 4)	Relationship with the investor (Note 4)	Balance as at January 1, 2019		Addition		Disposal			Balance as at December 31, 2019		
					Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Fortune Shuttle No. 1	Note 2	Shanghai Pudong Development Bank	"	-	-	-	RMB 700,000 thousand	-	-	-	-	-	RMB 701,228 thousand
Fu Rui Precision Components (Kunshan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (18JG2621) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	RMB 250,000 thousand	-	-	-	RMB 252,625 thousand	RMB 250,000 thousand	RMB 2,625 thousand	-	-
Fu Rui Precision Components (Kunshan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (19JG0714) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	-	-	RMB 250,000 thousand	-	RMB 252,500 thousand	RMB 250,000 thousand	RMB 2,500 thousand	-	-
Fu Yu Precision Components (Kunshan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (19JG0555) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	-	-	RMB 100,000 thousand	-	RMB 100,689 thousand	RMB 100,000 thousand	RMB 689 thousand	-	-
Fu Yu Precision Components (Kunshan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (19JG0588) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	-	-	RMB 150,000 thousand	-	RMB 151,150 thousand	RMB 150,000 thousand	RMB 1,150 thousand	-	-
Fu Yu Precision Components (Kunshan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (19JG1213) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	-	-	RMB 150,000 thousand	-	RMB 151,105 thousand	RMB 150,000 thousand	RMB 1,105 thousand	-	-
Fu Yu Precision Components (Kunshan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (19JG1519) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	-	-	RMB 250,000 thousand	-	RMB 252,441 thousand	RMB 250,000 thousand	RMB 2,441 thousand	-	-
Fu Yu Precision Components (Kunshan) Co., Ltd	Bank of Communications for Yuntong Fortune 67 Days structured deposits	Note 2	Bank of Communications	"	-	-	-	RMB 150,000 thousand	-	RMB 151,074 thousand	RMB 150,000 thousand	RMB 1,074 thousand	-	-
Fu Yu Precision Components (Kunshan) Co., Ltd	Bank of Communications for Yuntong Fortune 90 Days structured deposits	Note 2	Bank of Communications	"	-	-	-	RMB 200,000 thousand	-	RMB 201,899 thousand	RMB 200,000 thousand	RMB 1,899 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (18JG2060) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	RMB 300,000 thousand	-	-	-	RMB 303,078 thousand	RMB 300,000 thousand	RMB 3,078 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (18JG2061) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	RMB 500,000 thousand	-	-	-	RMB 505,250 thousand	RMB 500,000 thousand	RMB 5,250 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (18JG2704) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	RMB 300,000 thousand	-	-	-	RMB 301,033 thousand	RMB 300,000 thousand	RMB 1,033 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (18JG2675) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	RMB 500,000 thousand	-	-	-	RMB 501,800 thousand	RMB 500,000 thousand	RMB 1,800 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (19JG0239) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	-	-	RMB 300,000 thousand	-	RMB 300,995 thousand	RMB 300,000 thousand	RMB 995 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (19JG0240) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	-	-	RMB 500,000 thousand	-	RMB 501,733 thousand	RMB 500,000 thousand	RMB 1,733 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (19JG0305) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	-	-	RMB 500,000 thousand	-	RMB 501,679 thousand	RMB 500,000 thousand	RMB 1,679 thousand	-	-

