



Luxshare Precision Industry Co., Ltd.

Annual Report

For the year ended December 31, 2020

2021-032

April 2021

Section I. Important Note, Table of Contents and Definitions

The Board of Directors, the Board of Supervisors, directors, supervisors and executives of the Company hereby warrant that the information contained in this Annual Report is true, accurate and complete and this Annual Report is free from any misrepresentation, misleading statement or material omission, and agree to assume joint and several liability for this Annual Report.

WANG Laichun, Principal of the Company, CFO WU Tiansong and Accounting Supervisor XIAO Na hereby represent that the financial statements contained in this Annual Report are true, accurate and complete.

All directors of the Company attended the meeting of the Board of Directors reviewing this Report.

The relevant risks facing the Company are set out in “Section IV Discussion and Analysis of Business Situations - IX. Prospects for future development of the Company”.

According to the profit distribution proposal approved by the Board of Directors, the Company will distribute a cash dividends of RMB1.1 and 0 bonus share (both inclusive of tax) per 10 shares to all shareholders on the basis of 7,035,426,367 shares, and will not transfer any capital reserve to the share capital for the reporting period.

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Definitions

Terms		Definition
Luxshare-ICT	means	Luxshare Precision Industry Co., Ltd.
Luxshare HK	means	Luxshare Precision Limited (HK), founder and controlling shareholder of Luxshare-ICT
Xuntao Dongguan	means	Dongguan Xuntao Electronic Co., Ltd.
Luxshare Dongguan	means	Dongguan Luxshare Precision Industry Co., Ltd.
Leader Dongguan	means	Dongguan Leader Precision Industry Co., Ltd.
Xiexun Ji'an	means	Xiexun Electronic (Ji'an) Co., Ltd.
Intelligent Manufacture Jiangxi	means	Jiangxi Luxshare Intelligent Manufacture Co., Ltd.
ASAP Jiangxi	means	ASAP Technology (Jiangxi) Co., Ltd.
Xiexun Wan'an	means	Wan'an Xiexun Electronic Co., Ltd.
Xiexun Xinyu	means	Xinyu Xiexun Electronic Co., Ltd.
Luxshare Kunshan	means	Kunshan Luxshare Precision Industry Co., Ltd.
Lanto Kunshan	means	Lanto Electronic Limited
Luxshare Electronic Kunshan	means	Luxshare Electronic Technology (Kunshan) Co., Ltd.
Luxshare Intelligent Manufacture	means	Luxshare Intelligent Manufacture (Zhejiang) Co., Ltd.
Luxshare Suzhou	means	Luxshare Precision Industry (Suzhou) Co., Ltd.
Luxshare Changshu	means	Luxshare Intelligent Manufacture Technology (Changshu) Co., Ltd.
Luxshare Automation Jiangsu	means	Luxshare Automation (Jiangsu) Ltd.
Lanto Bozhou	means	Bozhou Lanto Electronic Limited
Luxshare Chuzhou	means	Luxshare Precision Industry (Chuzhou) Ltd.
Luxshare Fengshun	means	Fengshun Luxshare Precision Industry Co., Ltd.
Rikai Computer	means	Rikai Computer Accessories Co., Ltd.
Luxshare Vietnam	means	Luxshare-ICT (Vietnam) Limited
Luxshare Van Trung	means	Luxshare-ICT (Van Trung) Company Limited
Luxshare Nghe An	means	Luxshare-ICT (Nghe An) Limited
Luxshare Precision	means	Luxshare Precision Limited
ICT-Lanto	means	ICT-Lanto Limited
SuK	means	SuK Kunststofftechnik GmbH
Meite Suzhou	means	Meite Technology (Suzhou) Co., Ltd.
Weichuang Jiangsu	means	Weichuang Investment (Jiangsu) Co., Ltd.
Weixin Kunshan	means	Weixin Zitong (Kunshan) Co., Ltd.
Shenzhen MSA	means	Shenzhen Administration for Industry and Commerce, which was integrated into the Market Supervision Administration of Shenzhen Municipality
AOA	means	Articles of Association of Luxshare Precision Industry Co., Ltd.

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Section II Company Profile and Financial Highlights

I. Company profile

Stock short name	Luxshare-ICT	Stock code	002475
Stock exchange	Shenzhen Stock Exchange		
Chinese name	立讯精密工业股份有限公司		
Chinese short name	立讯精密		
English name (if any)	Luxshare Precision Industry Co., Ltd.		
English short name (if any)	Luxshare-ICT		
Legal representative	WANG Laichun		
Registered address	2/F, Block A, Sanyang New Industrial Zone, West Haoyi, Shajing Street, Baoan District, Shenzhen		
Postal code of registered address	518104		
Office address	No. 313 Beihuan Road, Qingxi Town, Dongguan, Guangdong		
Postal code of office address	523642		
Company website	www.luxshare-ict.com		
Email	Public@luxshare-ict.com		

II. Contact person and contact information

	Board Secretary	Securities Affairs Representative
Name	HUANG Dawei	LI Ruihao
Address	No. 313 Beihuan Road, Qingxi Town, Dongguan, Guangdong	No. 313 Beihuan Road, Qingxi Town, Dongguan, Guangdong
Telephone	0769-87892475	0769-87892475
Fax	0769-87732475	0769-87732475
E-mail	David.Huang@luxshare-ict.com	Ray.Li@luxshare-ict.com

III. Media for information disclosure and place for keeping annual report

Designated newspapers for information disclosure	Securities Times
Websites designated by the China Securities Regulation Commission for publishing annual report	www.cninfo.com.cn
Place for keeping annual report	Securities Affairs Office of the Company

IV. Changes in registration particulars

Change in organization code	No
Changes in main business since the listing of the Company (if any)	No
Changes in controlling shareholder (if any)	No

V. Other related information

Accounting firm engaged by the Company

Name of accounting firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Office address of accounting firm	Rooms 1, 2 & 3, 4/F, No. 61 East Nanjing Road, Huangpu District, Shanghai
Name of accountants signing this report	LI Jing and WEI Gang

Sponsor engaged by the Company that performs the duties of ongoing supervision over the Company during the reporting period

Applicable N/A

Name of sponsor	Office address of sponsor	Names of sponsor representatives	Period of ongoing supervision
CITIC Securities Co., Ltd.	19/F, North Tower, Excellence Times Plaza (Phase II), No. 8 3 rd Central Road, Futian District, Shenzhen	HE Feng and LIU Guanzhong	From December 2, 2020 to December 31, 2021

Financial advisor engaged by the Company that performs the duties of ongoing supervision over the Company during the reporting period

Applicable N/A

VI. Key accounting data and financial indicators

Did the Company need to retrospectively adjust or re-state any accounting data of prior accounting years?

Yes No

	2020	2019	Y/Y % Change	2018
Operating revenue (RMB)	92,501,259,211.54	62,516,314,588.42	47.96%	35,849,964,160.13
Net profit attributable to shareholders of the listed company (RMB)	7,225,462,752.58	4,713,820,644.90	53.28%	2,722,631,125.23
Net profit attributable to shareholders of the listed company after deduction of extraordinary gain or loss (RMB)	6,088,901,850.86	4,435,974,109.41	37.26%	2,553,973,258.82
Net cash flows from operating activities (RMB)	6,873,211,486.05	7,465,988,174.33	-7.94%	3,142,307,168.34
Basic earnings per share (RMB/share)	1.03	0.68	51.47%	0.37
Diluted earnings per share (RMB/share)	1.01	0.67	50.75%	0.37
Weighted average return on net assets	30.29%	26.55%	3.74%	17.95%
	December 31, 2020	December 31, 2019	Y/Y % Change	December 31, 2018
Total assets (RMB)	70,012,753,551.75	49,377,910,671.23	41.79%	36,441,441,236.44
Net assets attributable to shareholders of the listed company (RMB)	28,101,816,234.56	20,296,618,968.52	38.46%	15,497,944,981.18

Whether the lower of the net profit before and after deduction of extraordinary gain or loss in the past three accounting years has been negative and the most recent annual auditor's report indicates that the Company's ability to continue as a going concern is uncertain?

Yes No

Whether the lower of the net profit before and after deduction of extraordinary gain or loss is negative?

Yes No

VII. Differences in accounting data arising from adoption of foreign and Chinese accounting standards concurrently

1. Differences in net profit and net assets disclosed on the financial statements according to the international accounting standards and the Chinese accounting standards

Applicable N/A

There wasn't any difference in net profit and net assets disclosed on the financial statements for the reporting period due to adoption of the international accounting standards and the Chinese accounting standards by us concurrently.

2. Differences in net profit and net assets disclosed on the financial statements according to the foreign accounting standards and the Chinese accounting standards

Applicable N/A

There wasn't any difference in net profit and net assets disclosed on the financial statements for the reporting period due to adoption of the foreign accounting standards and the Chinese accounting standards by us concurrently.

VIII. Main quarterly financial indicators

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	16,513,283,460.66	19,938,342,688.20	23,076,494,141.40	32,973,138,921.28
Net profit attributable to shareholders of the listed company	981,870,190.71	1,555,904,567.75	2,141,839,306.57	2,545,848,687.55
Net profit attributable to shareholders of the listed company after deduction of extraordinary gain or loss	896,806,034.69	1,441,507,176.13	1,872,789,269.22	1,877,799,370.82
Net cash flows from operating activities	1,319,173,417.54	1,862,770,924.91	-441,882,109.67	4,133,149,253.27

Whether there's any significant difference between the financial indicators set forth above or aggregate amounts thereof and the corresponding financial indicators contained in any quarterly or semi-annual report already disclosed?

Yes No

IX. Items and amounts of extraordinary gains or losses

Applicable N/A

In RMB

Item	2020	2019	2018	Remark
Gain or loss on disposal of non-current assets (including allowance for impairment of assets that has been written off)	-35,503,173.93	-110,085,527.48	-17,424,350.63	
Government grants recognized in profit or loss (excluding government grants that are closely related to the business of the Company and are provided in fixed amount or quantity continuously according to the applicable polices of the country)	450,749,695.89	232,311,428.35	123,984,003.37	
Gain or loss on assets under entrusted investment or management	113,778,335.78	89,722,710.32	78,134,882.23	
Gain or loss on changes in fair value of financial assets held for trading, derivative financial assets and financial liabilities held for trading, and gain on disposal of financial assets held for trading, derivative	837,100,369.42	131,736,631.37	49,088,345.36	

financial assets, financial liabilities held for trading and other debt instruments, except for effective hedges held in the ordinary course of business				
Other non-operating income and expenses	30,554,498.37	-999,739.32	10,263,319.96	
Other gain or loss within the meaning of extraordinary gain or loss			-45,901,431.11	
Less: Effect of income tax	214,489,873.68	55,533,801.99	22,195,598.91	
Effect of minority interest (exclusive of tax)	45,628,950.13	9,305,165.76	7,291,303.86	
Total	1,136,560,901.72	277,846,535.49	168,657,866.41	--

If the Company classifies any item of extraordinary gain or loss defined by or listed in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Publicly Offering Securities - Extraordinary Gain or Loss* as recurrent profit or loss, please explain the reason.

Applicable N/A

We have not classified any item of extraordinary gain or loss defined by or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Publicly Offering Securities - Extraordinary Gain or Loss as recurrent profit or loss in the reporting period.

Section III Business

I. Main business in the reporting period

1. Overview

We are engaged in the research, development, manufacturing and sales of products in the fields of consumer electronics, communication, auto electronics and healthcare, among others. In 2020, in light of the complicated external environment, we efficiently implemented the development plans and objectives established by the management, cautiously and flexibly coped with the external environment, and realized rapid growth of all scopes of business. Our key management has continuously made deployments for future development centered on our main business, and focused on maximizing benefits and realizing sustainable development.

Our products and scopes of business are diversified and vertically integrated, and we provide components, modules and system assembly. The business of precision components is a field in which we have set foot earliest and accumulated richest experience. We have comprehensive production processes, including design and processing of precision molds, design and realization of intelligent automation, CNC, SMT, SiP, stamping, molding, electroplating, conductor extraction and bare wire extrusion, enabling us to ensure the quality of our products and timely delivery of products to customers. In addition, we master all basic processes, which help us make continuous innovations in new technologies and new processes. Our module products focus on acoustic, radio frequency, touch control, power and functional fields, and mainly include acoustic modules, antennas, wireless charging and vibration motors. In the field of communication and data center, our products mainly include high-speed connectivity, optic module, cooling module, base station antenna and base station filter. Through focusing on technology development and combining the efforts of enterprises, universities and research institutes, we are leading the way in certain market segments in the world. In the field of automotives, we focus on the “blood vessels and nervous system” of automotives, and offer automotive wire harness, special wire harness, high-voltage wire harness for new energy vehicles, connector, smart electric box, road-side unit (RSU), telematics control unit (TCU), central gateway and other products. In the communication and automotive business, we greatly benefit from our strong process, research, development, quality, operation and other comprehensive capabilities accumulated in the field of consumer electronics in our early stage of development. The mature experiences and a variety of resources owned by us in different fields have produced a synergy effect and formed a virtuous cycle featuring mutual nourishment and mutual promotion. We concentrate our efforts on the specialization in and optimization of underlying technologies, made in-depth deployments in acoustic, visual, power (wired/wireless), wireless communication and other fields to meet future demands. Our products have been widely applied in the fields of consumer electronics and automotives. By comprehensively mastering the technologies relating to various components and modules, and super-precision manufacturing technologies accumulated over the years, we give full play to our advantages in vertical integration. In recent years, we have continuously restructured the supply chain in the field of system assembly, to create more value for our customers, thereby gaining customers’ support and confidence. Our main products in the field of system assembly include smart wearable, smart home and smart display products.

In launching a new product, we focus on the product quality, yield rate and optimization of production cost on the basis of innovative production technology, intelligent automation and digital platform, thereby enabling us to make continuous and substantial breakthroughs in new markets, new customers and new products. In the implementation of related controls, there is no doubt that the automation technologies lay the strong foundation for our core competencies.

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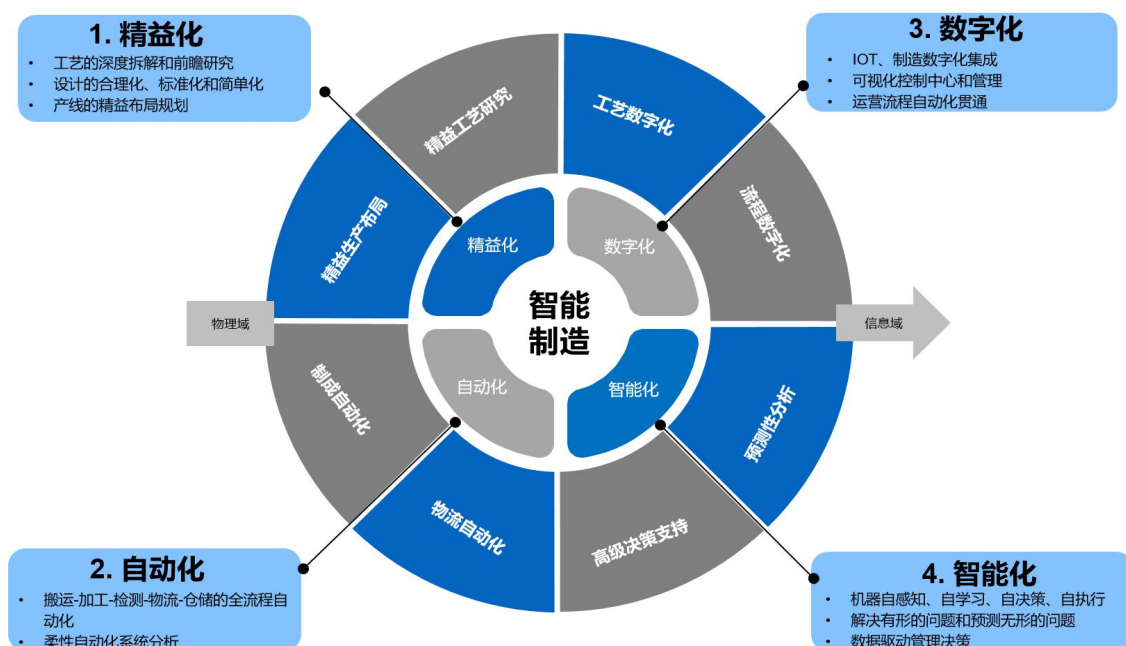
Therefore, we attach great importance to the continuous exploration of automatic and intelligent manufacturing. Our core team's spirit of in-depth exploration of processes and determination to accomplish all tasks assigned guarantee the success in the development and design of automation technologies. According to the requirements for cosmetic, size, functions and reliability of products, we disassemble and study all manufacturing processes, and make efforts to solve process challenges with reference to our past experience and advanced technologies available on the market. With the goal of zero loss and zero defect, we strive to realize the reasonableness, standardization and automation of designs in terms of yield rate, efficiency, cost, etc.

After the completion of process study, we realize process design through automation, including automation of work stations, handling and positioning, testing, warehousing, logistics and production process. Standardization is the prerequisite for automation, because standardized products cannot be made without the use of standardized equipment and processes. With respect to the products that have a low demand and change frequently, we mainly use man-machine flexible automation technologies.

In the design of automatic equipment, we make plans for MES system, IoT access and key work station information flows needing to be controlled simultaneously, and build a model of digital factory on that basis. Thereafter, we convert all problems and phenomenon into data, and then process and judge the data systematically, and present the same in the form of visual reports, to realize whole-process traceability of products, materials, people, equipment, fixtures, process technology and quality information, among others, implement close-end control, and ensure the effective realization of automation.

On that basis, we introduce digital models, use modeling approaches to connect production with data flows, and through the use of big data, cloud computing, artificial intelligence, digital twin and other technologies, deeply explore the information and trends on the back of data, seek benefits from data, and finally realize intelligentization, and self-judgment, self decision-making, self-adjustment and self-execution by machines, so that the machines are able to solve tangible problems and predict intangible problems on their own, thereby achieving the long-term goal of intelligent manufacturing.