Table 3, Page 2

Investor	Marketable securities	General ledger account	Counterparty (Note 4)	Relationship with the investor (Note 4)	Balance as at January 1, 2019		Addition		Disposal				Balance as at December 31, 2019	
					Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (19JG0318) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	-	-	RMB 300,000 thousand	-	RMB 300,995 thousand	RMB 300,000 thousand	RMB 995 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (19JG0574) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	-	-	RMB 500,000 thousand	-	RMB 501,794 thousand	RMB 500,000 thousand	RMB 1,794 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (19JG0575) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	-	-	RMB 500,000 thousand	-	RMB 501,847 thousand	RMB 500,000 thousand	RMB 1,847 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (19JG0599) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	-	-	RMB 300,000 thousand	-	RMB 301,125 thousand	RMB 300,000 thousand	RMB 1,125 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (19JG0916) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	-	-	RMB 300,000 thousand	-	RMB 301,063 thousand	RMB 300,000 thousand	RMB 1,063 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (19JG0317) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	-	-	RMB 200,000 thousand	-	RMB 201,345 thousand	RMB 200,000 thousand	RMB 1,345 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (19JG0825) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	"	-	-	-	RMB 200,000 thousand	-	RMB 200,854 thousand	RMB 200,000 thousand	RMB 854 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 01	Note 2	Bank of Beijing	"	-	-	-	RMB 500,000 thousand	-	RMB 505,111 thousand	RMB 500,000 thousand	RMB 5,111 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 02	Note 2	Bank of Beijing	"	-	-	-	RMB 500,000 thousand	-	RMB 505,167 thousand	RMB 500,000 thousand	RMB 5,167 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 03	Note 2	Bank of Beijing	"	-	-	-	RMB 500,000 thousand	-	RMB 505,049 thousand	RMB 500,000 thousand	RMB 5,049 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 04	Note 2	Bank of Beijing	"	-	-	-	RMB 500,000 thousand	-	RMB 505,104 thousand	RMB 500,000 thousand	RMB 5,104 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 05	Note 2	Bank of Beijing	"	-	-	-	RMB 500,000 thousand	-	RMB 505,049 thousand	RMB 500,000 thousand	RMB 5,049 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 06	Note 2	Bank of Beijing	"	-	-	-	RMB 500,000 thousand	-	RMB 504,993 thousand	RMB 500,000 thousand	RMB 4,993 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 08	Note 2	Bank of Beijing	"	-	-	-	RMB 500,000 thousand	-	RMB 504,986 thousand	RMB 500,000 thousand	RMB 4,986 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 09	Note 2	Bank of Beijing	"	-	-	-	RMB 300,000 thousand	-	RMB 302,959 thousand	RMB 300,000 thousand	RMB 2,959 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 10	Note 2	Bank of Beijing	"	-	-	-	RMB 500,000 thousand	-	RMB 504,799 thousand	RMB 500,000 thousand	RMB 4,799 thousand	-	-

Table 3, Page 3

Investor	Marketable securities	General ledger account	Counterparty (Note 4)	Relationship with the investor (Note 4)	Balance as at January 1, 2019		Addition		Disposal				Balance as at December 31, 2019	
					Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 11	Note 2	Bank of Beijing	"	-	-	-	RMB 500,000 thousand	-	RMB 504,799 thousand	RMB 500,000 thousand	RMB 4,799 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 12	Note 2	Bank of Beijing	"	-	-	-	RMB 500,000 thousand	-	RMB 504,852 thousand	RMB 500,000 thousand	RMB 4,852 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 13	Note 2	Bank of Beijing	"	-	-	-	RMB 500,000 thousand	-	RMB 504,905 thousand	RMB 500,000 thousand	RMB 4,905 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 14	Note 2	Bank of Beijing	"	-	-	-	RMB 500,000 thousand	-	-	-	-	-	RMB 505,101 thousand
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 15	Note 2	Bank of Beijing	"	-	-	-	RMB 500,000 thousand	-	-	-	-	-	RMB 505,101 thousand
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 16	Note 2	Bank of Beijing	"	-	-	-	RMB 500,000 thousand	-	-	-	-	-	RMB 501,510 thousand
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 17	Note 2	Bank of Beijing	"	-	-	-	RMB 500,000 thousand	-	-	-	-	-	RMB 501,169 thousand
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 18	Note 2	Bank of Beijing	"	-	-	-	RMB 500,000 thousand	-	-	-	-	-	RMB 501,116 thousand
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 19	Note 2	Bank of Beijing	"	-	-	-	RMB 500,000 thousand	-	-	-	-	-	RMB 501,010 thousand
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Beijing for RMB public structured deposits - 21	Note 2	Bank of Beijing	"	-	-	-	RMB 500,000 thousand	-	-	-	-	-	RMB 500,364 thousand
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of China for RMB Continuous Serial Deposits	Note 2	Bank of China	"	-	-	-	RMB 200,000 thousand	-	RMB 201,968 thousand	RMB 200,000 thousand	RMB 1,968 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Yun Tong Fortune Increasing Profits 32 Days Financial Products	Note 2	Bank of Communications	"	-	RMB 500,000 thousand	-	-	-	RMB 501,819 thousand	RMB 500,000 thousand	RMB 1,819 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Yun Tong Fortune Increasing Profits 33 Days Financial Products	Note 2	Bank of Communications	"	-	RMB 500,000 thousand	-	-	-	RMB 501,876 thousand	RMB 500,000 thousand	RMB 1,876 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Yun Tong Fortune Increasing Profits 34 Days Financial Products	Note 2	Bank of Communications	"	-	RMB 500,000 thousand	-	-	-	RMB 501,933 thousand	RMB 500,000 thousand	RMB 1,933 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Communications for Yun Tong Fortune 94 Days structured deposits	Note 2	Bank of Communications	"	-	-	-	RMB 500,000 thousand	-	RMB 505,215 thousand	RMB 500,000 thousand	RMB 5,215 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Communications for Yun Tong Fortune 95 Days structured deposits	Note 2	Bank of Communications	"	-	-	-	RMB 500,000 thousand	-	RMB 505,271 thousand	RMB 500,000 thousand	RMB 5,271 thousand	-	-

Table 3, Page 4

Investor	Marketable securities	General ledger account	Counterparty (Note 4)	Relationship with the investor (Note 4)	Balance as at January 1, 2019		Addition		Disposal				Balance as at December 31, 2019	
					Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Communications for Yun Tong Fortune 96 Days structured deposits	Note 2	Bank of Communications	"	-	-	-	RMB 500,000 thousand	-	RMB 505,326 thousand	RMB 500,000 thousand	RMB 5,326 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Jinan Fujie industrial investment fund partnership (limited partnership)	Note 1	Jinan Industrial Development Investment Group Co., Ltd.	"	-	-	-	RMB 125,000 thousand	-	-	-	-	-	RMB 114,583 thousand
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Guangdong Finance Trust - Peng Yun Tian Hua Collection Fund Trust	Note 3	Guangdong Yuecai Intrust & Investment Company	"	-	RMB 850,000 thousand	-	-	-	RMB 200,150 thousand	RMB 150,000 thousand	RMB 50,150 thousand	-	RMB 700,000 thousand

Note 1 : Recorded in “Financial assets at fair value through profit or loss - non-current”. Therefore, the balance as at December 31, 2019 was shown at fair value.

Note 2 : Recorded in “financial assets at amortised cost-current”.

Note 3 : Recorded in “financial assets at amortised cost-non-current”.

Note 4 : Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Foxconn Technology Co., Ltd.
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2019

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Foxconn Technology Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The indirect subsidiaries of Hon Hai Precision Industry Co., Ltd.	Sales	\$ 572,283	1	90 days	Note	Note	\$ 477,358	4	
Foxconn Technology Co., Ltd.	Champ Tech Optical (Foshan) Corporation	The investee is an indirect subsidiary of the Company	Sales	269,891	-	90 days	Note	Note	246,485	2	
Foxconn Technology Co., Ltd.	FTC Technology Inc.	The investee is an indirect subsidiary of the Company	Sales	226,689	-	90 days	Note	Note	22,850	-	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	17,827,169	91	90 days	Note	Note	13,404,796	97	Note 2
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	FOXCONN TECHNOLOGY PTE. LTD.	The investee is an indirect subsidiary of the Company	Sales	924,955	5	90 days	Note	Note	204,425	1	
Fu Yu Precision Components (Kunshan) Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	131,060	3	90 days	Note	Note	73,881	9	
Fu Yu Precision Components (Kunshan) Co., Ltd.	FOXCONN TECHNOLOGY PTE. LTD.	The investee is an indirect subsidiary of the Company	Sales	4,827,945	97	60 days	Note	Note	706,425	90	
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	1,942,171	71	90 days	Note	Note	652,621	81	
FOXCONN TECHNOLOGY PTE. LTD.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	1,986,430	17	90 days	Note	Note	726,492	17	
FOXCONN TECHNOLOGY PTE. LTD.	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	The investee is an indirect subsidiary of the Company	Sales	3,040,123	26	90 days	Note	Note	1,810,975	42	
FTC TECHNOLOGY INC.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	196,649	82	90 days	Note	Note	44,017	81	
Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Champ Tech Optical (Foshan) Corporation	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	112,208	84	90 days	Note	Note	-	-	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
Nanning Funing Precision Electronics Co., Ltd.	FOXCONN TECHNOLOGY PTE LTD.	The investee is an indirect subsidiary of the Company	Sales	\$ 106,963	4	90 days	Note	Note	\$ 38,214	5	
YanTai Fuzhun Precision Electronics	Fu Yu Precision Components (Kunshan) Co., Ltd.	The investee is an indirect subsidiary of the Company	Sales	390,041	32	90 days	Note	Note	64,240	19	
Champ Tech Optical (Foshan) Corporation	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	571,491	8	90 days	Note	Note	223,629	11	
Champ Tech Optical (Foshan) Corporation	FOXCONN TECHNOLOGY PTE. LTD.	The investee is an indirect subsidiary of the Company	Sales	2,888,549	39	90 days	Note	Note	539,484	28	
Foxconn Technology Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The indirect subsidiaries of Hon Hai Precision Industry Co., Ltd.	Purchases	54,707,760	86	90 days	Note	Note	(13,945,450) (	80)	
Foxconn Technology Co., Ltd.	Nanning Funing Precision Electronics Co., Ltd.	The investee is an indirect subsidiary of the Company	Purchases	2,180,754	3	30 days	Note	Note	(202,642) (	1)	
Foxconn Technology Co., Ltd.	Champ Tech Optical (Foshan) Corporation	The investee is an indirect subsidiary of the Company	Purchases	2,249,351	4	90 days	Note	Note	(418,519) (	2)	
Foxconn Technology Co., Ltd.	Fuzhun Precision (Hebi) Electronics Co., Ltd.	The investee is an indirect subsidiary of the Company	Purchases	549,591	1	90 days	Note	Note	(84,344)	-	
Foxconn Technology Co., Ltd.	YanTai Fuzhun Precision Electronics Co., Ltd.	The investee is an indirect subsidiary of the Company	Purchases	351,543	1	90 days	Note	Note	(14,890)	-	
Foxconn Technology Co., Ltd.	INNOLUX CORPORATION	Other related parties	Purchases	1,505,635	2	60 days	Note	Note	(226,133) (	1)	
Foxconn Technology Co., Ltd.	SHARP CORPORATION	Other related parties	Purchases	1,557,010	2	60 days	Note	Note	(372,863) (	2)	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Purchases	2,502,136	17	90 days	Note	Note	(6,063,456) (	70)	
Fu Yu Precision Components (Kunshan) Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Purchases	283,974	7	90 days	Note	Note	(87,850) (	8)	
Fu Yu Precision Components (Kunshan) Co., Ltd.	Pan-International Industrial Corp. and subsidiaries	Other related parties	Purchases	427,791	10	90 days	Note	Note	(198,891) (	18)	
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Purchases	225,061	10	90 days	Note	Note	(92,181) (	38)	
FOXCONN TECHNOLOGY PTE. LTD.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Purchases	1,367,541	11	90 days	Note	Note	(127,853) (	4)	
FOXCONN TECHNOLOGY PTE. LTD.	Hon Hai Precision Industry Co., Ltd.	The counterparties of the investee are the investee of the Company accounted for using equity method	Purchases	1,105,942	9	90 days	Note	Note	(571,508) (	20)	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
Nanning Funing Precision Electronics Co., Ltd.	Pan-International Industrial Corp. and subsidiaries	Other related parties	Purchases	\$ 111,518	5	90 days	Note	Note	(\$ 48,650)	(7)	
Champ Tech Optical (Foshan) Corporation	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Purchases	197,151	3	90 days	Note	Note	(42,844)	(2)	
Champ Tech Optical (Foshan) Corporation	Pan-International Industrial Corp. and subsidiaries	Other related parties	Purchases	752,435	13	90 days	Note	Note	(315,264)	(17)	