1.精益化		3.数字化		
<ul style="list-style-type: none"> ● 工艺的深度拆解和前瞻研究 ● 设计的合理化、标准化和简单化 ● 产线的精益布局规划 		<ul style="list-style-type: none"> ● IOT、制造数字化集成 ● 可视化控制中心和管理 ● 运营流程自动化贯通 		
1. Improvement		3. Digitalization		
<ul style="list-style-type: none"> ● In-depth disassembly of and forward-looking research on processes ● Reasonableness, standardization and simplification of design ● Improved layout of production lines 		<ul style="list-style-type: none"> ● Digital integration of IoT and manufacturing ● Visual control center and management ● Automation of the whole operation process 		
2.自动化		4.智能化		
<ul style="list-style-type: none"> ● 搬运-加工-检测-物流-仓储的全流程自动化 ● 柔性自动化系统分析 		<ul style="list-style-type: none"> ● 机器自感知、自学习、自决策、自执行 ● 解决有形的问题和预测无形的问题 ● 数据驱动管理决策 		
2. Automation		4. Intelligentization		
<ul style="list-style-type: none"> ● Whole-process automation of handling, processing, testing, logistics and warehousing ● Analysis of flexible automation system 		<ul style="list-style-type: none"> ● Self-sensing, self-learning, self decision-making and self-execution of machines ● Solve tangible problems and predict intangible problems ● Data-driven management decision-making 		
物理域	精益生产布局	精益工艺研究	工艺数字化	流程数字化
Physical field	Improved production layout	Improved process study	Technological digitalization	Process digitalization
精益化	数字化	智能制造	信息域	制成自动化
Improvement	Digitalization	Intelligent manufacturing	Information field	Manufacturing automation

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自动化	智能化	预测性分析	物流自动化	高级决策支持
Automation	Intelligentization	Predictive analysis	Logistics automation	Advanced decision-making support

2. Consumer electronics business

From the perspective of applications, consumer electronics, communication and automotives are our main product and business segments. In the field of consumer electronics, we offer a wide range of products, centering on future 5G smart life, while utilizing our existing resources, and gradually diversify our product offerings. Our products include acoustic products, such as TWS earphone, bluetooth headphone, high-end gaming headset and small-sized high-quality stereo speaker, smart home products, such as 5G router and Wi-Fi 6 portable router, smart terminal products, such as wearable watch and wristband, tracker, game controller and AR/VR, computer accessories, such as Dock and intelligent stylus, and wired and wireless charging accessories for various PC/NB/mobile phone brands for retail sale. In addition to traditional products, we will launch a variety of customized smart products in conjunction with different platform customers, to enrich our product offerings.



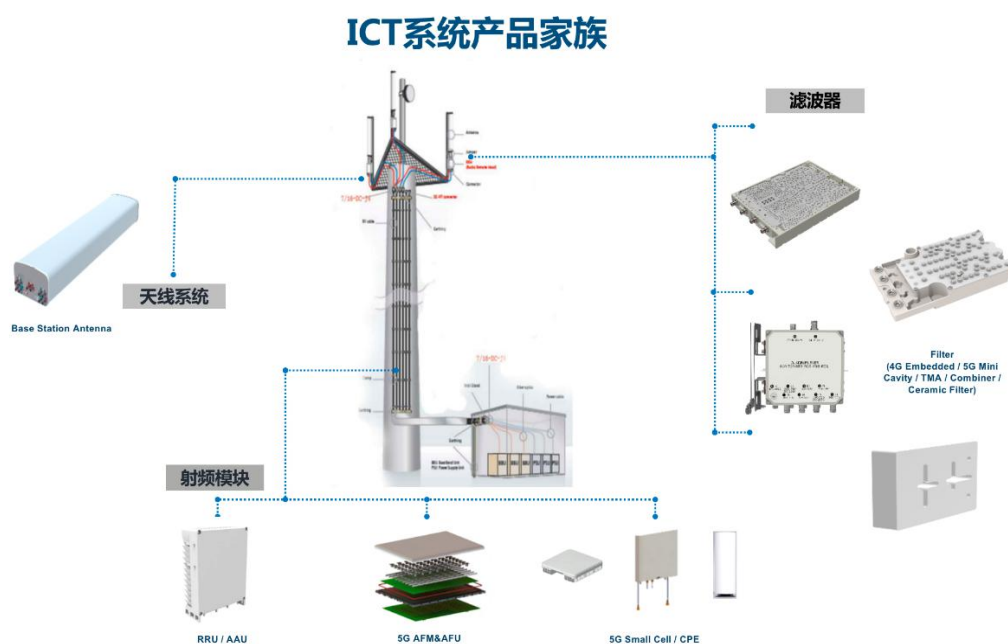
智能音箱	智能手机	VR眼镜	5G路由器	智能穿戴	无人机
Smart speaker	Smart phone	VR eyeglasses	5G router	Smart wearable	Drone
电子烟	无线充模组	声学模组	震动马达	5G模组	天线
Electronic cigarette	Wireless charging module	Acoustic module	Vibration motor	5G module	Antenna
机壳	射频	线材线缆	机构件	连接器	核心工艺 智能制造
Casing	Radio frequency	Wire and cable	Mechanical components	Connector	Core technology Intelligent manufacturing

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3. Communication business

Driven by 5G, big data and edge computing technologies, the ICT industry has been growing vigorously, and the hardware equipment shows a tendency towards gradual opening of interfaces and high integration of functions. In light of such background, we have continuously extended the mix of our hardware communication products. At present, our whole-machine products include base station antenna, base station filter, tower mounted amplifier, duplexer, combiner, RRU, AAU, small base station, etc., and core component products include high-speed connector, high-speed cable assembly, photoelectric conversion and optic transmission application products, cooling module, transmission module, RCU, etc. Through such product mix, our strategy of developing both whole machine products and core component products (electric connector, optical connector and thermal management) has begun to show results.

We have focused on the development of core technological capabilities and basic research and development (R&D) capabilities through research of simulation technology, new materials and new processes and application of testing technologies, so that we can provide strong technical support regardless of any change in product forms. With respect to system products, through disassembly of modules and components contained in the products, and single-point manufacturing processes and technologies, we are able to realize highly or wholly automated, efficient and high-quality production and manufacturing for large and small batches of products.

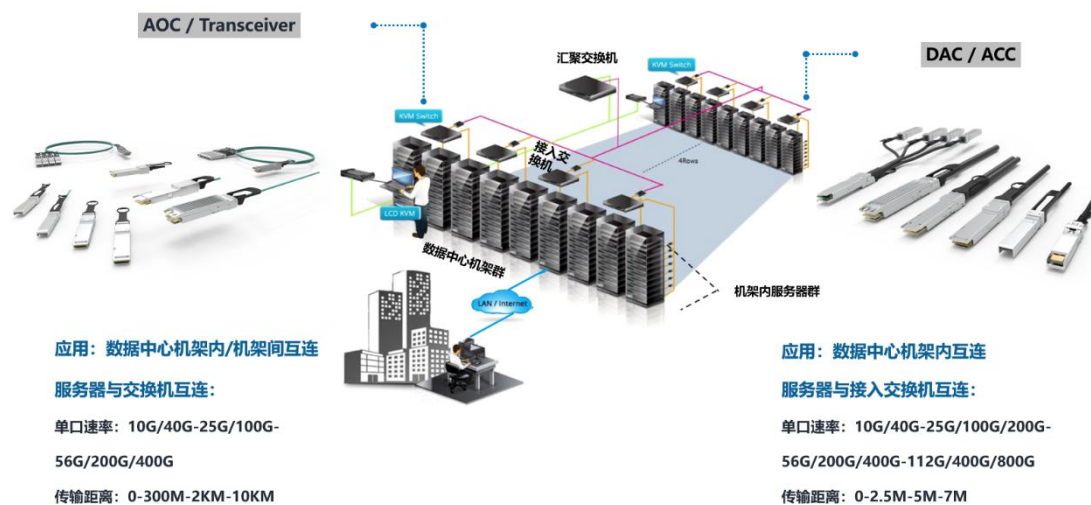


ICT系统产品家族	天线系统	滤波器	射频模块
ICT system product family	Antenna system	Filter	Radio frequency module

With respect to core component products, we rely on the application in data centers, servers, switches and memories, enhance our innovation and R&D capabilities in respect of electrical connection products, establish a complete interface system, and create a dual-core engine combining standards and patents, so as to take the lead on the market. With respect to optical connection products, we have engaged in the development of technologies that are expected to be applied in the next three to five years, to lay the foundation for the integration of electrical connection technologies in the future, and realize corner overtaking in key areas. With respect to thermal management products, in light of strong demands, we will develop outstanding product and technical capabilities within two to three years, to occupy a favorable position on the future market.

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核心零部件--数据中心产品家族



核心零部件——数据中心产品家族	汇聚交换机	接入交换机	数据中心机架群	机架内服务器群
Core components – data center product family	Aggregation switch	Access switch	Data center rack cluster	Server cluster inside rack
应用: 数据中心机架内/机架间互连 服务器与交换机互连: 单口速率: 传输距离:	应用: 数据中心机架内互连 服务器与接入交换机互连: 单口速率: 传输距离:			
Application: Intra-rack/inter-rack connection at data center Server-switch connection Single-port rate: Transmission distance:	Application: Intra-rack connection at data center Server-access switch connection Single-port rate: Transmission distance:			

核心零部件--服务器/存储/交换机产品家族



核心零部件——服务器/存储/交换机产品家族	电连解决方案	散热解决方案	轴流风扇
Core components – server/memory/switch product family	Electrical connection solution	Cooling solution	Axial fan
光模块散热器	服务器CPU散热器	800G应用（功率12-24W）	
Optical module cooler	Server CPU cooler	800G application (Power: 12-24W)	
应用：服务器/存储/交换机高速互连解决方案 单口速率 外部IO/背板： 内部IO：	自研界面：轩辕平台 高速背板： 服务器互连界面： 下一代互连形态：		
Application: Server/memory/switch high-speed connectivity solution Single port rate: Exterior IO/backboard Interior IO:	Self-developed interface: Xuan Yuan platform High-speed backboard: Server connection interface: Next-generation connectivity form:		

Our “whole machine + core components” double-line strategy lays the foundation for the provision of one-stop and comprehensive services to our customers. In addition, the increasing high ceiling of the market and increasing large space for growth will give strong support to our long-term growth in the next five to ten years.

4. Automotive business

At present, the automotive industry is transiting from traditional manufacturing to scientific and technological manufacturing. Vehicles are gradually developing from pure riding tools to an interconnected space on wheels integrating entertainment, office and consumption. The demands of vehicle consumers for intelligentization and personalization drive the transition of vehicles towards super-smart terminals. Led by Tesla, smart cabin becomes an area of breakthrough, which creates a wholly-new experience of man-vehicle interaction through the provision of LCD panel, central control screen and other functions, extends the functions of smart phones to vehicles, and realizes seamless connection with mobile phones. The increasingly wide application of ADAS and the Internet of Vehicles will

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also promote the intelligentization of vehicles and accelerate the entry into an era of smart vehicles.

汽车向智能终端演进的过程中将迎来黄金十年



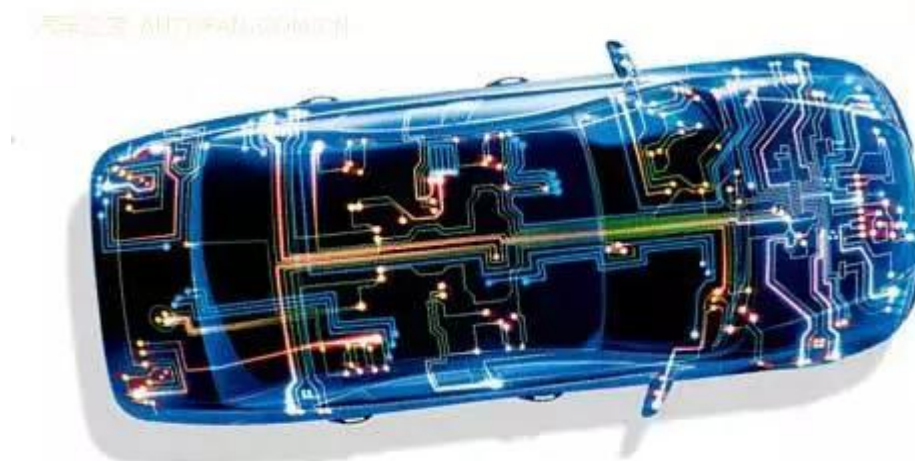
汽车向智能终端演进的过程中将迎来黄金十年			
We will enter into a golden decade during the transition of vehicles towards smart terminals			
电动化	智能化	网联化	共享化
Motorization	Intelligentization	Networking	Sharing
行业趋势	智能座舱、智能驾驶	无人网约车服务	零部件/软件服务
Industrial trend	Smart cabin, smart drive	Unmanned car hailing service	Components/software service
整车制造	整车品牌/主要玩家	电池/电子电气架构	FOTA升级及服务
Vehicle making	Vehicle brands/main players	Battery/electrical and electronic architecture	FOTA upgrading and service
品牌群雄并起、百花齐放		特斯拉、新势力	
A lot of brands enter the market		Telsa, new players	
传统车企拥抱新趋势		百度等自动驾驶方案	
Traditional car manufacturers follow the new trend		Auto-drive solutions offered by Baidu and other entities	
小米等手机巨头		软件升级+服务变现	
Xiaomi and other mobile phone tycoons		Software upgrading + service monetization	
<ul style="list-style-type: none"> ● 平台型汽车企业 ● 市场份额更加走向集中化 		<ul style="list-style-type: none"> ● 自动驾驶能力 ● 硬件整合能力 ● 跨平台软件、服务变现能力 ● 无人车运营能力 	
<ul style="list-style-type: none"> ● Platform-style car manufacturers ● Market shares are increasingly concentrated 		<ul style="list-style-type: none"> ● Auto-drive capability ● Hardware integration capability ● Trans-platform software and service monetization capability ● Unmanned vehicle operation capability 	
硬件快速迭代（硬件成本下行、品牌厂积极创新、快速		基于传统汽车设计的硬件迭代	

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迭代以实现差异化)	
Hardware is upgrading quickly (decrease in costs of hardware, active innovation of brands, quick upgrading to achieve differentiation)	Hardware upgrading based on traditional vehicle design
<ul style="list-style-type: none"> ● 硬件设计趋于标准化, 通过软件及服务寻求差异 ● 提升车企利润率和客户粘性 	<ul style="list-style-type: none"> ● 整车百花齐放, 同时创新动能提升, 带动零部件机会 ● 电动化、智能化ASP提升
<ul style="list-style-type: none"> ● Hardware design tends towards standardization, with the intention to achieve differentiation through software and services ● Increase the gross margin and customer adhesion of car manufacturers 	<ul style="list-style-type: none"> ● A lot of car manufacturers enter the market and show enthusiasm for innovation, bringing in more opportunities for components ● More motorized and smart ASP
车的形态变化 (标准化、模块化设计)	硬件格局走向集中, 软件及服务生态建立
Change in form of vehicle (standardized and modular design)	Hardware tends towards concentration and the ecosystem of software and service is established

We have been engaged in automotive business for many years, at present, focus on automotive electrics and smart networking, or the “blood vessels and nervous system” of automotives, and offer low-voltage automotive wire harness, special wire harness, high-voltage wire harness for new energy vehicles, high-speed connector, smart electric box, road-side unit (RSU), telematics control unit (TCU), central gateway and other products.

Wire harness is an essential system-level component for a vehicle, is flexible, important and widely used, covers all configurations of a vehicle, and provides reliable power supply, signals and data to all electric appliances, so they serve as “arteries” of the “neural network” of a vehicle. Automotive wire harness is a main artery supplying nutrients throughout the vehicle, while special wire harness is an “umbilical cord” or “nerve ending”, which obtains power and signals from the automotive wire harness and effects switches and connections among different sensors, actuators or other components. Through vertical integration, we have grown into a comprehensive supplier covering design, manufacturing and validation of automotive wire harness, special wire harness and smart electric box.



Along with the rapid growth of smart electric vehicles throughout the world, high-voltage wire harnesses and connectors will constitute an increasingly high proportion on future vehicles. We have designed and developed all kinds of high-voltage wire harnesses and connectors used on a vehicle, including high-voltage wire harness, charging

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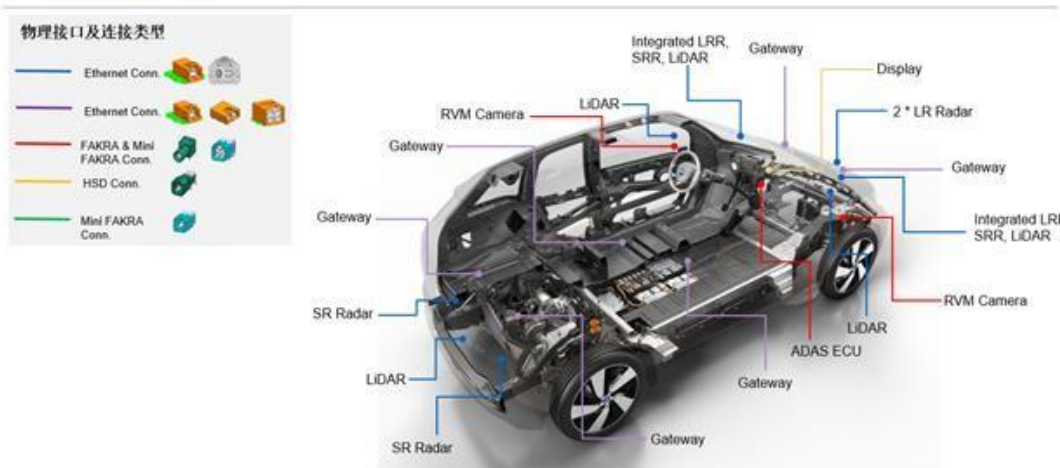
connector, high-voltage connector, busbar, etc.



高压连接器	母排	充电枪、充电座、充电线束总成	母排系统总成
High-voltage connector	Busbar	Charging gun, charging dock & charging wire harness assembly	Busbar system assembly

Due to the concentration of automotive electronic architecture, in order to realize more rapid and accurate communication, the demands for various automotive data communication modules and interfaces are growing continuously, such as gateway, remote communication and other modules related to LIN, CAN and 100M/gigabit ethernet transmission. However, the transmission of such high-speed signals faces new challenges. Our proprietary gigabit ethernet connector adopts a wholly shielded double cable connection structure, and can be widely used on infotainment, ADAS, domain controller and other products.