Note 1: Except for circumstances in which there are no similar transactions for reference and the prices and credit periods are negotiated by both parties,

the aforementioned related party is offered prices very close to those offered to other customers and given a payment period of 30 to 90 days.

Note 2: For transactions involving the sale of raw materials to the aforementioned related party and subsequent repurchase of goods made from the same raw materials from the same party, the initial sale of raw materials is eliminated due to economic substance.

Foxconn Technology Co., Ltd.

Receivables from related parties reaching \$100 million or 20% of paid-in capital or more

December 31, 2019

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Foxconn Technology Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The indirect subsidiaries of Hon Hai Precision Industry Co., Ltd.	\$ 477,358	1.36	\$ 100,550	Subsequent collection	\$ 99,031	\$ -
Foxconn Technology Co., Ltd.	Champ Tech Optical (Foshan) Corporation	The investee is an indirect subsidiary of the Company	246,485	0.96	77,131	Subsequent collection	40,807	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	13,404,796	1.43	6,297,650	Subsequent collection	6,297,650	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	FOXCONN TECHNOLOGY PTE. LTD.	The investee is an indirect subsidiary of the Company	204,425	3.48	-	-	-	-
Fu Yu Precision Components (Kunshan) Co., Ltd.	FOXCONN TECHNOLOGY PTE. LTD.	The investee is an indirect subsidiary of the Company	706,425	3.31	-	-	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	652,621	1.58	172,072	Subsequent collection	172,072	-
FOXCONN TECHNOLOGY PTE. LTD.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	726,492	2.89	52,929	Subsequent collection	52,929	-
FOXCONN TECHNOLOGY PTE. LTD.	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	The investee is an indirect subsidiary of the Company	1,810,975	1.89	96,483	Subsequent collection	96,483	-
YanTai Fuzhun Precision Electronics Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	229,596	0.28	176,929	Subsequent collection	176,929	-
Champ Tech Optical (Foshan) Corporation	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	223,629	1.87	26,730	Subsequent collection	26,730	-
Champ Tech Optical (Foshan) Corporation	Foxconn Technology Co., Ltd.	The Company's ultimate parent company	418,519	1.74	7,864	Subsequent collection	7,864	-
Champ Tech Optical (Foshan) Corporation	FOXCONN TECHNOLOGY PTE. LTD.	The investee is an indirect subsidiary of the Company	539,484	10.71	-	-	-	-
HIGH TEMPO INTERNATIONAL LTD.	Foxconn Technology Co., Ltd.	The Company's ultimate parent company	337,901	Not applicable	-	-	-	-

(shown as other receivables)(Note 1)

Note 1: Receivables from purchases of materials by investees on behalf of the ultimate parent company.

Foxconn Technology Co., Ltd.
Significant inter-company transactions during the reporting period
Year ended December 31, 2019

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Foxconn Technology Co., Ltd.	Nanning Funing Precision Electronics Co., Ltd.	1	Purchases	\$ 2,180,754	Note 4	2
0	Foxconn Technology Co., Ltd.	Fuzhun Precision (Hebi) Electronics Co., Ltd.	1	Purchases	549,591	"	1
0	Foxconn Technology Co., Ltd.	FTC Technology Inc.	1	Sales	226,689	"	0
0	Foxconn Technology Co., Ltd.	YanTai Fuzhun Precision Electronics Co., Ltd.	1	Purchases	351,543	"	0
0	Foxconn Technology Co., Ltd.	Champ Tech Optical (Foshan) Corporation	1	Purchases	2,249,351	"	2
0	"	"	1	Sales	269,891	"	0
0	"	"	1	Accounts receivable	246,485	"	0
1	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	FOXCONN TECHNOLOGY PTE. LTD.	3	Sales	924,955	"	1
1	"	"	3	Accounts receivable	204,425	"	0
2	Fu Yu Precision Components (Kunshan) Co., Ltd.	FOXCONN TECHNOLOGY PTE. LTD.	3	Sales	4,827,945	"	5
2	"	"	3	Accounts receivable	706,425	"	0
3	FOXCONN TECHNOLOGY PTE. LTD.	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	3	Sales	3,040,123	"	3
3	"	"	3	Accounts receivable	1,810,975	"	1
4	YanTai Fuzhun Precision Electronics Co., Ltd.	Fu Yu Precision Components (Kunshan) Co., Ltd.	3	Sales	390,041	"	0
5	HIGH TEMPO INTERNATIONAL LTD.	Foxconn Technology Co., Ltd.	2	Other receivable	337,901	"	0
6	Champ Tech Optical (Foshan) Corporation	Foxconn Technology Co., Ltd.	2	Accounts receivable	418,519	"	0
6	Champ Tech Optical (Foshan) Corporation	FOXCONN TECHNOLOGY PTE. LTD.	3	Sales	2,888,549	"	3
6	"	"	3	Accounts receivable	539,484	"	0
7	Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Champ Tech Optical (Foshan) Corporation	3	Sales	112,208	"	0
8	Nanning Funing Precision Electronics Co., Ltd.	FOXCONN TECHNOLOGY PTE. LTD.	3	Sales	106,963	"	0

Note 1: The information of transactions between the Company and the subsidiaries should be noted in "Number" column.

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationship with counterparties are as follows:

(1) The Company to the consolidated subsidiary.

(2) The consolidated subsidiaries to the Company.

(3) The consolidated subsidiaries to other consolidated subsidiaries.

Note 3: Disclosure standard of transactions between the Company and subsidiaries is when purchases, sales and receivables (payables) from (to) related parties account for at least \$100,000 or 20% of capital. Relative related are not disclosed.

Note 4: Except for circumstances in which there are no similar transactions for reference and the prices and credit periods are negotiated by both parties, the aforementioned related party is offered prices very close to those offered to other customers and given a payment period of 30 to 90 days.

Note 5: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 6: For information of loans to others, please refer to table 1.