高速连接器应用

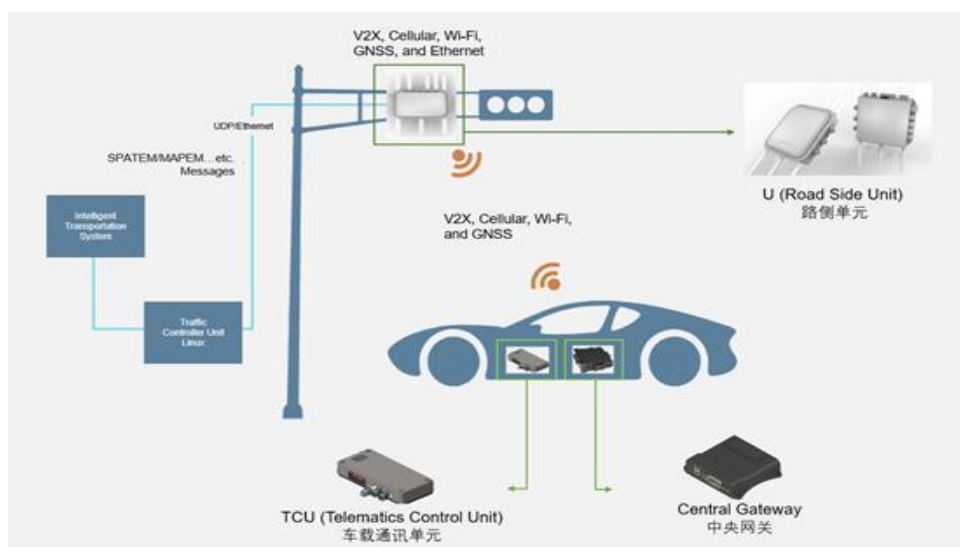


高速连接器应用	物理接口及连接类型
High-speed connector application	Physical interface and type of connection

The Internet of Vehicles relies on the new-generation information communication technology, receives

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information from and transmits information to moving vehicles, so as to realize networking between vehicles, between vehicles and people, between vehicles and roads, and between vehicles and service platforms, and can play an important role in vehicle safety, traffic control, information service, smart city and intelligent transportation. At present, the Internet of Vehicles applications are key projects of government and OEMs, and require coordination among multiple devices, such as road-side unit (RSU) which collects environment, traffic condition, traffic sign and other information and sends the same to vehicles, telematics control unit (TCU) which effects two-way communication between vehicles and external networks, central gateway (CGW) which connects all electronic devices on a vehicle, and other products. We focus on the development of wireless communication and automotive electronic products, and currently offer RSU, TCU and CGW, among others.



By leveraging our precision manufacturing platform and outstanding customer channels, our low-voltage, high-voltage and high-speed wire harness, connector, smart networking and other products have rapidly entered the supply chains of major domestic and foreign customers, accumulated rich cases of application and been widely recognized by our customers. Meanwhile, we keep pace with our premium customers at home and abroad, accurately grasp the development direction of technologies and the industry, and actively promote the technological upgrading of products and reduction of costs through technology, to continuously provide our customers with products and solutions that are competitive in both technology and business.

5. Main market and business development

Each main field in which we operate has a huge market. We have substantially the same resolution and persistence in pursuing growth in each field. From the perspective of sustainable development, our top priority is to invest in the future. In 2020, our R&D expenses totaled RMB5.745 billion. In the future, we will continue to invest in all main fields of products and business, make forward-looking deployments, and prevent and control risks, to realize healthy development.

Growth of main business				
Area of business	Type of business/products	Market size in 2020 (in RMB100 million)	Compound annual growth rate of market size	Source
Consumer electronics	Smart phone	27,915	3.60%	IDS, Statista
	PC	11,010	0.20%	Gartner, IDS, Statista
	AR/VR	782	56.90%	IDC

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	TWS	3,731	18.60%	Markets and Markets
	Smart watch	1,605	19.60%	Allied Market Research
	Wireless charging	820	14.50%	Global Market Insights
	UAV	668	14%	East Money, Interactive Analysis
	Dock/Dongle	434	2.50%	Industry report, internal analysis
	Subtotal	46,964		
Communication	ICT equipment	11,137	5%	IDC
	Cable/connector	2,110	8%	Bishop
	Optical products	716	10%	Light Counting
	Subtotal	13,964		
Automotive	Wire harness	2,908	3.10%	Markets and Markets
	Connector	1,265	5%	Research and Markets
	ADAS	2,358	20.7%	Markets and Markets
	Smart cabin	3,486	11%	Allied Market Research, Stratreview, Statista Research Department
	Smart connectivity	45	44.20%	Markets and Markets
	Subtotal	10,061		
	Total	70,990		

During the reporting period, we ranked the second on the 33rd list of top 100 electronic component manufacturers of China (2020) published by the China Electronic Components Association, and were awarded the honorable titles of “top 500 private enterprises of China”, “top 500 private manufacturers of China”, “top 100 electronic information manufacturers of Guangdong” and “40 most respected listed companies of the Shenzhen Special Economic Zone in the past 40 years”, among others.

II. Material changes in major assets

1. Material changes in major assets

Major assets	Reason of material changes
Equity assets	No material change
Fixed assets	A 44.16% increase year on year, primarily due to an increase in investment in factory buildings, dormitories and equipment
Intangible assets	No material change
Construction in progress	A 84.40% increase year on year, primarily due to an increase in investment in uncompleted factory building and dormitory construction projects and equipment
Short-term borrowings	A 81.87% increase year on year, primarily due to an increase in borrowings for working capital purpose
inventories	A 71.55% increase year on year, primarily due to an increase in inventory storage level along with our business growth
Notes payable	A 37.74% decrease year on year, primarily due to a decrease in note transactions
Deferred income	A 66.11% increase year on year, primarily due to an increase in government grants as capital contribution
Accounts payable	A 33.49% increase year on year, primarily due to an increase in inventory storage level along with our business growth

2. Major overseas assets

Applicable N/A

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III. Analysis of core competencies

Since our establishment, we have adhered to our original intention, focused on precision manufacturing, persevered in systematic thought and process innovation, kept pace with the times, continuously innovated in traditional solutions, and been committed to providing our customers with complete and perfect comprehensive solutions. After years of forward-looking deployment, deep ploughing and intensive cultivation, we have achieved continuous and rapid growth, and gained core competitive advantages in human resources, strategic deployment, technological innovation, quality assurance, customer service and other areas. Our core competencies are reflected in the following aspects:

1. Talent selection, training, use and retention mechanisms deeply integrated with corporate culture

The core competencies of a company will be ultimately reflected in the soft power arising from in-depth integration and mutual nourishment of talents and corporate culture. Core talents are the basis for the sustainable development of a company and the cornerstone for cultivating the talents required by a company. We have adhered to the strategy of invigorating the business through talents, and continuously improved our talent echelon building system and talent pool mechanism. We vigorously recruit outstanding talents required in our development who recognize and conform to the distinctive characteristics of our corporate culture, to continuously augment our team of core talents. On the other hand, we continuously improve our talent training system and talent selection system. Along with the growth of our business, we continuously put forward new and reasonable requirements for our employees, encourage them to make self break-through in the boundary of their capabilities, and continuously improve their personal competences and management capabilities, to contribute new energy to our development. Under the nurture of our corporate culture of being pragmatic and enterprising, constantly striving for perfection, and fulfilling the missions, we provided the key employees with a vast space to exercise their talents, effectively stimulated their sense of mission, sense of achievement and sense of collective honor. At present, we have recruited outstanding talents in materials, automation, electronic information, molds, business management and other fields throughout the world, to create a talent pool for our sustainable development.

We clearly know how to attract and retain talents. To develop a virtuous circle of people creating the environment and the environment creating people through in-depth integration of talents and corporate culture is our strongest core competency. Through effective talent mechanisms, we have sufficient talents in our traditional superior fields, and have laid the foundation for our rapid development in new areas and scopes of business.

2. Combination of forward-looking deployment with R&D and technological innovation

Our management closely follows up on market trends and developments of the industry, through industrial researches and internal seminars, reviews our development situations, analyzes the boundaries of our business, enhances the implementation of the “two five-year” strategic plan, and continuously explores the ways of diversified innovations and development. Our development towards new products and new areas is based on multi-dimensional analysis of customer demands, competitors, the value we can provide, the space we can play, profitability and other aspects of the industry and customers, and detailed sand table exercise by our core management. With respect to the value that we can provide to our customers, in addition to our vertically integrated one-stop service capabilities, we also attach great importance to mastering the technologies of and integrating related modules, to minimize repeated input of resources, increase the yield rate, and produce a multiplying effect, so as to reduce the overall costs of customers and ensure our return on investment.

We firmly believe that R&D and technological innovation are an important means to realize forward-looking deployment, and will drive our development. Since our listing, we have placed R&D and innovation on an important position in our development, made continuous investments in technology R&D, vigorously upgraded traditional manufacturing processes, continuously improved the level of automatic production, and realized platformization of all precision manufacturing processes. We also attach great importance to the long-term development of underlying materials and innovative production technologies. Our R&D team has

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continuously learned and explored advanced precision manufacturing technologies and product applications in the countries and regions mastering frontier technologies, and established a number of advanced technology development labs with certain core customers, to jointly develop frontier technologies, such as the form-in-place technology, AOI appearance inspection and laser welding. We have established advanced production technology and manufacturing process R&D platforms in Dongguan, Kunshan, Taiwan and the United States, and own a R&D and intelligent manufacturing team taking the lead in the industry.

Our R&D expenses are mainly classified into early stage R&D expenses and product upgrading expenses. Early stage R&D expenses are incurred in connection with medium-to-long term product and business planning and deployment, and comprise investments in new products and new areas and R&D expenses relating to underlying technologies, accounting for about 30% of our total R&D expenses. Product upgrading expenses are incurred in the process from concept to NPI (new product introduction) of new solutions and new products. All early stage R&D expenses and product upgrading expenses are expensed as incurred to reduce the pressure of asset amortization costs in the future. Our R&D expenses have been continuously increasing, and totaled RMB12.636 billion in the past three years. In the reporting period, our R&D expenses totaled RMB5.745 billion, representing 6.21% of operating revenue. As of the end of the reporting period, we owned 2,139 valid patents. The continuous and steady R&D investments will not only consolidate our leading position and advantages in the industry, but also enhance our risk bearing capability in an ever-changing macro environment, and lay a solid foundation for our continuous and rapid development in the future.

3. Advanced manufacturing and quality management system

Quality is the foothold of a company, and one of the most important core values provided by a company to its customers. Since our establishment, we have adopted “quality first” as one of our corporate values, established and improved the quality management system using scientific and effective quality management approaches, and integrated quality assurance into the whole process from design, manufacturing to inspection of products. Due to our excellent quality assurance capability, we have received praise from our customers continuously, and enhanced customer adhesion.

We have a full set of advanced NPI (new product introduction) management process, and control quality from the development and design of products, to lay a solid basis for successful mass production of the products. In the each stage of development of a new product, such as POC (proof of concept), Proto (model verification), EVT (engineering verification test), DVT (design verification test), PVT (process verification test) and MP (mass production), etc., we take the highest requirement for mass production that each stage should satisfy as the criteria for approval of entry into the next stage. We attach great importance to quality precautions, and implement design quality controls focusing on quality, cost, manufacturing and automation, to shorten the period from engineering development to mass production.

As a global leading provider of diversified component solutions, high-quality precision manufacturing has always been one of our core competencies. Since our listing, our precision manufacturing capability has developed from “automation with passive positioning” to “automation with active positioning” and finally to “full automatic and intelligent” super-precision modularized manufacturing today. In the automatic manufacturing of products, we connect product design with the design of automatic manufacturing process seamlessly, and on the basis of ensuring our process capability at key work stations takes the lead in the industry, have introduced visual robots to conduct AOI (automatic optical inspection), to realize active and mutual positioning between components and fixtures. In addition, we use big data and AI technologies, in conjunction with our proprietary algorithms, to feed back real-time measuring and testing data, thereby ensuring the reliable quality assurance and full traceability of products, and enabling the automatic production lines to have the deep learning capability, to realize close-end control over the automation technology. Through the introduction of intelligent logistics and warehousing, we have formally entered into the stage of “intelligent precision manufacturing” from “precision manufacturing” in the early stage and “quality assured precision manufacturing” in the middle stage.

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4. All-round customer-oriented culture

Since our establishment, we have adhered to the philosophy of “customer first”, and been committed to providing our customers with complete and perfect comprehensive solutions, taking into comprehensive consideration response speed, engineering cooperation, service quality, flexible delivery, cost control and other factors. Our leading technologies and excellent quality assurance capability have helped us build a good brand image and reputation in the industry, and brought high-quality customers to us. After years of cultivation, we have established stable cooperation relationships with a lot of global leading brands and manufacturers in the fields of consumer electronics, communication and automotive. Over the years, we have kept pace with the strategic steps made by our major customers, cautiously assessed the development trends of the industry from the perspective of brand customers and end consumers, and made forward-looking deployments to occupy the new markets and new channels, to ensure that we maintain the lead. Think what customers think and be eager to help the customers in need. Under the guidance of the service philosophy of “customer first”, in addition to fulfilling the tasks assigned by the customers, we have also continuously identified the pain points of the customers in their applications, given full play to our resource and platform advantages, and taken the initiative to provide the customers with optimization proposals and suggestions, to highlight our competencies. In addition, the high standards and strict requirements of our core customers have promoted continuous improvement of our performance in production and manufacturing, product R&D, internal management and social responsibility.

Section IV. Discussion and Analysis of Business Situations

I. Summary

The year of 2020 is a year in which opportunities coexisted with challenges. Though we were greatly affected by many external factors, such as the outbreak of COVID-19 throughout the world, deep recession of global economy, increasingly fierce trade frictions between China and the United States, increasingly complicated global politic environment, challenges from competitors at the stage of our rapid development, and fluctuations in foreign exchange rates, we focused on R&D investment, intelligent manufacturing, system optimization and customer service in respect of our main business, further improved and defined our “two five-year” strategic plan, actively implemented the strategic plan from industrial deployment, talent pooling, technology accumulation, corporate governance and other aspects, continuously improved the feasibility of the strategic plan and our core competencies, thereby laying a solid foundation for our rapid growth in 2020 and long-term sustainable development in the future.

During the reporting period, our sales revenues totaled RMB92.501 billion, a 47.96% increase year on year; profit totaled RMB8.136 billion, a 44.37% increase year on year; and net profit attributable to the owners of the parent company totaled RMB7.225 billion, a 53.28% increase year on year.

II. Analysis of main business

1. Summary

See “Discussion and Analysis of Business Situations - I. Summary”.

2. Revenue and cost

(1) Components of operating revenue

In RMB

	2020		2019		Y/Y % Change
	Amount	% of operating revenue	Amount	% of operating revenue	
Total operating revenue	92,501,259,211.54	100%	62,516,314,588.42	100%	47.96%
By segment					
Computer connectivity products and precision components	3,521,361,712.58	3.81%	4,113,230,173.74	6.58%	-14.39%
Automotive connectivity products and precision components	2,844,031,362.75	3.07%	2,361,411,620.89	3.78%	20.44%
Communication connectivity products and precision components	2,265,420,000.59	2.45%	2,237,143,681.55	3.58%	1.26%
Consumer electronics	81,818,160,358.88	88.45%	51,990,381,762.58	83.16%	57.37%
Other connectors and other business	2,052,285,776.74	2.22%	1,814,147,349.66	2.90%	13.13%
By product					
Computer connectivity products and precision components	3,521,361,712.58	3.81%	4,113,230,173.74	6.58%	-14.39%
Automotive connectivity products and precision components	2,844,031,362.75	3.07%	2,361,411,620.89	3.78%	20.44%
Communication connectivity products and precision components	2,265,420,000.59	2.45%	2,237,143,681.55	3.58%	1.26%
Consumer electronics	81,818,160,358.88	88.45%	51,990,381,762.58	83.16%	57.37%
Other connectors and other business	2,052,285,776.74	2.22%	1,814,147,349.66	2.90%	13.13%
By region					
Domestic market	7,454,978,348.07	8.06%	5,050,930,778.32	8.08%	47.60%

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Overseas market	85,046,280,863.47	91.94%	57,465,383,810.10	91.92%	48.00%
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(2) Segments, products or regions representing more than 10% of operating revenue or profit

√ Applicable □ N/A

In RMB

	Operating revenue	Operating cost	Gross margin	Y/Y % Change in operating revenue	Y/Y % Change in operating cost	Y/Y % Change in gross margin
By segment						
Computer connectivity products and precision components	3,521,361,712.58	2,765,866,774.16	21.45%	-14.39%	-14.63%	0.22%
Automotive connectivity products and precision components	2,844,031,362.75	2,374,148,439.75	16.52%	20.44%	20.35%	0.06%
Communication connectivity products and precision components	2,265,420,000.59	1,818,503,189.96	19.73%	1.26%	-1.67%	2.39%
Consumer electronics	81,818,160,358.88	67,217,502,600.73	17.85%	57.37%	61.60%	-2.15%
Other connectors and other business	2,052,285,776.74	1,593,986,044.98	22.33%	13.13%	13.05%	0.05%
By product						
Computer connectivity products and precision components	3,521,361,712.58	2,765,866,774.16	21.45%	-14.39%	-14.63%	0.22%
Automotive connectivity products and precision components	2,844,031,362.75	2,374,148,439.75	16.52%	20.44%	20.35%	0.06%
Communication connectivity products and precision components	2,265,420,000.59	1,818,503,189.96	19.73%	1.26%	-1.67%	2.39%
Consumer electronics	81,818,160,358.88	67,217,502,600.73	17.85%	57.37%	61.60%	-2.15%
Other connectors and other business	2,052,285,776.74	1,593,986,044.98	22.33%	13.13%	13.05%	0.05%
By region						
Domestic market	7,454,978,348.07	5,829,458,046.38	21.80%	47.60%	47.93%	-0.18%
Overseas market	85,046,280,863.47	69,940,549,003.20	17.76%	48.00%	51.63%	-1.97%

In case of any adjustment to the statistic scale for main business data, the main business data of the most recent reporting period as adjusted according to the statistic scale applied at the end of the current reporting period:

□ Applicable √ N/A

(3) Whether the Company's revenue from sales of tangible goods is higher than the revenue from labor service?

√ Yes □ No

Segment	Item	Unit	2020	2019	Y/Y % Change
Computer connectivity products and precision components	Sales volume	KPCS	510,910	622,717	-17.95%
	Output	KPCS	537,997	650,147	-17.25%
	Inventories	KPCS	27,087	27,430	-1.25%
Automotive connectivity products and precision components	Sales volume	1,000 sets	172,912	147,558	17.18%
	Output	1,000 sets	184,502	157,518	17.13%
	Inventories	1,000 sets	11,590	9,960	16.37%

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Communication connectivity products and precision components	Sales volume	KPCS	470,565	459,153	2.49%
	Output	KPCS	514,389	500,872	2.70%
	Inventories	KPCS	43,824	41,719	5.05%
Consumer electronics	Sales volume	KPCS	3,299,993	2,241,313	47.23%
	Output	KPCS	3,661,402	2,412,810	51.75%
	Inventories	KPCS	361,409	171,497	110.74%
Other connectors and other business	Sales volume	KPCS	312,258	287,716	8.53%
	Output	KPCS	348,814	319,340	9.23%
	Inventories	KPCS	36,556	31,624	15.60%

Analysis of changes in the relevant data over 30% year on year:

Applicable N/A

(4) Performance of material sales contracts of the Company as of the end of the reporting period

Applicable N/A

(5) Components of operating cost

Classification of segments and products:

In RMB

Segment	Item	2020		2019		Y/Y % Change
		Amount	% of operating cost	Amount	% of operating cost	
Computer connectivity products and precision components		2,765,866,774.16	3.65%	3,239,777,227.31	6.47%	-14.63%
Automotive connectivity products and precision components		2,374,148,439.75	3.13%	1,972,707,309.13	3.94%	20.35%
Communication connectivity products and precision components		1,818,503,189.96	2.40%	1,849,369,458.98	3.69%	-1.67%
Consumer electronics		67,217,502,600.73	88.72%	41,595,999,770.77	83.08%	61.60%
Other connectors and other business		1,593,986,044.98	2.10%	1,409,976,187.77	2.82%	13.05%

In RMB

Product	Item	2020		2019		Y/Y % Change
		Amount	% of operating cost	Amount	% of operating cost	
Computer connectivity products and precision components		2,765,866,774.16	3.65%	3,239,777,227.31	6.47%	-14.63%
Automotive connectivity products and precision components		2,374,148,439.75	3.13%	1,972,707,309.13	3.94%	20.35%
Communication connectivity products and precision components		1,818,503,189.96	2.40%	1,849,369,458.98	3.69%	-1.67%
Consumer electronics		67,217,502,600.73	88.72%	41,595,999,770.77	83.08%	61.60%
Other connectors and other business		1,593,986,044.98	2.10%	1,409,976,187.77	2.82%	13.05%

Analysis:

None.

(6) Change in the scope of consolidation during the reporting period

Yes No

Eleven newly established or acquired subsidiaries or sub-subsidiaries during the reporting period, namely Suzhou Lanto

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Electronic Limited, Luxshare Precision Industry (Jiangsu) Co., Ltd., Luxshare Electronic (Xingning) Co., Ltd., Luxshare Lanto (India) Limited, Changshu Luxshare Industrial Investment Management Co., Ltd., Kunshan Luxshare Business Management Development Co., Ltd., Kunshan Luxshare Business Management Service Partnership (L.P.), Luxshare Intelligent Equipment (Kunshan) Co., Ltd. Luxshare Intelligent Manufacture Technology (Rugao) Co., Ltd., Cyber Acoustics, LLC(USA) (acquired by share purchase) and Taiqiao Investment Co., Ltd., are included in the scope of consolidation. Since we have transferred the shares held in Luxshare Precision Industry (Xi'an) Ltd. during the reporting period, it is removed from the scope of consolidation.

(7) Material changes or adjustments in respect of business, products or services of the Company during the reporting period

Applicable N/A

(8) Major customers and suppliers

Major customers of the Company:

Aggregate sales revenue from top 5 customers (RMB)	75,879,315,144.78
Proportion of aggregate sales revenue from top 5 customers to annual sales revenue	82.03%
Proportion of aggregate sales revenue from related parties among top 5 customers to annual sales revenue	0.00%

Particulars of top 5 customers:

No.	Name of customer	Sales revenue (RMB)	% of annual sales revenue
1	Customer 1	63,842,579,978.12	69.02%
2	Customer 2	4,233,870,465.51	4.58%
3	Customer 3	3,919,586,381.66	4.24%
4	Customer 4	2,499,522,718.90	2.70%
5	Customer 5	1,383,755,600.58	1.50%
Total	--	75,879,315,144.78	82.03%

Other information of major customers:

Applicable N/A

Major suppliers of the Company:

Aggregate purchase amount from top 5 suppliers (RMB)	28,624,009,739.41
Proportion of aggregate purchase amount from top 5 suppliers to annual purchase cost	39.54%
Proportion of aggregate purchase amount from related parties among top 5 suppliers to annual purchase cost	0.00%

Particulars of top 5 suppliers:

No.	Name of supplier	Purchase amount (RMB)	% of annual purchase cost
1	Supplier 1	14,163,172,484.10	19.56%
2	Supplier 2	8,330,757,002.45	11.51%
3	Supplier 3	2,640,184,299.13	3.65%
4	Supplier 4	1,893,165,690.84	2.62%
5	Supplier 5	1,596,730,262.89	2.21%
Total	--	28,624,009,739.41	39.54%

Other information of major suppliers:

Applicable N/A

3. Expenses

In RMB

	2020	2019	Y/Y % Change	Reason of material changes
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Sales expenses	477,047,875.58	498,274,838.05	-4.26%	Primarily due to transfer of the freight originally included in the “sales expenses” to “cost of goods sold” upon adoption of the new revenue accounting standard
General expenses	2,463,953,208.63	1,524,835,061.38	61.59%	Primarily due to an increase in management personnel along with our business growth
Financial expenses	904,828,142.89	330,073,445.45	174.13%	Primarily due to fluctuations in foreign exchange rates
R&D expenses	5,744,805,136.33	4,375,970,646.47	31.28%	Primarily due to investment in new R&D projects and upgrading of products

4. R&D expenses

Applicable N/A

We firmly believe that R&D and technological innovation are an important means to realize forward-looking deployment, and will drive our development. Since our listing, we have placed R&D and innovation on an important position in our development, made continuous investments in technology R&D, vigorously upgraded traditional manufacturing processes, continuously improved the level of automatic production, and realized platformization of all precision manufacturing processes. We also attach great importance to the long-term development of underlying materials and innovative production technologies. Our R&D team has continuously learned and explored advanced precision manufacturing technologies and product applications in the countries and regions mastering frontier technologies, and established a number of advanced technology development labs with certain core customers, to jointly develop frontier technologies, such as the form-in-place technology, AOI appearance inspection and laser welding. We have established advanced production technology and manufacturing process R&D platforms in Dongguan, Kunshan, Taiwan and the United States, and own a R&D and intelligent manufacturing team taking the lead in the industry.

Our R&D expenses are mainly classified into early stage R&D expenses and product upgrading expenses. Early stage R&D expenses are incurred in connection with medium-to-long term product and business planning and deployment, and comprise investments in new products and new areas and R&D expenses relating to underlying technologies, accounting for about 30% of our total R&D expenses. Product upgrading expenses are incurred in the process from concept to NPI (new product introduction) of new solutions and new products. All early stage R&D expenses and product upgrading expenses are expensed as incurred to reduce the pressure of asset amortization costs in the future. Our R&D expenses have been continuously increasing, and totaled RMB12.636 billion in the past three years. In the reporting period, our R&D expenses totaled RMB5.745 billion, representing 6.21% of operating revenue. As of the end of the reporting period, we owned 2,139 valid patents. The continuous and steady R&D investments will not only consolidate our leading position and advantages in the industry, but also enhance our risk bearing capability in an ever-changing macro environment, and lay a solid foundation for our continuous and rapid development in the future.

Particulars of R&D expenses:

	2020	2019	Y/Y % Change
Number of R&D personnel	15,154	12,809	18.31%
Proportion of R&D personnel to total number of employees	8.79%	9.33%	-0.54%
Amount of R&D expenses (RMB)	5,744,805,136.33	4,375,970,646.47	31.28%
Proportion of R&D expenses to operating revenue	6.21%	7.00%	-0.79%
Amount of R&D expenses capitalized (RMB)	0.00	0.00	0.00%
Proportion of capitalized R&D expenses to total R&D expenses	0.00%	0.00%	0.00%

Analysis of significant change in the proportion of R&D expenses to operating revenue compared with 2019:

Applicable N/A

Analysis and reasonableness of significant change in the proportion of R&D expenses capitalized:

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Applicable N/A

5. Cash flows

In RMB

Item	2020	2019	Y/Y % Change
Cash provided by operating activities	101,344,544,382.43	62,199,885,398.20	62.93%
Cash used in operating activities	94,471,332,896.38	54,733,897,223.87	72.60%
New cash flows from operating activities	6,873,211,486.05	7,465,988,174.33	-7.94%
Cash provided by investment activities	56,134,501,620.87	80,442,800,512.34	-30.22%
Cash used in investment activities	65,282,235,798.95	86,740,415,996.54	-24.74%
New cash flows from investment activities	-9,147,734,178.08	-6,297,615,484.20	45.26%
Cash provided by financing activities	31,843,182,893.74	22,531,435,875.30	41.33%
Cash used in financing activities	25,056,689,251.71	21,459,077,099.60	16.76%
New cash flows from financing activities	6,786,493,642.03	1,072,358,775.70	532.86%
Net increase in cash and cash equivalents	4,317,464,527.08	2,337,819,815.93	84.68%

Analysis of main causes of material changes in the related data:

Applicable N/A

1. The cash provided by operating activities increased by 62.93% year on year, primarily due to an increase in customer orders, and the tax rebates and government grants received;
2. The cash used in operating activities increased by 72.6% year on year, primarily due to an increase in inventory storage level and employee benefits payable along with our business growth;
3. The cash provided by investment activities decreased by 30.22% year on year, primarily due to a decrease in cash provided by forward exchange hedging and wealth management products;
4. The cash used in investment activities decreased by 24.74% year on year, primarily due to a decrease in investment in wealth management products;
5. The cash provided by financing activities increased by 41.33% year on year, primarily due to an increase in borrowings;
6. The cash used in financing activities increased by 16.76% year on year, primarily due to an increase in repayment of loans and interest expenses.

Analysis of significant difference between net cash flows from operating activities during the reporting period and net profit in current year:

Applicable N/A

III. Analysis of non-main business

Applicable N/A

In RMB

	Amount	% of total profit	Reason	Whether or not sustainable
Investment income	648,357,066.36	7.97%	Revenue from investments and wealth management products classified as financial assets at fair value through profit or loss	No
Gain or loss on changes in fair value	329,044,852.43	4.04%	Revenue from investments classified as financial assets at fair value through profit or loss	No
Impairment loss on assets	-139,288,911.05	-1.71%	Allowance for impairment of inventories and	No

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			fixed assets	
Non-operating income	21,932,288.24	0.27%	Revenue from retirement of assets	No
Non-operating expenses	53,956,792.78	0.66%	Loss on disposal of fixed assets	No
Gain on disposal of assets	-2,309,694.02	-0.03%	Disposal of production equipment	No
Other gains	450,748,795.89	5.54%	Government grants related to income	No
Credit loss	-8,590,000.67	-0.11%	Impairment loss on accounts receivable and other receivables	No

IV. Analysis of assets and liabilities

1. Material changes in components of assets

Since January 1, 2020, we initially adopted the new revenue accounting standard or the new lease accounting standard and adjusted the beginning balances of related financial statement items.

Applicable

In RMB

	December 31, 2020		January 1, 2020		Y/Y % Change	Reason of material change
	Amount	% of total assets	Amount	% of total assets		
Cash and bank balances	10,528,245,765.93	15.04%	6,180,466,259.01	12.52%	2.52%	
Accounts receivable	13,839,155,340.47	19.77%	13,243,625,572.22	26.82%	-7.05%	Primarily due to an increase in the accounts receivable recovered due to optimization of credit terms to customers
Inventories	13,211,009,381.15	18.87%	7,700,857,888.16	15.60%	3.27%	Primarily due to an increase in inventory storage level along with our business growth
Investment properties	47,592,110.24	0.07%	52,656,477.74	0.11%	-0.04%	
Long-term equity investment	1,208,540,333.29	1.73%	303,050,580.10	0.61%	1.12%	Primarily due to an increase in investment in associates
Fixed assets	19,761,012,854.95	28.22%	13,707,298,535.36	27.76%	0.46%	Primarily due to transfer of factory building and dormitory construction projects of subsidiaries to fixed assets and an increase in investment in equipment
Construction in progress	1,596,064,894.58	2.28%	865,549,438.56	1.75%	0.53%	Primarily due to an increase in new factory building and dormitory construction projects of subsidiaries and equipment that has not yet been accepted
Short-term borrowings	7,577,068,798.49	10.82%	4,166,302,223.17	8.44%	2.38%	Primarily due to an increase in borrowings
Long-term loans	1,495,199,238.41	2.14%	1,562,908,824.30	3.17%	-1.03%	
Advances to suppliers	183,886,937.70	0.26%	212,018,611.91	0.43%	-0.17%	Primarily consisting of acquisition of molds and fixtures and payment of security deposit
Other receivables	407,990,780.79	0.58%	338,237,923.96	0.68%	-0.10%	Primarily due to an increase in advances for customers
Other current assets	1,804,485,645.49	2.58%	1,484,451,151.73	3.01%	-0.43%	Primarily due to an increase in prepaid income tax and

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						deductible input tax
Long-term deferred expenses	488,087,044.97	0.70%	352,042,451.40	0.71%	-0.01%	Primarily consisting of routine renovation expenses of factory buildings and workshops
Other non-current assets	1,223,199,642.61	1.75%	1,432,566,528.37	2.90%	-1.15%	Primarily consisting of equipment, project and land costs prepaid
Notes payable	128,572,111.54	0.18%	206,496,660.20	0.42%	-0.24%	Primarily due to a decrease in note transactions
Accounts payable	23,051,557,603.83	32.92%	17,268,223,180.16	34.97%	-2.05%	Primarily due to an increase in inventory storage level along with our business growth
Other payables	146,162,097.14	0.21%	352,390,271.77	0.71%	-0.50%	
Other current liabilities	623,257,555.89	0.89%	646,115,152.49	1.31%	-0.42%	Issuance of short-term bonds
Deferred income	425,345,982.64	0.61%	256,059,554.91	0.52%	0.09%	Primarily due to an increase in government grants as capital contribution
Deferred tax liabilities	966,092,212.95	1.38%	598,184,393.00	1.21%	0.17%	

2. Assets and liabilities at fair value

Applicable N/A

3. Encumbrances on assets as of the end of the reporting period

As of the end of the reporting period, our main assets are free and clear of any sequestration, attachment, freeze, mortgage or pledge, or any condition for and prohibition on liquidation, and could be used to set off liabilities.

V. Analysis of investments

1. Overall situation

Applicable N/A

Amount of investment in 2020 (RMB)	Amount of investment in 2019 (RMB)	Y/Y % Change
3,122,574,000.00	1,302,756,044.42	139.69%

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2. Major equity investments acquired in the reporting period

√ Applicable □ N/A

In RMB

Investee	Main business	Method of investment	Amount of investment	Shareholding percentage	Source of funds	Partner	Term of investment	Product type	Status as of the balance sheet date	Expected income	Investment income/ loss in the reporting period	Whether or not involved in any litigation	Date of disclosure (if any)	Reference (if any)
Luxshare Changshu	Business subject to licensing: import and export of goods; import and export of technologies. Business not subject to licensing: manufacturing of electronic components and electro-mechanical components; sales of electronic components and electro-mechanical components; sales of power electronic components; manufacturing of wearable smart equipment; sales of wearable smart equipment; manufacturing of communication equipment; sales of communication equipment; manufacturing of opto-electronic components; sales of opto-electronic components; manufacturing of special rubber processing equipment; sales of special	Capital injection	615,000,000.00	100.00%	Self-owned funds	N/A	Long-term	Electronic components	Paid in full	0.00	0.00	No	April 21, 2020	Announcement No. 2020-028

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	rubber processing equipment; manufacturing of computer software, hardware and peripherals; technical services, technology development, technical consulting, technical exchanges, technology transfer and technology promotion; lease of non-residential properties.													
Lanto Kunshan	Computer peripherals, connection lines and connectors; new-type electronic components (electronic devices), instruments and accessories for communication and IT purpose, plastic, rubber and hardware products; research, development, production and sales of special electronic equipment, testing instruments, tools, molds, remote control dynamic models and related supplies and components; production and sales of power supply units and wireless transmission products; development of software; import and export of goods and technology (except any	Capital injection	1,100,000,000.00	100.00%	Offering proceeds	N/A	Long-term	Smart mobile terminal modules	Paid in full	0.00	0.00	No	December 3, 2020	Announcement No. 2020-101

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	business that is subject to licensing, restricted or prohibited pursuant to the applicable laws and administrative regulations) (any business subject to approval according to law may only be operated with the approval of the competent authorities). Business not subject to licensing: manufacturing of automotive components and accessories; research and development of automotive components; wholesale of automotive components and accessories; sales of mechanical parts and components; manufacturing of opto-electronic components; sales of opto-electronic components; research and development of special electronic materials; research and development of household appliances.													
Luxshare Kunshan	Development and production of opto-electronic switches, smart sensors, new-type instrument components, opto-electronic devices, IT and communication	Capital injection	600,000,000.00	100.00%	Offering proceeds	N/A	Long-term	Smart wearable equipment components	Paid in full	0.00	0.00	No	December 3, 2020	Announcement No. 2020-101

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<p>products and connectors, keyboards, keys, casings, new-type silicon rubber electronic components, precision cavity molds, stamping molds, connection lines and stereo systems; processing of watch bands; sales of self-made products and provision of after-sale services in respect of self-made products; import and export of goods and technologies (except any business that is subject to licensing, restricted or prohibited pursuant to the applicable laws and administrative regulations). Business subject to licensing: production of Class II medical devices; production of Class III medical devices; operation of Class III medical devices (any business subject to approval according to law may only be operated with the approval of the competent authorities, and only the business approved may be operated); sales of Class II medical devices; manufacturing of hardware</p>														
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<p>products; manufacturing of metal fittings for construction purpose; manufacturing of molds; manufacturing of smart wearable equipment; sales of smart wearable equipment (except any business subject to approval according to law, all businesses set forth in the business license may be operated according to law); Class II value-added telecommunications business (any business subject to approval according to law may only be operated with the approval of the competent authorities, and only the business approved may be operated). Business not subject to licensing: production of Class I medical devices; sales of Class I medical devices; manufacturing of special electronic equipment; sales of special electronic equipment; development of software; sales of software; sales of electronic products; manufacturing of industrial robots; sales of industrial robots; manufacturing of</p>													
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	integrated circuit chips and products; sales of integrated circuit chips and products; manufacturing of smart home devices; sales of smart home devices; technical services, technology development, technical consulting, technical exchanges, technology transfer and technology promotion; technology promotion and application services; data processing and storage support services; information technology consulting services.													
Total	--	--	2,315,000,000.00	--	--	--	--	--	--	0.00	0.00	--	--	--