Foxconn Technology Co., Ltd.
Information on investees
Year ended December 31, 2019

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Note
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Foxconn Technology Co., Ltd.	Q-Run Holdings Ltd.	Cayman Islands	Investment holding	\$ 9,851,192	\$ 9,851,192	480,077,600	100	\$ 103,757,140	\$ 5,958,873	\$ 4,024,861	
Foxconn Technology Co., Ltd.	Foxconn Precision Components Holding Co., Ltd.	Cayman Islands	Investment holding	492,742	492,742	135,839,643	100	15,580,232	769,433	769,433	
Foxconn Technology Co., Ltd.	Huazhun Investment Co., Ltd.	Taiwan	Investment	1,254,780	1,254,780	125,478,000	100	1,197,817	7,633	7,633	
Foxconn Technology Co., Ltd.	Syntrend Creative Park Co., Ltd.	Taiwan	Retail of office machinery and equipment and electronic appliances, and information software services	490,322	490,322	49,032,250	20	281,350 (	24,399) (	4,872)	

Note: Besides Foxconn Precision Components Holding Co., Ltd., Q-Run Holdings Ltd. and Huazhun Investment Co., Ltd. are subsidiaries of the Company, Atkinson Holdings Ltd., Q-Run Far East Corporation, World Trade Trading Ltd., High Tempo International Ltd., FTC Technology Inc., Foxconn Technology Pte. Ltd., Kenny International Ltd., Double Wealth Profits Ltd., Precious Star International Ltd., Eastern Star Limited., Foreign Technology Ltd., Topfry Industrial Ltd., Gold Glory International Ltd., New Glory Holdings Ltd., FTP Technology Inc., Fu Rui Precision Components (Kunshan) Co., Ltd., Fuzhun Precision (Shenzhen) Industry Co., Ltd., Fuyu Technology (Nanyang) Co., Ltd., Champ Tech Optical (Foshan) Corporation, Hon Fujin Precision Industry (Taiyuan) Co., Ltd., Fuzhun Precision (Hebi) Electronics Co., Ltd., Qingdao Hiyn Materials Co., Ltd., Fuhuigang Industrial (Shenzhen) Co., Ltd., Fu Yu Precision Components (Kunshan) Co., Ltd., YanTai Fuzhun Precision Electronics Co., Ltd., Nanning Funing Precision Electronics Co., Ltd. and Fuzhun Precision (Shenyang) Industry Co., Ltd. are subsidiaries of the Company as well.

Foxconn Technology Co., Ltd.
Information on investees in Mainland China
Year ended December 31, 2019

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Fuhuigang Industrial (Shenzhen) Co., Ltd.	Computer case – electronic and electrical components	\$ 232,555	2	\$ 232,555	\$ -	\$ -	\$ 232,555	\$ 11,950	100	\$ 11,950	\$ 432,446	\$ -	
Fu Yu Precision Components (Kunshan) Co., Ltd.	Manufacturing and marketing of power plug and wall socket, micro ribbon connectors for terminals, etc.	1,174,437	2	590,186	-	-	590,186	573,782	100	573,782	6,477,982	-	
Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Manufacturing and marketing of computer components (computer thermal module)	584,610	2	59,960	-	-	59,960	355,074	100	355,074	4,902,647	-	
Fu Rui Precision Components (Kunshan) Co., Ltd.	Electrical board components processing; manufacturing and marketing of optoelectronics and computer cables	368,484	2	236,362	-	-	236,362	-	100	-	-	-	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Manufacturing and marketing of computer components and related peripherals, computer cases and metal stamping	12,291,800	2	4,182,210	-	-	4,182,210	2,237,024	100	2,237,024	40,358,293	-	
Nanning Funing Precision Electronics Co., Ltd.	Manufacturing and marketing of computer components (computer thermal module)	293,804	2	-	-	-	-	322,664	100	322,664	2,772,895	-	
YanTai Fuzhun Precision Electronics Co., Ltd.	Manufacturing and marketing of computer case - electronic and electrical components	1,184,210	2	1,184,210	-	-	1,184,210	(17,070)	100	(17,070)	639,375	-	
Fuzhun Precision (Hebi) Electronics Co., Ltd.	New alloy material, precision molds, new electronic components, portable computers and their components	4,428,046	2	1,490,006	-	-	1,490,006	480,682	100	480,682	7,020,076	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
Foxconn Technology Co., Ltd.	\$ 7,975,489	\$ 21,383,715	\$ -

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in Q-Run Holdings Ltd. or Foxconn Precision Components Holding Co., Ltd., which then invested in Mainland China.
- (3) Others.

Note 2: Investment profit or loss for the period was recognised based on the Mainland investees' financial statements which were audited by independent accountants.

Note 3: Pursuant to the amended 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on August 29, 2008, as the Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau, MOEA, the ceiling amount of the investment in Mainland China is not applicable to the Company from May 21, 2015 to May 20, 2018.