3. Major non-equity investments that have not yet been completed in the reporting period

Applicable N/A

4. Investment in financial assets

(1) Investment in securities

Applicable N/A

In RMB

Type of security	Security code	Short name	Initial investment cost	Method of measurement	Beginning carrying amount	Gain or loss on changes in fair value in the reporting period	Aggregate changes in fair value recorded in equity	Amount acquired in the reporting period	Amount sold in the reporting period	Gain or loss in the reporting period	Ending carrying amount	Accounting item	Source of funds
Stock listed on domestic or overseas market	603595	Tony Electronic	22,500,000.00	Fair value	170,733,150.00	-26,855,115.76	80,625,922.54	0.00	29,656,715.20	-21,944,054.56	114,221,319.04	Investment in other equity instruments	Self-owned funds

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Total	22,500,000.00	--	170,733,150.00	-26,855,115.76	80,625,922.54	0.00	29,656,715.20	-21,944,054.56	114,221,319.04		
Disclosure date of the announcement of the board of directors approving the investment in securities											
Disclosure date of the announcement of the shareholders' meeting approving the investment in securities (if any)											

(2) Investment in derivatives

√ Applicable □ N/A

In RMB0'000

Counterparty	Affiliation	Whether or not a related-party transaction	Type of derivative	Initial investment cost	Date of commencement	Date of termination	Beginning balance	Amount acquired in the reporting period	Amount sold in the reporting period	Allowance for impairment loss (if any)	Ending balance	Ratio of ending balance to the net asset as at the end of the reporting period	Actual gain or loss in the reporting period
Bank	Non-affiliate	No	Forward exchange contract	2,263,77.69			226,377.69	1,363,352.75	1,541,185.19		48,545.26	1.73%	22,221.35
Bank	Non-affiliate	No	Foreign exchange option	1,203,39.45			120,339.45	1,623,068.88	1,279,487.94		463,920.39	16.51%	28,584.2
Total				3,467,17.14	--	--	346,717.14	2,986,421.63	2,820,673.13		512,465.65	18.24%	50,805.55
Source of funds	Self-owned funds												
Whether or not involved in any litigation	N/A												
Disclosure date of the announcement of the board of directors approving the investment in derivatives (if any)	August 20, 2019 April 20, 2020												
Disclosure date of the announcement of the shareholders' meeting approving the investment in derivatives (if any)	May 13, 2020												
Analysis of risks associated with the derivatives held in the reporting period (including without limitation market risk, liquidity risk, credit risk, operational risk and legal risk) and related risk control measures	<ol style="list-style-type: none"> We conduct foreign exchange derivative transactions for the purpose of fixing costs, and avoiding and preventing foreign exchange and interest rate risks, and prohibit any speculation. We have established strict business management policy regarding financial derivative transactions, which contain explicit provisions on the principle of operation approving power, internal operating process, information segregation measures, internal risk controls, information disclosure and other issues relating to financial derivative transactions, to control the risks associated with such transactions. We carefully examine the terms of contracts entered into with the relevant banks, and strictly implement the risk management policy to prevent legal risks. 												

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	<p>4. Our Finance Department continuously follows up on the changes in the market price or fair value of the relevant foreign exchange derivatives, promptly assesses the changes in risk exposures of such foreign exchange derivatives, reports to the management on a regular basis, promptly reports the abnormal situations discovered, calls attention to the relevant risks, and takes the appropriate emergency measures.</p> <p>5. In order to prevent any delay in the delivery of forward exchange contracts, we attach great importance to the management of accounts receivable, and have established safety management measures to prevent any delay in the payment of accounts receivable.</p> <p>6. Our Internal Audit Department is responsible for supervising and auditing the decision-making, management, execution and other issues in respect of foreign exchange derivative transactions.</p>
Changes in the market price or fair value of the derivatives held in the reporting period (in the analysis of the fair value of derivatives, the specific approaches, assumptions and parameters used shall be disclosed)	Change in the fair value of a foreign exchange derivative is the difference between its fair market price in the month in which the delivery date determined by the Company falls and its contract price.
Whether there's any material change in the accounting policies and accounting principles for the measurement of derivatives in the reporting period as compared with the preceding reporting period	No material change
Special opinion issued by the independent directors regarding the Company's investment in derivatives and related risk control measures	We conduct foreign exchange derivative transactions for the purpose of avoiding foreign exchange risk arising from fluctuations in the foreign exchange rates of RMB and effectively controlling the uncertainties of costs caused by foreign exchange risk. We have established the Business Management Policy Regarding Financial Derivative Transactions, to enhance risk management and control over foreign exchange derivative transactions. In addition, we only provide self-owned funds, rather than any offering proceeds, as deposit for derivative transactions. The review, voting and other procedures relating to such transactions have complied with the Company Law, the AOA and other applicable regulations.

5. Use of offering proceeds

√Applicable N/A

(1) Description of use of offering proceeds

√Applicable N/A

In RMB0'000

Year of offering	Method of offering	Total offering proceeds	Total amount of offering proceeds used in the reporting period	Aggregate amount of offering proceeds that has been used	Total amount of offering proceeds whose purpose was changed in the reporting period	Aggregate amount of offering proceeds whose purpose has been changed	Percentage of offering proceeds whose purpose has been changed	Total amount of unused offering proceeds	Purpose and whereabouts of unused offering proceeds	Total amount of offering proceeds that has remained unused for more than two years
2020	Public offering of convertible corporate bonds	300,000	274,402.76	274,402.76	0	0	0.00%	24,412.95	To continue to be used in the investment projects for which the funds were raised	0

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Total	--	300,000	274,402.76	274,402.76	0	0	0.00%	24,412.95	--	0
Description of use of offering proceeds										
Pursuant to the Reply on Approval of Public Offering of Convertible Corporate Bonds by Luxshare Precision Industry Co., Ltd. from the China Securities Regulatory Commission, we publicly issued 30,000,000 convertible corporate bonds of par value of RMB100.00 each, and raised RMB3,000,000,000.00 in total. After deduction of the underwriter fee and sponsor fee of RMB14,400,000.00 (inclusive of tax) paid to our underwriter, CITIC Securities Co., Ltd., the total subscription amount received was RMB2,985,600,000.00, and after deduction of legal fee, audit and capital verification fee, credit rating fee, information disclosure and other costs, the net proceeds from this offering were RMB2,984,743,424.52.										
We have already invested RMB2,001,653,153.13 of self-raised funds in the projects for which this public offering was made prior to the completion thereof, as verified by BDO China Shu Lun Pan Certified Public Accountants LLP in its Report Xin Kuai Shi Bao Zi [2020] No. ZB11783 dated December 1, 2020. On December 2, 2020, the 27 th meeting of the 4 th Board of Directors reviewed and adopted the <i>Proposal on Replacement of the Self-raised Funds Invested in Advance with the Offering Proceeds</i> , approving the replacement of the self-raised funds invested in the relevant projects with the offering proceeds.										
As of the end of the reporting period, RMB2,744,027,590.66 of the offering proceeds have been used, and the remaining RMB244,129,528.55 will continue to be used in the investment projects for which the funds were raised.										

(2) Projects in which the offering proceeds were proposed to be invested

√ Applicable □ N/A

In RMB0'000

Committed investment project and use of over-raised funds	Whether the project has been changed or partially changed	Total committed investment amount	Total investment amount as adjusted (1)	Amount invested in the reporting period	Aggregate amount already invested as of the end of the reporting period (2)	Progress of investment as of the end of the reporting period (3) =(2)/(1)	Date that the project is ready for its intended use	Profit earned in the reporting period	Whether the project has produced the desired result	Whether there's any significant change in the feasibility of the project
Committed investment project										
Smart mobile terminal module production line upgrading and expansion project	No	110,000	110,000	85,895.31	85,895.31	78.09%	March 1, 2021		N/A	No
Smart wearable equipment components production line upgrading and expansion project	No	60,000	60,000	60,006.53	60,006.53	100.01%	May 1, 2021	24,284.19	Yes	No
New smart wearable equipment project with an annual production capacity of 4 million sets	No	60,000	60,000	60,026.57	60,026.57	100.04%	August 1, 2020	28,149.55	Yes	No
Replenishment of working capital	No	70,000	70,000	68,474.34	68,474.34	97.82%			N/A	No
Subtotal	-	300,000	300,000	274,402.75	274,402.75	-	-	52,433.74	-	-
Use of over-raised funds										
N/A										
Total	-	300,000	300,000	274,402.75	274,402.75	-	-	52,433.74	-	-
Failure to meet the scheduled progress and produce the desired result and reason	None									

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thereof (please describe on a project by project basis)	
Reason of significant change in the feasibility of the project	None
Amount and use of over-raised funds and progress of use thereof	N/A
Change in the place of the project in which the offering proceeds were proposed to be invested	N/A
Adjustment of the method of implementation of the project in which the offering proceeds were proposed to be invested	N/A
Funds already invested in the project in which the offering proceeds were proposed to be used and replacement thereof	Applicable We have already invested RMB2,001,653,153.13 of self-raised funds in the projects for which the public offering of convertible corporate bonds was made in 2020 prior to the completion thereof, as verified by BDO China Shu Lun Pan Certified Public Accountants LLP in its Report Xin Kuai Shi Bao Zi [2020] No. ZB11783 dated December 1, 2020.
Temporary replenishment of working capital with the unused offering proceeds	N/A
Amount of unused offering proceeds and reason thereof	Applicable As of December 31, 2020, the amount of unused offering proceeds was RMB244,129,528.55, because the projects for which the funds were raised have not yet been completed.
Purpose and whereabouts of unused offering proceeds	As of December 31, 2020, the amount of unused offering proceeds was RMB244,129,528.55, which will continue to be used in the investment projects for which the funds were raised.
Problems and other matters existing in the use and disclose of offering proceeds	None

(3) Changes in the projects in which the offering proceeds were proposed to be invested

Applicable N/A

There's no change in the projects in which the offering proceeds were proposed to be invested during the reporting period.

VI. Sales of material assets and equities

1. Sales of material assets

Applicable N/A

No material asset has been sold during the reporting period.

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2. Sales of material equities

Applicable N/A

VII. Analysis of major subsidiaries and associates

Applicable N/A

Major subsidiaries and associates representing more than 10% of the net profit of the Company:

In RMB

Company name	Type	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Luxshare Precision	Subsidiary	Purchase and sales of electronic products, data lines, connection lines, connectors, computer and peripherals, plastic and hardware products.	USD 5,000,000	32,284,326,513.88	2,323,353,125.61	109,759,456,057.38	1,615,400,931.36	1,609,358,980.43
ICT-Lanto	Subsidiary	Sales and services in respect of internal and external connection lines for IT, communication and consumer electronic applications, and precision connectors.	USD 83,290,323	19,811,980,244.41	2,295,968,956.16	18,661,017,270.17	723,565,414.13	623,838,824.25
Luxshare Chuzhou	Subsidiary	Production and sales of connectors and connection lines for computers, mobile phones, video game player and TV sets, components and accessories of communication electronic products (including electroplating); import and export of goods and technologies produced or owned by the company or others.	RMB758,000,000	4,150,155,423.19	1,278,729,481.97	6,784,222,671.10	472,207,421.00	419,408,183.61
Luxshare Suzhou	Subsidiary	Production, research, development, sales and after-sale service in respect of electronic components, communication equipment, computer equipment and accessories, molds and smart equipment; sales of electro-mechanical equipment, mechanical equipment, electric equipment, testing equipment, automatic equipment and accessories, molds, plastic products, metal products and fixtures; import and export of goods and technologies produced or owned by the company or others; computer software technology development and technical service.	RMB130,000,000	4,333,258,665.17	150,418,237.90	5,054,378,359.97	34,721,128.06	35,446,246.97
Luxshare Electronic Kunshan	Subsidiary	Development and production of opto-electronic switches, smart sensors, new-type instrument components, opto-electronic devices, IT and communication products and connectors, keyboards, keys, casings, new-type silicon rubber electronic components, precision cavity molds, stamping molds, connection lines and stereo systems; processing of watch bands; sales of self-made products and provision of after-sale services in respect of self-made products; import and	RMB2,200,000,000	12,001,133,317.33	3,481,250,205.24	16,150,294,698.99	508,925,982.59	471,294,537.90

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		export of goods and technologies (except any business that is subject to licensing, restricted or prohibited pursuant to the applicable laws and administrative regulations). Business subject to licensing: production of Class II medical devices; production of Class III medical devices; operation of Class III medical devices (any business subject to approval according to law may only be operated with the approval of the competent authorities, and only the business approved may be operated); sales of Class II medical devices; manufacturing of hardware products; manufacturing of metal fittings for construction purpose; manufacturing of molds; manufacturing of smart wearable equipment; sales of smart wearable equipment (except any business subject to approval according to law, all businesses set forth in the business license may be operated according to law); Class II value-added telecommunications business (any business subject to approval according to law may only be operated with the approval of the competent authorities, and only the business approved may be operated). Business not subject to licensing: production of Class I medical devices; sales of Class I medical devices; manufacturing of special electronic equipment; sales of special electronic equipment; development of software; sales of software; sales of electronic products; manufacturing of industrial robots; sales of industrial robots; manufacturing of integrated circuit chips and products; sales of integrated circuit chips and products; manufacturing of smart home devices; sales of smart home devices; technical services, technology development, technical consulting, technical exchanges, technology transfer and technology promotion; technology promotion and application services; data processing and storage support services; information technology consulting services.						
Xiexun Wan'an	Subsidiary	Production and sales of computer plugs, sockets connection lines, connectors and peripherals, and precision molds; import and export; lease of personal properties, lease of real properties.	RMB40,000,000	91,606,422.79	55,793,778.37	110,551,627.34	17,102,734.80	13,432,097.44
Intelligent Manufacture Jiangxi	Subsidiary	Business subject to licensing: import and export of goods; labor dispatch agency. Business not subject to licensing: production of electronic products; production and sales of molds; engineering and technological research and test development; lease of machinery and equipment; lease of housing.	RMB1,000,000,000	12,402,377,058.98	3,873,240,094.92	30,782,037,561.69	1,817,153,947.59	1,601,025,929.37
Xiexun Ji'an	Subsidiary	Production and sales of computer plugs, sockets, connection lines,	RMB114,718,979.44	1,033,316,723.64	605,537,980.23	1,555,954,367.44	212,026,774.51	184,486,502.75

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		connectors and peripherals, precision molds, equipment and components, robot and precision metal molds, automatic equipment, metal fixture components, and electro-mechanical equipment, processing of precision machinery; lease of personal properties (equipment only), lease of real properties; import and export; medical appliances, medical equipment, personal protective equipment, digital electronics and non-medical masks.						
Shenzhen Luxshare Acoustics Technology Ltd.	Subsidiary	Research, development and sales of acoustic equipment, connection lines, connectors, electronic product components, plastic and hardware products, molds and antennas; domestic trade, import and export of goods and technologies. Business subject to licensing: production of acoustic equipment, connection lines, connectors, electronic product components, plastic and hardware products, molds and antennas.	RMB28,000,000	372,042,543.42	111,677,229.66	503,359,153.19	59,055,768.54	57,351,041.51
ASAP Jiangxi	Subsidiary	Design, production and sales of electric wires and cables, plastic pellets, plastic and hardware products, precision molds, digital electronic and electronic IT product system assembly, high/low frequency data transmission lines, connectors, computer peripherals, new-type electronic components, data and signal transmission products, medical appliances, medical supplies, smart home products; import and export; lease of real properties, lease and sales of tangible personal properties.	RMB100,924,134	2,576,102,683.61	1,151,641,604.13	3,754,815,702.92	329,181,986.13	289,120,853.13
Luxshare Kunshan	Subsidiary	Production, processing, sale, development and technical services in respect of connection lines, connectors, computer peripherals, plastic and hardware products, electronic components, electronic products, auto parts and molds; general road freight transport; import and export of goods and technologies. Business not subject to licensing: manufacturing of power transmission, distribution and control equipment.	RMB508,000,000	1,810,081,314.95	872,544,352.85	1,964,407,964.66	150,975,911.60	143,239,129.03
Luxshare Intelligent Manufacture	Subsidiary	Production, research, development, sales and after-sale service in respect of electronic components, communication equipment, computer equipment and accessories, molds and smart equipment; import and export of goods and technologies produced or owned by the company or others; computer software technology development and technical service.	RMB 730,000,000	9,000,069,089.29	791,362,285.74	14,710,254,860.43	213,745,484.21	219,849,726.77
Lanto Kunshan	Subsidiary	Computer peripherals, connection lines and connectors; new-type electronic components (electronic devices), instruments and	RMB 2,320,000,000	14,619,086,843.05	6,894,362,002.01	17,722,033,259.25	1,759,503,741.45	1,573,288,589.26

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		accessories for communication and IT purpose, plastic, rubber and hardware products; research, development, production and sales of special electronic equipment, testing instruments, tools, molds, remote control dynamic models and related supplies and components; production and sales of power supply units and wireless transmission products; development of software; import and export of goods and technology (except any business that is subject to licensing, restricted or prohibited pursuant to the applicable laws and administrative regulations) (any business subject to approval according to law may only be operated with the approval of the competent authorities). Business not subject to licensing: manufacturing of automotive components and accessories; research and development of automotive components; wholesale of automotive components and accessories; sales of mechanical parts and components; manufacturing of opto-electronic components; sales of opto-electronic components; research and development of special electronic materials; research and development of household appliances.						
Luxshare Automation Jiangsu	Subsidiary	Production and sales of robots, precision metal molds, automatic equipment, components of metal fixtures and electro-mechanical equipment; processing of precision machinery; import and export of goods and technologies produced or owned by the company.	RMB30,000,000	658,138,687.34	323,667,889.00	766,700,321.47	86,580,029.79	82,205,745.40

Subsidiaries acquired and disposed of during the reporting period:

√ Applicable □ N/A

Company name	Method of acquisition or disposal of subsidiary during the reporting period	Effect on the production, operation and results of the Company taken as a whole
Suzhou Lanto Electronic Limited	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Luxshare Precision Industry (Jiangsu) Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Luxshare-ICT (Vietnam) Limited	Purchase of part of shares	No significant effect on the production, operation and results of the Company taken as a whole
Luxshare Electronic (Xingning) Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Luxshare Lanto (India) Limited	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Changshu Luxshare Industrial Investment Management Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Kunshan Luxshare Business Management Development Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Luxshare Precision Assemblies (Suzhou) Co., Ltd.	Purchase of part of shares	No significant effect on the production, operation and results of the Company taken as a whole
Changshu Lizhen Intelligent Manufacture Technology Partnership (L.P.)	Purchase of part of shares	No significant effect on the production, operation and results of the Company taken as a whole
Kunshan Luxshare Business Management Service Partnership (L.P.)	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Luxshare Intelligent Manufacture Technology (Rugao) Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Luxshare Intelligent Equipment (Kunshan) Co., Ltd.	Newly established	No significant effect on the production, operation and results of the Company taken as a whole
Dongguan Luxshare Technology Limited Qingxi Branch	Deregistered	No significant effect on the production, operation and results of the Company taken as a whole
Luxshare Precision Industry (Xingning) Co., Ltd. Huafeng Branch	Deregistered	No significant effect on the production, operation and results of the Company taken as a whole
Cyber Acoustics, LLC(USA)	Purchase of shares	No significant effect on the production, operation and results of the Company taken as a whole
Taiqiao Investment Co., Ltd.	Purchase of shares	No significant effect on the production, operation and results of the Company taken as a whole
Luxshare Precision Industry (Xi'an) Co.,	Sales of shares	No significant effect on the production,

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Ltd.		operation and results of the Company taken as a whole
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Particulars of major controlled subsidiaries and associates:

VIII. Structured entities controlled by the Company

Applicable N/A

IX. Prospects for future development of the Company

1. Situations of the industry

In recent years, the traditional consumer electronic terminals have gradually advanced from the growth stage into the stage of competition over the existing consumers. According to IDC, after the total shipments have been decreasing for three consecutive years, driven by the continuous recovery of market demands and increase in the production capacity of 5G equipment, the global shipments of smart phones are expected to increase by 5.5% year on year in 2021, and the compound annual growth rate of the global shipments of smart phones is expected to reach 3.6% between 2020 and 2025. In addition, along with the advancement of 5G and AI technologies, a variety of smart mobile, smart wearable, smart home, smart display and other IoT equipment is expected to be developed. Driven by the IoT ecologic system and market trends, the terminal products having smart connectivity, health check and other functions will deeply affect the habits and customs of people, and be widely accepted by consumers of all age groups. One-stop solution providers mastering better processes, having a higher degree of integration and requiring less resources are more likely to get business opportunities in respect of related components and finished products. From the perspective of product technology, the development course of the communication industry is similar to that of the industry of consumer electronics, with the hardware developing towards integration and small size. In the technology evolution from 4G to 5G, base stations tend to have more ports and more wave numbers. Small size and weather resistance put forward increasingly high requirements for precision manufacturing. Compared with manufacturers of traditional communication products, manufacturers having experience in the precision manufacturing of consumer electronic products will occupy a good position when they shift to the new communication industry. The communication connectivity market is witnessing rapid upgrading of products, and enters an era of tremendous data. Along with the sharp increase in data volume, the demands for connectivity products responsible for data processing will grow sharply. The automotive industry will continue to advance towards four directions of technological revolution, namely smart drive, the Internet of Vehicles, electric vehicles and share mobility. Facing such trends of technological development, more and more traditional car manufacturers, new players and solution providers brave this new wave of the progress of technology. The existence of a variety of players on the automotive market will promote the industry to make innovations, bring more opportunities and challenges to component manufacturers, and put forward concentration of hardware. We have built a complete development framework covering components, modules, sub-systems and whole systems, and made complete deployments for core products.

2. Future growth strategy

On the basis of our core management's forward-looking plans in respect of market, products and customers, and through our employees' unremitting efforts to work conscientiously, fulfill all tasks and make innovations, we have made diversified, integrated and coordinated strategic deployments in the fields of consumer electronics, communication and automotive. In light of the new market situations, we clearly know that opportunities coexist with challenges, and will keep investing in the future, and give full play to our strong core competencies and advantages in various areas, to provide more core value for the industry and our customers.

In the next few years, the consumer electronics business will continue to occupy an important position in our Company. We will continue to implement and deepen the concept of vertical integration from components, modules to system, and strive to change the traditional supply ideas and approaches, restructure the supply chain and maximize the synergy effect, to continue to improve

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our capability to create value for our customers. Meanwhile, with respect to certain core modules and processes, we will follow the strategic principle of “old products, new customers and new market”, strive to extend and deepen the application of products, and increase their shares on different markets and in different customers, to further improve our ability to prevent operating risks. In light of the general economic development trend of enhancing internal circulation, and the general background that huge demands for consumer electronic products on the domestic market will be stimulated, the smart consumer electronic products that change life with technology will grow vigorously. By leveraging our remarkable advantages in technological integration of different platforms and functional modules, on the basis of adequate assessment of return on investment and risks, we will launch a variety of customized smart products in cooperation with different platform customers, to enrich our product offerings. In the field of communication connectivity, through focusing on technology development and combining the efforts of enterprises, universities and research institutes, we are leading the way in certain market segments in the world. In the future, we will adhere to the strategic principle of integrating “application, development and early research”, closely follow the market trends and frontier technologies, and strive to make all-round breakthrough on more market segments. With respect to the radio frequency communication business, we will focus on the strategic plan of “core components + modules + system”, make continuous investments in design and R&D, improve the capability to produce core components on our own, and improve our internal operation efficiency through transformation and upgrading towards digitalization. Facing the business opportunities in the automotive field brought by smart drive, the Internet of Vehicles, electric vehicles and share mobility, we will continue to pay close attention to and make appropriate deployments in this field, leverage our technologies and experience accumulated in the fields of consumer electronics and communication connectivity, and use our mature experience in precision manufacturing and development capability in respect of communication level high-speed transmission, as well as the smart and convenient wireless power supply technology of consumer electronic products in the automotive business. Meanwhile, we will develop medium/high-power automotive wireless charging module technology, to grasp the opportunities that will be brought by the liberalization of power supply on the future unmanned vehicle market.

3. Business plan for the next year

In 2020, though we faced all sorts of challenges from the external environment and arising in the course of our development, we always stood in awe of market opportunities, and realized healthy growth of all scopes of business with our employees acting with one mind and working round the clock.

In 2021, we will continue to focus on our strategic customers, adhere to the principle of customer orientation, and make deployments in products and businesses according to the strategic demands of key customers. On the basis of serving the existing customers and providing the existing products, we will implement the business development policy established by the Board of Directors, explore new markets and new fields by leveraging our rich experiences and resources, further diversify our products, businesses and customers, and improve our profitability. In light of rapid growth, we will continue to make in-depth explorations and studies in respect of organization management, official management and performance incentive, update and optimize the current management mode, through continuous improvement of the mechanisms, effectively arouse the enthusiasm of officers, pool the wisdom and efforts of everyone, and make concerted efforts to give full play to the effectiveness of our organization, to meet the demands of our rapid business growth. In 2021, we will continue to advance the platform building for automation technologies, upgrade the automation resources to a platform shared by the entire group, effect their switches among different fields, products and modules, through intensive management, improve operating efficiency and reduce repeated input of resources. Meanwhile, in terms of production capacity planning, the year of 2021 will be another important year for us to make global deployments. We will cautiously assess the strategic value of all products, businesses and regions, pour reasonable resources into the projects that can produce long-term and stable benefits or produce a synergy effect and provide high added-value to our existing business, to make pre-deployments and help us achieve our short, medium and long-term goals.

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4. Capital required for future development strategy and capital utilization plan

As of December 31, 2020, our equity-debt ratio was 55.86%. In 2021, our business is expected to maintain rapid growth, and the exploitation of new markets and entry of production of new projects require enormous capital. Along with the improvement of our position in the industry and stabilization of our relationship with customers, we obtain certain advantages in transactions. We will continue to strictly control capital expenditures in each project, regularly analysis and review the return on investment in each capital expenditure project, and continue to improve our management over accounts receivable, inventories and other areas, to maximize the efficiency of capital utilization. We will consider all available sources of financing at different periods according to the requirements of our development strategy, to create more value for our shareholders.

5. Future risks

(1) Risk of fluctuation of macro economy

The numerous uncertainties existing in the domestic and foreign macro environment at present, such as the spread of the epidemic situation throughout the world, the trade frictions between China and the United States and the complicated and grave global political situation, might result in slowdown of global economy, and affect people's income, purchasing power and willingness to spend. If the uncertainties of the macro environment continue for a long time, the industry will be impacted and face certain challenges.

(2) Risk of foreign exchange rate

At present, our revenue from the overseas market constitutes a large proportion in our total operating revenue, and our overseas transactions are mainly settled in US Dollars. Our sales on the overseas market totaled RMB32,010,761,900, RMB57,465,383,800 and RMB85,046,280,900 in 2018, 2019 and 2020, representing 89.29%, 91.92% and 91.94% of the revenue from main business respectively. Because our country implements the managed floating rate system, the foreign exchange rates fluctuate along with the changes in domestic and foreign political and economic environment. If the foreign exchange rates fluctuate greatly, the exchange gains or losses may affect our operating results. In order to reduce the uncertainties caused by fluctuations of foreign exchange rates on our operating results, we will strive to keep abreast of the movement of foreign exchange rates, strictly control the proportion of foreign currency denominated assets in our net assets, and through foreign exchange derivative transactions, reduce the effect of the fluctuation of foreign exchange rates.

(3) Management risk

We have been growing rapidly in recent years, and continuously expanded our business in consumer electronics, communication, automotive and other fields. We have a great number of operating entities which are relatively decentralized. Due to the impact of the trade frictions between China and the United States and the spread of the epidemic situation throughout the world, our customers will put forward increasingly high requirements for the internationalized level of the deployment of our production capacity, which will in turn put forward higher requirements for our operation and management capability and pool of outstanding talents. If our management level cannot satisfy the requirements of the rapid growth of our scale of operation, we may face certain management risks.

(4) Risk of relative concentration of customers

We attach great importance to maintaining long-term and stable cooperation relationships with our major customers. At present, our customers are relatively concentrated, most of whom are engaged in consumer electronics. Though the relevant customers are first-class customers in the industry, have strong and leading competencies on the market, and have maintained years of stable cooperation relationship with us, if any major customer falls into serious difficulties in its operation, we may face certain operating

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risk.

X. Investigation, research, communication, interview and other activities**1. Registration form of investigation, research, communication, interview and other activities occurred during the reporting period**

√ Applicable □ N/A

Date	Place	Method of communication	Type of guest	Guest	Main topic of discussion and information provided	Particulars of the investigation and research activity available at
March 20, 2020	Company meeting room at No. 17 Kuiqing Road, Qinghuang Industrial Zone, Qingxi Town, Dongguan, Guangdong	Communication by telephone	Institution	Institutional investors	Effect of the outbreak of COVID-19 on the Company and the Company's future development plan	Refer to the <i>Record of Investor Relations Activity</i> on March 20, 2020 published on www.cninfo.com.cn on March 22, 2020
August 25, 2020	Company meeting room at No. 333 Beihuan Road, Qingxi Town, Dongguan, Guangdong	Communication by telephone	Institution	Institutional investors	Introduction of the Company's operating results in the first half of 2020 and the Company's general situation	Refer to <i>Luxshare-ICT (stock code: 002475) Information about Investigation and Research Activity (20200827)</i> published on www.cninfo.com.cn on August 27, 2020
September 16, 2020	Company meeting room at No. 399 Baisheng Road, Jinxi Town, Kunshan, Jiangsu	On-site investigation and research	Institution	Institutional investors	Introduction of the Company's general situation and future development plan and deployments	Refer to <i>Luxshare-ICT (stock code: 002475) Investor Relations Management File (20200919)</i> published on www.cninfo.com.cn on September 19, 2020

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Section V Significant Matters

I. Profit distribution on ordinary shares and transfer of capital reserve to the share capital

Adoption, implementation or adjustment of the profit distribution policy, in particular, cash dividend policy, in respect of ordinary shares during the reporting period

√ Applicable □ N/A

Pursuant to the resolutions adopted by the 17th meeting of the 4th Board of Directors and the 2019 annual shareholders' meeting, we proposed to distribute to all shareholders a cash dividend of RMB1.2 (inclusive of tax) per 10 shares on the basis of the total share capital of 5,371,812,030 shares, or RMB644,617,443.60 (inclusive of tax) in total, and issue 3 additional shares per 10 share through transfer of capital reserve to the share capital, as a result of which, our total share capital would become 6,983,355,639 shares. In case of any change in our total share capital due to any share repurchase, exercise of share incentives, material asset restructuring, cancellation of repurchased share or otherwise prior to the record date for the relevant equity distribution, we would adjust the distribution payable per share accordingly on the principle that the total amount distributable should remain the same.

During the period from the disclosure of such profit distribution proposal to the implementation thereof, our total share capital increased by 515,928 shares, from 5,371,812,030 shares at the time of disclosure of the proposal to 5,372,327,958 shares due to the implementation of our stock option incentive plan. On the principle that the total amount distributable should remain the same, our profit distribution proposal for 2019 was adjusted as follows: to distribute to all shareholders a cash dividend of RMB1.199884 (inclusive of tax) per 10 shares on the basis of the total share capital of 5,372,327,958 shares, or RMB644,617,035.9556870 (inclusive of tax) in total, and issue 2.999711 additional shares per 10 share through transfer of capital reserve to the share capital, as a result of which, our total share capital became 6,983,871,085 shares.

Special explanation about the cash dividend policy	
Whether comply with the provisions of the articles of association or requirements of resolutions of the shareholders' meeting of the Company?	Yes
Whether the standard and ratio of cash dividend distribution are clear and definite?	Yes
Whether the relevant decision-making process and mechanism are sound?	Yes
Whether the independent directors have performed their duties and exercised their functions?	Yes
Whether the minority shareholders have sufficient opportunities to express their opinions and requests and their legitimate rights and interests are fully protected?	Yes
Whether the conditions and procedures in respect of any adjustment or amendment of the cash dividend policy comply with the applicable regulations and are transparent?	Yes

Proposals for distribution of dividends on ordinary shares and for transfer of capital reserve to share capital in the past three years (including the reporting period):

2018: Pursuant to the resolutions adopted by the 8th meeting of the 4th Board of Directors and the 2018 annual shareholders' meeting, we distributed to all shareholders a cash dividend of

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RMB0.50 (inclusive of tax) per 10 shares on the basis of the total share capital of 4,114,616,722 shares, or RMB205,730,836.10 (inclusive of tax) in total, and issued 3 additional shares per 10 share through transfer of capital reserve to the share capital, as a result of which, our total share capital became 5,349,001,738 shares.

2019: Pursuant to the resolutions adopted by the 17th meeting of the 4th Board of Directors and the 2019 annual shareholders' meeting, we proposed to distribute to all shareholders a cash dividend of RMB1.2 (inclusive of tax) per 10 shares on the basis of the total share capital of 5,371,812,030 shares, or RMB644,617,443.60 (inclusive of tax) in total, and issue 3 additional shares per 10 share through transfer of capital reserve to the share capital, as a result of which, our total share capital would become 6,983,355,639 shares. In case of any change in our total share capital due to any share repurchase, exercise of share incentives, material asset restructuring, cancellation of repurchased share or otherwise prior to the record date for the relevant equity distribution, we would adjust the distribution payable per share accordingly on the principle that the total amount distributable should remain the same.

During the period from the disclosure of such profit distribution proposal to the implementation thereof, our total share capital increased by 515,928 shares, from 5,371,812,030 shares at the time of disclosure of the proposal to 5,372,327,958 shares due to the implementation of our stock option incentive plan. On the principle that the total amount distributable should remain the same, our profit distribution proposal for 2019 was adjusted as follows: to distribute to all shareholders a cash dividend of RMB1.199884 (inclusive of tax) per 10 shares on the basis of the total share capital of 5,372,327,958 shares, or RMB644,617,035.9556870 (inclusive of tax) in total, and issue 2.999711 additional shares per 10 share through transfer of capital reserve to the share capital, as a result of which, our total share capital became 6,983,871,085 shares.

2020: Pursuant to the *2020 Profit Distribution Proposal* approved by the 31st meeting of the 4th Board of Directors, we propose to distribute to all shareholders a cash dividend of RMB1.1 (inclusive of tax) per 10 shares on the basis of the total share capital of 7,035,426,367 shares, or RMB773,896,900.37 (inclusive of tax) in total, and to carry forward the retained profits for distribution in subsequent years. In case of any change in our total share capital due to any share repurchase, exercise of share incentives, material asset restructuring, cancellation of repurchased share or otherwise prior to the record date for the relevant equity distribution, we will adjust the distribution payable per share accordingly on the principle that the total amount distributable should remain the same. The *2020 Profit Distribution Proposal* is subject to approval by our annual shareholders' meeting.

Cash dividends distributed on ordinary shares in the past three years (including the reporting period):

In RMB

Year of distribution	Amount of cash dividends (inclusive of tax)	Net profit attributable to the holders of ordinary shares of the listed company on the consolidated financial statements for the year of distribution	Proportion of cash dividends to the net profit attributable to the holders of ordinary shares of the listed company on the consolidated financial statements	Amount of cash dividends distributed in other ways (such as share repurchase)	Proportion of cash dividends distributed in other ways to the net profit attributable to the holders of ordinary shares of the listed company on the consolidated financial statements	Total amount of cash dividends	Proportion of total cash dividends to the net profit attributable to the holders of ordinary shares of the listed company on the consolidated financial statements
2020	773,896,900.37	7,225,462,752.58	10.71%	0.00	0.00%	773,896,900.37	10.71%

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2019	644,617,443.60	4,713,820,644.90	13.68%	0.00	0.00%	644,617,443.60	13.68%
2018	205,730,836.10	2,722,631,125.23	7.56%	0.00	0.00%	205,730,836.10	7.56%

Whether the Company did not propose to distribute cash dividends on ordinary shares though the Company made a profit in the reporting period and the parent company has a positive profit attributable to the holders of its ordinary shares?