Note 4: The Company needs no approval by Investment Commission of the Ministry of Economic Affairs for investment in Qingdao Hiyn Materials Co., Ltd., Fuzhun Precision (Shenyang) Industry Co., Ltd., Fuyu Technology (Nanyang) Co., Ltd. and Champ Tech Optical (Foshan) Corporation which were reinvested through an existing company in Mainland China.

Note 5: The Company's subsidiary, Fu Yu Precision Components (Kunshan) Co., Ltd., merged with the subsidiary, Fu Rui Precision Components (Kunshan) Co., Ltd, with the effective date set on December 31, 2018. As of December 31, 2019, the merger is still in process.

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 1

Items	Description					Amount
Cash in banks						
Check deposits						\$ 2,412
Demand deposits						642,026
Foreign deposits	USD	74,185	In thousands	Exchange rate	29.98	2,224,077
	JPY	328,054	In thousands	Exchange rate	0.2760	90,543
	EUR	224	In thousands	Exchange rate	33.59	7,518
	HKD	3,687	In thousands	Exchange rate	3.8490	14,191
	SGD	31	In thousands	Exchange rate	22.28	696
	RMB	29	In thousands	Exchange rate	4.3051	125
Time deposits	USD	113,000	In thousands	Exchange rate	29.98	<u>3,387,740</u>
						<u>\$ 6,369,328</u>

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FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 2

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Remark</u>
PKM CORPORATION		\$ 9,598,867	
Others		<u>792,149</u>	Balance of individual customers is under 5% of this account's balance.
		10,391,016	
Less : Allowance for uncollectible accounts		(<u>3,262</u>)	
		<u>\$ 10,387,754</u>	

FOXCONN TECHNOLOGY CO., LTD.
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 3

Company name	As of January 1, 2019		Additions (Note 1)		Deductions (Note 2)		As of December 31, 2019			Market value or net equity value		
	In thousand		In thousand		In thousand		In thousand		Ownership	Total price	Valuation basis	Pledged as collateral
	shares	Amount	shares	Amount	shares	Amount	shares	(%)	Amount			
Q-RUN HOLDINGS LTD.	480,078	\$ 92,037,098	-	\$ 14,771,264	-	(\$ 3,051,222)	480,078	100	\$ 103,757,140	\$ 103,757,140	Equity method	None
FOXCONN PRECISION COMPONENTS												
HOLDING CO., LTD.	135,840	15,692,164	-	769,433	-	(881,365)	135,840	100	15,580,232	15,580,232	"	"
HUAZHUN INVESTMENT CO., LTD.	125,478	1,440,657	-	7,632	-	(250,472)	125,478	100	1,197,817	1,197,817	"	"
SYNTREND CREATIVE PARK CO., LTD.	49,032	286,222	-	-	-	(4,872)	49,032	20	281,350	281,350	"	"
		<u>\$ 109,456,141</u>		<u>\$ 15,548,329</u>		<u>(\$ 4,187,931)</u>			<u>\$ 120,816,539</u>	<u>\$ 120,816,539</u>		

Note 1: Additions include investment income accounted for using equity method, change in capital surplus and recognition of valuation adjustment for FVTPL financial assets loss on investees' financial instruments.

Note 2: Deductions include investment loss accounted for using equity method, cash dividends received, change in capital surplus, recognition of valuation adjustment for FVTPL financial assets loss on investees' financial instruments and exchange differences on translation of foreign financial statements.

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FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF SHORT-TERM LOANS
DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 4

Items	Bank	Amount	Term of Contract	Rate	Financing amount		Collateral	Footnote
					(In thousands)			
Unsecured bank loans	United Overseas Bank Ltd. Taipei Branch	\$ 899,400	2019/12/30~2020/1/30	2.28475%	USD	30,000	None	
”	Bank of America Taipei Branch	1,199,200	2019/7/23~2020/1/15	2.77%	USD	40,000	”	
”	Citibank Taiwan Ltd. Taipei Branch	3,387,740	2019/11/8~2020/1/31	1.97%	USD	113,000	”	
”	HSBC Bank (Taiwan) Limited	4,198,789	2019/12/20~2020/3/20	3.19286%~3.19673%	USD	140,000	”	
”	Sumitomo Mitsui Banking Corporation	<u>5,100,000</u>	2019/10/14~2020/1/14	0.59%	NTD	6,000,000	”	
		<u>\$ 14,785,129</u>						

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF OPERATING REVENUE
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 5

<u>Items</u>	<u>Quantity (in thousands)</u>	<u>Amount</u>	<u>Remark</u>
Electronic products	Note	\$ 66,793,710	
Others		<u>80,480</u>	
		66,874,190	
Less: Sales returns and discounts		(<u>223,218</u>)	
		<u>\$ 66,650,972</u>	

Note: The number of products sold is varied and the units of pricing are different, so the quantity is not listed.