Applicable N/A

II. Profit distribution on ordinary shares and transfer of capital reserve to the share capital for the reporting period

Applicable N/A

Number of bonus shares per 10 shares	0
Amount of cash dividends per 10 shares (inclusive of tax)	1.1
Share capital based on which the distribution proposal was made	7,035,426,367
Amount of cash dividends (inclusive of tax)	773,896,900.37
Amount of cash dividends distributed in other ways (such as share repurchase) (RMB)	0.00
Total amount of cash dividends (RMB)	773,896,900.37
Distributable profit (RMB)	5,031,699,596.69
Proportion of total cash dividends to the distributable profit	100
Particulars of cash dividends distributed for the reporting period	
Others	
Particulars of the profit distribution proposal or for transfer of capital reserve to share capital	
Our 2020 Profit Distribution Proposal is as follows: to distribute to all shareholders a cash dividend of RMB1.1 (inclusive of tax) per 10 shares on the basis of the total share capital of 7,035,426,367 shares, or RMB773,896,900.37 (inclusive of tax) in total, and to carry forward the retained profits for distribution in subsequent years. In case of any change in our total share capital due to any share repurchase, exercise of share incentives, material asset restructuring, cancellation of repurchased share or otherwise prior to the record date for the relevant equity distribution, we will adjust the distribution payable per share accordingly on the principle that the total amount distributable should remain the same. The 2020 Profit Distribution Proposal is subject to approval by our annual shareholders' meeting.	

III. Fulfillment of covenants

1. Covenants made by the actual controllers, shareholders, affiliates and acquirer of the Company, the Company itself and other related parties that have been fulfilled during the reporting period or failed to be fulfilled as at the end of the reporting period

Applicable N/A

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Background of covenant	Covenantor	Type of covenant	Content of covenant	Time of covenant	Validity period/ expiry date of covenant	Status of fulfillment
Covenant relating to the transformation into share holding system						
Covenant made in any acquisition report or report on changes in equity						
Covenant relating to any asset restructuring						
Covenant relating to any initial public offering or subsequent fund raising	HUANG Dawei, LI Bin, LIN Yifei, WANG Laichun, WANG Laisheng, WU Tiansong, XIONG Tengfang, XU Huaibin, XUE Haigao, YE Yiling, ZHANG Ying	Other covenants	<p>Pursuant to the applicable regulations of the China Securities Regulatory Commission, in order to ensure the implementation of the remedial measures for diluted earnings of the Company, each of the directors and executives of the Company hereby covenants as follows:</p> <ol style="list-style-type: none"> 1. I will not transfer benefits to any other entity or individual without compensation or on unfair terms, or otherwise damage the interest of the Company. 2. I will exercise self-discipline in consumption in performing my duties. 3. I will not use the assets of the Company to engage in any investment or consumption activity not in connection with my duties. 4. I will, within my powers, procure the linkage between the compensation system adopted by the Board of Directors or the Compensation and Performance Appraisal Committee and the implementation of the Company's remedial measures for diluted earnings. 5. I will, within my powers, procure the linkage between the vesting conditions in respect of any share incentives granted by the Company and the implementation of the Company's remedial measures for diluted earnings. 6. I undertake to strictly fulfill the covenants set forth above, to ensure the implementation of the remedial measures for diluted earnings of the Company. If I breach or refuse to fulfill any 	July 11, 2019	Permanent	The covenants have been fulfilled strictly

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			covenant set forth above, I will make explanations and apologies and perform other obligations required by the applicable regulations, and agree to accept any punishment or regulatory action that may be imposed on or taken against me by the China Securities Regulatory Commission, the Shenzhen Stock Exchange or any other competent securities regulatory authority pursuant to the applicable rules and regulations established or promulgated by such regulatory authorities, and indemnify the Company or its shareholders for the losses (if any) arising therefrom according to law.			
	Luxshare Precision Limited (HK), WANG Laichun, WANG Laisheng	Other covenants	<p>In order to seriously protect the legitimate rights and interests of the Company and all of its shareholders, each of the controlling shareholder and actual controllers of the Company hereby covenants as follows:</p> <ol style="list-style-type: none"> 1. We/I will not interfere with management and operation of the Company beyond our/my powers, or infringe on the interest of the Company. 2. We/I will procure the implementation of the remedial measures for diluted earnings of the Company, and fulfill our/my covenants in connection therewith. If We/I breach or refuse to fulfill any covenant set forth above, We/I agree to accept any punishment or regulatory action that may be imposed on or taken against us/me by the China Securities Regulatory Commission, the Shenzhen Stock Exchange or any other competent securities regulatory authority pursuant to the applicable rules and regulations established or promulgated by such regulatory authorities, and indemnify the Company or the investors for the losses (if any) arising therefrom according to law. 3. From the date of this covenant till the date of completion of this offering, if the China Securities Regulatory Commission or any other competent securities regulatory authority adopts any new regulation regarding the remedial measures for diluted earnings and covenants in connection therewith, and the covenants set forth above do not satisfy the requirements of such new regulation, We/I will make supplementary covenants pursuant to the new regulation. 	July 11, 2019	Permanent	The covenants have been fulfilled strictly

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	Luxshare Precision Limited (HK), WANG Laichun, WANG Laisheng	Other covenants	<p>Luxshare Precision Limited (HK), as the controlling shareholder of the Company, and WANG Laichun and WANG Laisheng, as the actual controllers of the Company, hereby covenant as follows:</p> <ol style="list-style-type: none"> 1. We, Luxshare Precision Limited (HK), as the controlling shareholder of the Company, undertake not to interfere with management and operation of the Company beyond our powers, or infringe on the interest of the Company. 2. I, WANG Laichun, as the actual controller, Chairman and General Manager of the Company, undertake to perform my duties in accordance with the applicable laws and regulations and the articles of association of the Company, and not to interfere with management and operation of the Company beyond my powers, or infringe on the interest of the Company. 3. I, WANG Laisheng, as the actual controller and Vice Chairman of the Company, undertake to perform my duties in accordance with the applicable laws and regulations and the articles of association of the Company, and not to interfere with management and operation of the Company beyond my powers, or infringe on the interest of the Company. 	March 11, 2016	Permanent	The covenants have been fulfilled strictly
	BAI Rujing, CHEN Chaofei, DONG Jianhai, LI Bin, LI Jing, LI Xiongwei, LIN Yifei, WANG Ji, WANG Laichun, WANG Laisheng, XU Huaibin, YE Yiling, ZHANG Lihua	Other covenants	<p>Each of the directors and executives of the Company hereby covenants as follows:</p> <ol style="list-style-type: none"> 1. I will not transfer benefits to any other entity or individual without compensation or on unfair terms, or otherwise damage the interest of the Company. 2. I will exercise self-discipline in consumption in performing my duties. 3. I will not use the assets of the Company to engage in any investment or consumption activity not in connection with my duties. 4. I will procure the linkage between the compensation system adopted by the Board of Directors or the Compensation and Performance Appraisal Committee and the implementation of the Company's remedial measures for diluted earnings. 5. If the Company establishes any share incentive plan in the future, I will procure the linkage between the vesting conditions in respect of any share incentives granted by the Company and the implementation of the Company's remedial 	March 11, 2016	Permanent	The covenants have been fulfilled strictly

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			measures for diluted earnings.			
	Luxshare Precision Limited (HK)	Covenants relating to horizontal competition, related-party transactions and occupation of funds	<ol style="list-style-type: none"> 1. We and all other entities controlled by us at present or in the future will not, directly or indirectly, engage in any business or activity that competes or might compete or potentially compete with the main business of the Company. 2. If any amendment of any applicable law or change in any applicable policy of the country results in any actual or potential horizontal competition between us or any other entity controlled by us and the Company in any business, the Company shall have the preemptive right on the same terms in respect of any entrusted management (or management under contract or lease) or acquisition in connection with such business. 3. So long as we remain the controlling shareholder of the Company, the covenants set forth above shall be unconditional and irrevocable. If we breach any covenant set forth above, we will, jointly and severally, fully, timely and adequately indemnify the losses of the Company arising therefrom. 	October 15, 2014	Permanent	The covenants have been fulfilled strictly
	Luxshare Precision Limited (HK)	Covenants relating to horizontal competition, related-party transactions and occupation of funds	<ol style="list-style-type: none"> 1. We and other entities controlled by us will reduce related-party transactions with the Company to the maximum extent practicable. 2. With respect to any related-party transaction between us or any other entity controlled by us and the Company that is unavoidable or exists reasonably, we will carry out such transaction on an arm's length basis and customary commercial terms, ensure the fairness of the transaction price, perform the relevant decision-making process according to law, and guarantee that the legitimate rights and interests of the Company and its shareholders will not be damaged as a result of such transaction. 3. We or any other entity controlled by us will not request the Company to offer any terms more favorable than the terms that may be offered by any third party in an arm's length transaction, or accept any such terms offered by the Company. 4. So long as we remain the controlling shareholder of the Company, the covenants set forth above shall be unconditional and irrevocable. If we breach any covenant set forth above, we 	October 15, 2014	Permanent	The covenants have been fulfilled strictly

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			will, jointly and severally, fully, timely and adequately indemnify the losses of the Company arising therefrom.			
	WANG Laichun, WANG Laisheng	Covenants relating to horizontal competition, related-party transactions and occupation of funds	I and other entities controlled by me are not engaged in any business that is the same as or similar to the business of the Issuer or any entity controlled by the Issuer. So long as I retain control over the Issuer directly or indirectly, I will strictly comply with the applicable laws, regulations and codes of the country, and will not, directly or indirectly, engage in any business that is the same as, similar to or substantially in competition with the business of the Issuer or any entity controlled by the Issuer, or have substantial or relative control over any other company, organization or economic entity engaging in any business that is the same as, similar to or substantially in competition with the business of the Issuer or any entity controlled by the Issuer in or outside China. I will use my control over the other entities controlled by me to cause such entities to fulfill the covenants set forth above in the same manner. If I breach any covenant set forth above, I agree to assume the relevant legal liabilities, including without limitation, to indemnify the Issuer and its minority shareholders for all losses arising therefrom.	July 30, 2010	Permanent	The covenants have been fulfilled strictly
	Luxshare Precision Limited (HK), Shenzhen Zixin Investment Co., Ltd.	Covenants relating to horizontal competition, related-party transactions and occupation of funds	We are not engaged in any business that is the same as or similar to the business of the Issuer or any entity controlled by the Issuer. So long as we retain control over the Issuer directly or indirectly, we will strictly comply with the applicable laws, regulations and codes of the country, and will not, directly or indirectly, engage in any business that is the same as, similar to or substantially in competition with the business of the Issuer or any entity controlled by the Issuer, or have substantial or relative control over any other company, organization or economic entity engaging in any business that is the same as, similar to or substantially in competition with the business of the Issuer or any entity controlled by the Issuer in or outside China. We will use our control over the other entities controlled by us to cause such entities to fulfill the covenants set forth above in the same manner. If we breach any covenant set forth above, we agree to assume the relevant legal liabilities, including without limitation, to indemnify the Issuer and its minority shareholders for all losses arising therefrom.	July 30, 2010	Permanent	The covenants have been fulfilled strictly
Luxshare Precision	Covenants relating	We/I will not take advantage of our/my position as the controlling	July 30,	Permanent	The	

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	Limited (HK), Shenzhen Zixin Investment Co., Ltd., WANG Laichun, WANG Laisheng	to horizontal competition, related-party transactions and occupation of funds	shareholder, actual controller or shareholder (as applicable) and our/my affiliation with the Issuer to engage in any act to the detriment of the interest of the Issuer or its other shareholders. With respect to any related-party transaction between us/me or any other entity controlled by us/me and the Issuer, we/I will carry out such transaction on an arm's length basis and customary commercial terms, and will not request the Issuer to offer any terms more favorable than the terms that may be offered by any third party in an arm's length transaction, or accept any such terms offered by the Issuer. We/I will strictly perform all related-party transaction agreements (if any) entered into with the Issuer in good faith, and will not seek any interest or benefit in contravention of the covenants set forth above. If we/I breach any covenant set forth above, we/I agree to indemnify the Issuer and its minority shareholders for all losses arising therefrom.	2010		covenants have been fulfilled strictly
Covenants relating to share incentives						
Covenants made to the minority shareholders of the Company	Luxshare Precision Limited (HK)	Other covenants	Luxshare Precision Limited (HK), as the controlling shareholder of the Company, hereby undertakes not to sell any share of the Company through the stock trading system within 12 months after the completion of this disposal.	February 3, 2021	February 2, 2022	The covenants have been fulfilled strictly
	Luxshare Precision Limited (HK)	Other covenants	Luxshare Precision Limited (HK), as the controlling shareholder of the Company, hereby undertakes not to sell any share of the Company through the stock trading system within 6 months after the completion of this disposal.	July 22, 2020	January 21, 2021	The covenants have been fulfilled strictly
	Luxshare Precision Limited (HK)	Covenants relating to horizontal competition, related-party transactions and occupation of funds	After the completion of the transactions contemplated by the announcement on external investment and related-party transactions disclosed by the Company on November 13, 2020, we and our affiliates will not engage in any business that is the same as or substantially in competition with the business of the Company or any entity controlled by the Company in any manner.	November 13, 2020	Permanent	The covenants have been fulfilled strictly
Whether the covenants have been fulfilled on time?	Yes					

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If any covenant fails to be fulfilled on time, please state the specific reason and the relevant action plan	N/A
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2. If the Company has made any profit forecast on its assets or project and the reporting period falls within the period of such profit forecast, explanation about whether the goal has been achieved and the relevant reasons

Applicable N/A

IV. Occupation by the controlling shareholder and its affiliates of the funds of Company for non-operating purpose

Applicable N/A

Our controlling shareholder and its affiliates have not occupied our funds for non-operating purpose during the reporting period.

V. Explanation by the Board of Directors, the Board of Supervisors and the independent directors (if any) about the modified auditor's report issued by the accounting firm for the reporting period

Applicable N/A

VI. Changes in accounting policies, accounting estimates and accounting methods compared with the financial report for the preceding year

Applicable N/A

Pursuant to the *Notice on the Amendment and Publication of the Accounting Standards for Business Enterprises No. 14: Revenue* (Cai Kuai [2017] No. 22) issued by the Ministry of Finance on July 5, 2017, the new revenue accounting standard is effective from January 1, 2018 for any entity that is listed both on domestic and foreign stock exchanges, and any entity that is listed on a foreign stock exchange and prepares its financial statements in accordance with the International Financial Reporting Standards or the Accounting Standards for Business Enterprises, and from January 1, 2020 for other entities listed on domestic stock exchanges, and from January 1, 2021 for unlisted entities adopting the Accounting Standards for Business Enterprises. The 18th meeting of the 4th Board of Directors reviewed and approved the *Proposal on the Amendment of the Accounting Policies* on April 27, 2020.

Pursuant to the provisions regarding the transition from the old standard to the new standard, we adopted the new revenue accounting standard from January 1, 2020, without adjusting the information of comparative periods or retrospectively adjusting the information of prior years. Therefore, this change in accounting policies does not affect our financial indicators in 2019. This change in accounting policies was made pursuant to the requirements of the applicable laws and administrative regulations or unified accounting system of the country, and is expected to have no significant effect on our financial position, operating results or cash flows.

VII. Explanation about any material accounting error occurred during the reporting period that requires any retrospective restatement

Applicable N/A

There has been no material accounting error occurred during the reporting period that requires any retrospective restatement.

VIII. Explanation about changes in the scope of consolidation compared with the financial report for the preceding year

Applicable N/A

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Eleven newly established or acquired subsidiaries or sub-subsidiaries during the reporting period, namely Suzhou Lanto Electronic Limited, Luxshare Precision Industry (Jiangsu) Co., Ltd., Luxshare Electronic (Xingning) Co., Ltd., Luxshare Lanto (India) Limited, Changshu Luxshare Industrial Investment Management Co., Ltd., Kunshan Luxshare Business Management Development Co., Ltd., Kunshan Luxshare Business Management Service Partnership (L.P.), Luxshare Intelligent Equipment (Kunshan) Co., Ltd. Luxshare Intelligent Manufacture Technology (Rugao) Co., Ltd., Cyber Acoustics, LLC(USA) (acquired by share purchase) and Taiqiao Investment Co., Ltd., are included in the scope of consolidation. Since we have transferred the shares held in Luxshare Precision Industry (Xi'an) Ltd. during the reporting period, it is removed from the scope of consolidation.

IV. Engagement and termination of engagement of accounting firm

Accounting firm currently engaged:

Name of domestic accounting firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Remuneration of domestic accounting firm (in RMB0'000)	220
Consecutive years in which the domestic accounting firm has provided auditing service	13
Certified public accountant of the domestic accounting firm	LI Jing and WEI Gang
Consecutive years in which the certified public accountant of the domestic accounting firm has provided auditing service	4
Name of foreign accounting firm (if any)	N/A
Remuneration of foreign accounting firm (in RMB0'000) (if any)	0
Consecutive years in which the foreign accounting firm has provided auditing service (if any)	N/A
Certified public accountant of the foreign accounting firm (if any)	N/A
Consecutive years in which the certified public accountant of the foreign accounting firm has provided auditing service (if any)	N/A

Whether a new accounting firm was engaged during the reporting period?

Yes No

Engagement of accounting firm for auditing internal controls, financial advisor or sponsor:

Applicable N/A

During the reporting period, we engaged CITIC Securities Co., Ltd. as the sponsor for the public offering of our convertible corporate bonds, and paid the sponsor RMB13,584,900 of sponsor fee and underwriter fee in total.

X. Risk of delisting after disclosure of the annual report

Applicable N/A

XI. Matters relating to bankruptcy and reorganization

Applicable N/A

We have not been involved in any bankruptcy or reorganization proceedings during the reporting period.

XII. Material litigations and arbitrations

Applicable N/A

Background	Amount claimed (RMB0'000)	Whether a provision is recognized	Status	Result and effect	Enforcement of judgment/ award	Date of disclosure	Information disclosure available at

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Other litigation occurred during the reporting period	59.04	No	Closed	The case has been settled/ closed by mediation or won, and does not have a material effect on us.	Closed by mediation or enforced		N/A
Other litigation occurred during the reporting period	45,834.2	No	Pending	The case is pending, and will not have a material effect on us.	Pending		N/A

XIII. Punishments and rectifications

Applicable N/A

We have not been subject to any punishment or required to make any rectification during the reporting period.

XI. Credit standing of the Company and its controlling shareholder and actual controllers

Applicable N/A

There wasn't any outstanding court judgment or overdue debt of a large amount involving us or our controlling shareholder or actual controllers during the reporting period.