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FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 6

Items	Amount
Beginning raw materials	\$ -
Add: Incoming inventory	-
Less: Ending raw materials	-
Material consumption	-
Manufacturing expenses	-
Manufacturing costs	-
Add: Beginning work in process	-
Incoming inventory	-
Cost of finished goods	-
Add: Beginning finished goods	284,890
Acquisition of finished goods	63,047,160
Less: Ending finished goods	(438,042)
Other operating costs	225,413
	<u>\$ 63,119,421</u>

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FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF OTHER OPERATING COSTS
YEAR ENDED DECEMBER 31, 2019
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 7

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Remark</u>
Wages and salaries		\$ 175,573	
Labor and health insurance		6,280	
Pension		3,314	
Processing fee		1,093	
Others		<u>39,153</u>	Balance of individual accounts is under 5% of this account's balance.
		<u>\$ 225,413</u>	

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF SELLING EXPENSES
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 8

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Remark</u>
Wages and salaries		\$ 100,300	
Freight		26,969	
Storage		4,174	
Pension		1,906	
Others		<u>36,858</u>	Balance of individual accounts is under 5% of this account's balance.
		<u>\$ 170,207</u>	

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF GENERAL AND ADMINISTRATIVE EXPENSES
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 9

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Remark</u>
Wages and salaries		\$ 112,308	
Other professional service expenses		7,551	
Pension		2,680	
Others		<u>33,830</u>	Balance of individual accounts is under 5% of this account's balance.
		<u>\$ 156,369</u>	

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF RESEARCH AND DEVELOPMENT EXPENSES
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 10

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Remark</u>
Wages and salaries		\$ 168,576	
Labor and health insurance		7,396	
Pension		3,331	
Others		<u>27,992</u>	Balance of individual accounts is under 5% of this account's balance.
		<u>\$ 207,295</u>	

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF EMPLOYEE BENEFITS EXPENSES, DEPRECIATION AND AMORTIZATION BY FUNCTION
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 11

	Year ended December 31, 2019				Year ended December 31, 2018			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total
By nature								
Employee benefits expenses (Note)								
Wages and salaries	\$ 175,573	\$ 381,184	\$ -	\$ 556,757	\$ 333,899	\$ 563,724	\$ -	\$ 897,623
Labor and health insurance	6,055	14,700	-	20,755	6,051	18,068	-	24,119
Pension	3,314	7,917	-	11,231	3,948	7,366	-	11,314
Directors' compensation	-	1,902	-	1,902	-	1,872	-	1,872
Others	9,132	24,244	-	33,376	16,214	28,884	-	45,098
	<u>\$ 194,074</u>	<u>\$ 429,947</u>	<u>\$ -</u>	<u>\$ 624,021</u>	<u>\$ 360,112</u>	<u>\$ 619,914</u>	<u>\$ -</u>	<u>\$ 980,026</u>
Depreciation	<u>\$ 1,679</u>	<u>\$ 4,933</u>	<u>\$ 1,166</u>	<u>\$ 7,778</u>	<u>\$ 5,581</u>	<u>\$ 9,840</u>	<u>\$ 1,297</u>	<u>\$ 16,718</u>
Amortisation	<u>\$ -</u>	<u>\$ 1,146</u>	<u>\$ -</u>	<u>\$ 1,146</u>	<u>\$ -</u>	<u>\$ 1,250</u>	<u>\$ -</u>	<u>\$ 1,250</u>

Note A: As of December 31, 2019 and 2018, the Company had 166 and 173 employees, including 5 and 6 non-employee directors, respectively.

B. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:

(a) Average employee benefit expense in current year was \$3,864 ((Total employee benefit expense in current year - Total directors' compensation in current year)/ (Number of employees in current year - Number of non-employee directors in current year)).

Average employee benefit expense in previous year was \$5,857 ((Total employee benefit expense in previous year - Total directors' compensation in previous year)/ (Number of employees in previous year - Number of non-employee directors in previous year)).

(b) Average employee salaries in current year was \$3,458 (Total employee salaries in current year / (Number of employees in current year - Number of non-employee directors in current year)).

Average employee salaries in previous year was \$5,375 (Total employee salaries in previous year / (Number of employees in previous year - Number of non-employee directors in previous year)).

(c) Adjustment of average employee salaries was (35.67%) ((Average employee salaries in current year - Average employee salaries in previous year)/ Average employee salaries in previous year).