XV. Implementation of share incentive plans, employee stock ownership plans and other employee incentives granted by the Company

Applicable N/A

1. 2018 stock option incentive plan

On November 27, 2019, the 13th meeting of the 4th Board of Directors and the 13th meeting of the 4th Board of Supervisors reviewed and approved the Proposal on the *Satisfaction of the Vesting Conditions for the First Vesting Period of the 2018 Stock Option Incentive Plan*, pursuant to which, the awardees who have satisfied the vesting conditions may exercise the stock options vested in the first vesting period in their sole discretion from December 18, 2019 to September 24, 2020. Refer to the *Cautionary Announcement on Adoption of the Discretionary Exercise Method for the First Vesting Period of the 2018 Stock Option Incentive Plan* (Announcement No.2019-082) for details.

On June 22, 2020, due to the equity distribution for 2019, we adjusted the exercise price and number of stock options under the 2018 stock option incentive plan accordingly. Refer to the *Announcement on Adjustment of the Exercise Price and Number of Stock Options under the 2018 and 2019 Stock Option Incentive Plan and Cancellation of Certain Stock Options* (Announcement No.2020-047) for details.

On December 2, 2020, the 27th meeting of the 4th Board of Directors and the 27th meeting of the 4th Board of Supervisors reviewed and approved the *Proposal on the Satisfaction of the Vesting Conditions for the Second Vesting Period of the 2018 Stock Option Incentive Plan*, pursuant to which, the awardees who have satisfied the vesting conditions may exercise the stock options vested in the second vesting period in their sole discretion from December 21, 2020 to September 24, 2021. Refer to the *Cautionary Announcement on Adoption of the Discretionary Exercise Method for the Second Vesting Period of the 2018 Stock Option Incentive Plan* (Announcement No.2020-108) for details.

2. 2019 stock option incentive plan

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On January 21, 2020, the grant of 16,274,700 stock options reserved under the 2019 stock option incentive plan to 263 awardees at an exercise price of RMB17.93 per share was duly registered. Refer to the *Announcement on the Registration of Grant of Stock Options Reserved under the 2019 Stock Option Incentive Plan* (Announcement No.2020-008) for details.

On June 22, 2020, due to the equity distribution for 2019, we adjusted the exercise price and number of stock options under the 2019 stock option incentive plan accordingly. Refer to the *Announcement on Adjustment of the Exercise Price and Number of Stock Options under the 2018 and 2019 Stock Option Incentive Plan and Cancellation of Certain Stock Options* (Announcement No.2020-047) for details.

On June 22, 2020, the 19th meeting of the 4th Board of Directors and the 19th meeting of the 4th Board of Supervisors reviewed and approved the *Proposal on the Satisfaction of the Vesting Conditions for the First Vesting Period of the 2019 Stock Option Incentive Plan*, pursuant to which, the awardees who have satisfied the vesting conditions may exercise the stock options vested in the first vesting period in their sole discretion from July 6, 2020 to April 21, 2021. Refer to the *Cautionary Announcement on Adoption of the Discretionary Exercise Method for the First Vesting Period of the 2019 Stock Option Incentive Plan* (Announcement No.2020-049) for details.

3. Exercise of stock options during the reporting period

During the reporting period, we issued 41,175,071 additional shares as a result of exercise of stock options by the awardees under our stock option incentive plans.

XVI. Material related-party transactions

1. Related-party transactions relating to day-to-day operation

√ Applicable □ N/A

Counterparty	Relationship	Type	Subject matter	Pricing principle	Transaction price	Amount (in RMB0'000)	% of the total amount of the same type of transactions	Approved limit of transaction amount (in RMB0'000)	Whether or not exceed the approved limit	Method of settlement	Market price available for the same type of transactions	Date of disclosure	Information disclosure available at
Lisheng Automotive Technology (Suzhou) Co., Ltd.	Affiliate of the controlling shareholder	Purchase of goods from related party	Purchase of goods	Fair market price	Fair market price	67.69	0.00%	600	No	Bank transfer	Fair market price	April 21, 2020	<i>Announcement on Estimated Daily Related-party Transactions in 2020</i> published on www.cninfo.com.cn (Announcement No. 2020-027)
Lisheng Automotive Technology (Suzhou) Co., Ltd.	Affiliate of the controlling shareholder	Sales of goods and products to related party	Sales of goods	Fair market price	Fair market price	10,691.87	0.04%	15,000	No	Bank transfer	Fair market price	April 21, 2020	<i>Announcement on Estimated Daily Related-party Transactions in 2020</i> published on www.cninfo.com.cn (Announcement No. 2020-027)
Total				--	--	10,759.56	--	15,600	--	--	--	--	--
Particulars of huge-amount sales returns				None									
If the total amount of daily related-party transactions that are expected to occur during the reporting period is estimated by type, the actual transactions occurred during the reporting period (if any)				None									
Reason of any great difference between transaction price and reference market price (if applicable)				None									

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2. Related-party transactions involving acquisition or sales of assets or equities

Applicable N/A

We have not conducted any related-party transaction involving acquisition or sales of assets or equities during the reporting period.

3. Related-party transactions involving joint external investment

Applicable N/A

Co-investor	Relationship	Investee	Main business of investee	Registered capital of investee (in RMB0'000)	Total assets of investee (in RMB0'000)	Net assets of investee (in RMB0'000)	Net profit of investee (in RMB0'000)
Changshu Luxshare Business Management Service Partnership (L.P.)	Affiliate of the controlling shareholder	Changshu Lizhen Intelligent Manufacture Technology Partnership (L.P.)	Business management consulting; information technology consulting service; technical services, technology development, technical consulting, technical exchanges, technology transfer and technology promotion.	600,000	599,953.53	599,954.22	4.22
Progress of material construction in progress of the investee (if any)		None					

4. Accounts receivable from and payable to related parties

Applicable N/A

We did not have any accounts receivable from or payable to any related party during the reporting period.

5. Other material related-party transactions

Applicable N/A

We have not conducted any other material related-party transaction during the reporting period.

XVII. Material contracts and performance**1. Trusteeship, contracting and leases****(1) Trusteeship**

Applicable N/A

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No such case during the reporting period.

(2) Contracting

Applicable N/A

No such case during the reporting period.

(3) Leases

Applicable N/A

No such case during the reporting period.

2. Material guarantees

Applicable N/A

(1) Guarantees

In RMB0'000

External guarantees provided by the Company and its subsidiaries (excluding those provided for the subsidiaries)								
Obligor	Disclosure date of announcement on the maximum amount guaranteed	Maximum amount guaranteed	Effective date of guarantee	Actual amount guaranteed	Type of guarantee	Term of guarantee	Whether or not expired	Whether or not provided for a related party
Guarantees provided by the Company for its subsidiaries								
Obligor	Disclosure date of announcement on the maximum amount guaranteed	Maximum amount guaranteed	Effective date of guarantee	Actual amount guaranteed	Type of guarantee	Term of guarantee	Whether or not expired	Whether or not provided for a related party
ICT-Lanto	April 20, 2020	18,922.21	June 23, 2020		Joint and several guarantee	One year	No	Yes
ICT-Lanto	April 20, 2020	19,574.7	August 1, 2020		Joint and several guarantee	One year	No	Yes
Luxshare Precision	April 20, 2020	7,717.39	June 23, 2020		Joint and several guarantee	One year	No	Yes
Luxshare Precision	April 20, 2020	32,624.5	June 1, 2020		Joint and several guarantee	One year	No	Yes
Luxshare Precision	April 20, 2020	32,624.5			Joint and several guarantee	One year	No	Yes
Luxshare Precision	April 20, 2020	52,199.2			Joint and several guarantee	One year	No	Yes
Luxshare Precision	April 20, 2020	521,992	July 20, 2020		Joint and several guarantee	Five years	No	Yes
Luxshare Precision	April 20, 2020	7,829.88	June 12, 2020	7,813.57	Joint and several guarantee	One year	No	Yes
Luxshare Precision	April 20, 2020	17,617.23	July 15, 2020	17,551.98	Joint and several guarantee	One year	No	Yes
Luxshare Precision	April 20, 2020	33,929.48	October 21, 2020	32,624.5	Joint and several	One year	No	Yes

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					guarantee			
Luxshare Precision	April 20, 2020	18,152.27	May 21, 2020	17,878.23	Joint and several guarantee	One year	No	Yes
Luxshare Precision	April 20, 2020	52,969.14			Joint and several guarantee	One year	No	Yes
Total amount of guarantee approved to be provided for subsidiaries during the reporting period (B1)		815,612.5		Total amount of guarantee actually provided for subsidiaries during the reporting period (B2)		75,868.27		
Total amount of guarantee approved to be provided for subsidiaries as at the end of the reporting period (B3)		815,612.5		Total amount of guarantee actually provided for subsidiaries as at the end of the reporting period (B4)		75,868.27		
Guarantees provided by subsidiaries for each other								
Obligor	Disclosure date of announcement on the maximum amount guaranteed	Maximum amount guaranteed	Effective date of guarantee	Actual amount guaranteed	Type of guarantee	Term of guarantee	Whether or not expired	Whether or not provided for a related party
Total amount of guarantee provided by the Company								
Total amount of guarantee approved during the reporting period (A1+B1+C1)		815,612.5		Total amount of guarantee actually provided during the reporting period (A2+B2+C2)		75,868.27		
Total amount of guarantee approved as at the end of the reporting period (A3+B3+C3)		815,612.5		Total amount of guarantee actually provided as at the end of the reporting period (A4+B4+C4)		75,868.27		
Ratio of total amount of guarantee actually provided (A4+B4+C4) to the net assets of the Company				2.70%				
Where:								
Outstanding guarantees provided for shareholders, actual controller and their affiliates (D)				0				
Outstanding guarantees directly or indirectly provided for obligors whose debt-to-assets ratio exceeds 70% (E)				75,868.27				
Portion of total amount of guarantee in excess of 50% of the net assets (F)				0				
Total (D+E+F)				75,868.27				
Explanation about the joint and several liability that has been or might be incurred in respect of outstanding guarantees during the reporting period (if any)				None				
Explanation about external guarantees provided in contravention of the established procedures (if any)				None				

Particulars of the guarantees provided using complex method:

(2) External guarantees in contravention of the regulations

Applicable N/A

We have not provided any external guarantee in contravention of the applicable regulations during the reporting period.

3. Entrusted management of cash assets

(1) Entrusted wealth management

Applicable N/A

Entrusted wealth management during the reporting period:

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In RMB0'000

Type	Source of funds	Total amount	Outstanding amount	Overdue amount
Bank wealth management amount	Self-owned funds	285,467.61	285,467.61	0
Total		285,467.61	285,467.61	0

High-risk entrusted wealth management products that are significant individually, illiquid or not principal protected:

Applicable N/A

Entrusted wealth management products the principal of which may be unrecoverable or which may otherwise be impaired:

Applicable N/A

(2) Entrusted loans

Applicable N/A

Entrusted loans during the reporting period:

In RMB0'000

Total amount	Source of funds	Outstanding amount	Overdue amount
320,949	Self-owned funds	320,949	0

High-risk entrusted loans that are significant individually, illiquid or not principal protected:

Applicable N/A

Entrusted loans the principal of which may be unrecoverable or which may otherwise be impaired:

Applicable N/A

4. Material contracts relating to day-to-day operation

Applicable N/A

5. Other material contracts

Applicable N/A

We have not entered into any other material contract during the reporting period.

XVIII. Social responsibility

1. Performance of social responsibility

Please refer to our *2020 Report on Sustainable Development* that has been fully published on our designated website for information disclosure, <http://www.cninfo.com.cn>, on the date of this Annual Report.

2. Performance of social responsibility for targeted poverty alleviation

We have not carried out any targeted poverty alleviation program during the reporting period and do not have any targeted poverty alleviation program for the time being.

3. Environmental protection

Whether the Company or any of its subsidiaries is indentified as a major polluter by the environmental protection authority?

Yes No

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No

Neither we nor any of our subsidiaries has been identified as a major polluter by the environmental protection authority during the reporting period.

XIX. Other significant matters

Applicable N/A

In February 2020, we received the *Reply on Approving the Public Issuance of Convertible Corporate Bonds by Luxshare Precision Industry Co., Ltd.* (Zheng Jian Xu Ke [2020] No. 247) from the China Securities Regulatory Commission, which approved us publicly issuing convertible corporate bonds in an aggregate amount of RMB3 billion with a term of six years.

On November 3, 2020, we publicly issued 30,000,000 convertible corporate bonds of par value of RMB100 each, and raised RMB3,000,000,000.00 in total. The coupon rate of such convertible corporate bonds is 0.10% for the first year, 0.20% for the second year, 0.30% for the third year, 1.50% for the fourth year, 1.80% for the fifth year and 2.00% for the sixth year. Upon approval by the Shenzhen Stock Exchange, such convertible corporate bonds were listed and traded on the Shenzhen Stock Exchange on December 2, 2020 under the short name “Luxshare Convertible Bonds” and bond code “128136”.

XX. Significant matters concerning the subsidiaries of the Company

Applicable N/A

Section VI Changes in Shares and Shareholders

I. Changes in shares

1. Changes in shares

Unit: Share

	Before the change		+, -					After the change	
	Number	%	New shares	Bonus shares	Capitalization of capital reserves	Others	Subtotal	Number	%
I. Non-tradable shares	6,560,918	0.12%			2,028,919	2,418,084	4,447,003	11,007,921	0.16%
1. Shares held by the State									
2. Shares held by State-owned corporations									
3. Shares held by other domestic investors	887,250	0.02%			304,170	1,660,388	1,964,558	2,851,808	0.04%
Incl.: Shares held by domestic non-State-owned corporations	0	0.00%							
Shares held by domestic natural persons	887,250	0.02%			304,170	1,660,388	1,964,558	2,851,808	0.04%
4. Shares held by foreign investors	5,673,668	0.11%			1,724,749	757,696	2,482,445	8,156,113	0.12%
Incl.: Shares held by foreign corporations									
Shares held by foreign natural persons	5,673,668	0.11%			1,724,749	757,696	2,482,445	8,156,113	0.12%
II. Tradable shares	5,358,554,675	99.88%			1,609,514,208	38,756,987	1,648,271,195	7,006,825,870	99.84%
1. RMB-denominated ordinary shares	5,358,554,675	99.88%			1,609,514,208	38,756,987	1,648,271,195	7,006,825,870	99.84%
2. Foreign currency-denominated shares listed domestically									
3. Foreign currency-denominated shares listed overseas									
4. Others									
III. Total shares	5,365,115,593	100.00%			1,611,543,127	41,175,071	1,652,718,198	7,017,833,791	100.00%

Reasons of changes in shares:

√ Applicable □ N/A

1. Upon approval by the 17th meeting of the 4th Board of Directors and the 2019 annual shareholders' meeting, on June 17, 2019, we implemented the proposals for profit distribution and transfer of capital reserve to share capital for 2019, pursuant to which, on the basis of the total share capital of 5,372,327,958 shares as of June 16, 2020, we distributed to all shareholders a cash dividend of RMB1.199884 (inclusive of tax) per 10 shares, or RMB644,617,443.60 in total, and issued 2.999711 additional shares per 10 shares, or 1,611,543,127 shares in total, through transfer of capital reserve to share capital, as a result of which, our total share capital became 6,983,871,085 shares.

2. The 13th, 27th and 19th meetings of the 4th Board of Directors determined that the vesting conditions for the first and second vesting periods of the 2018 stock option incentive plan and the first vesting period of the 2019 stock option incentive plan had been satisfied respectively, and approved that the awardees may exercise the relevant stock options vested thereunder in their sole discretion. During the reporting period, we issued 41,175,071 additional shares as a result of exercise of stock options by the awardees under our stock option incentive plans.

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Approval of changes in shares:

Applicable N/A

1. Approval by the 17th meeting of the 4th Board of Directors and the 2019 annual shareholders' meeting.
2. Approval by the 13th, 27th and 19th meetings of the 4th Board of Directors.

Transfer of share ownership:

Applicable N/A

1. Ex-rights date of the equity distribution for the year of 2019: June 17, 2020.
2. Period in which the stock options vested in the first vesting period of the 2018 stock option incentive plan may be exercised by the relevant awardees in their sole discretion: From December 18, 2019 to September 24, 2020.

Period in which the stock options vested in the second vesting period of the 2018 stock option incentive plan may be exercised by the relevant awardees in their sole discretion: From December 21, 2020 to September 24, 2021.

Period in which the stock options vested in the first vesting period of the 2019 stock option incentive plan may be exercised by the relevant awardees in their sole discretion: From July 7, 2020 to April 21, 2021.

Progress of share repurchase:

Applicable N/A

Progress of sales of repurchased shares through call auction:

Applicable N/A

Effect of changes in shares on the basic earnings per share, diluted earnings per share, net assets per share attributable to ordinary shareholders and other financial indicators of the Company in the preceding year and the most recent reporting period:

Applicable N/A

Other information disclosed as the Company deems necessary or required by the securities regulatory authorities:

Applicable N/A

2. Changes in non-tradable shares

Applicable N/A

Unit: Share

Shareholder	Balance of non-tradable shares as at January 1, 2020	Number of non-tradable shares unlocked in the reporting period	Number of non-tradable shares increased in the reporting period	Balance of non-tradable shares as at December 31, 2020	Reason for restriction	Unlock date
XUE Haigao	253,500	659,078	0	912,578	Non-tradable shares held by a retired executive (with respect to the shares held by the retired	With respect to the shares held by the retired executive prior to the expiration of his term of office,

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					executive prior to the expiration of his term of office, 100% of such shares shall be locked up within six months after he leaves the Company; and during his original term of office, 75% of the non-tradable shares held by him at the end of each year shall be locked up in the following year.)	100% of such shares shall be locked up within six months after he leaves the Company; and during his original term of office, the non-tradable shares held by him at the beginning of each year shall be unlocked in such proportion as prescribed.
LI Bin	507,000	1,064,664	0	1,571,664	Non-tradable shares held by a director or executive (75% of the non-tradable shares held by him at the end of each year shall be locked up in the following year.)	The non-tradable shares held by him at the beginning of each year shall be unlocked in such proportion as prescribed.
XIONG Tengfang	126,750	240,816	0	367,566	Non-tradable shares held by a retired executive (with respect to the shares held by the retired executive prior to the expiration of his term of office, 100% of such shares shall be locked up within six months after he leaves the Company; and during his original term of office, 75% of the non-tradable shares held by him at the end of each year shall be locked up in the following year.)	With respect to the shares held by the retired executive prior to the expiration of his term of office, 100% of such shares shall be locked up within six months after he leaves the Company; and during his original term of office, the non-tradable shares held by him at the beginning of each year shall be unlocked in such proportion as prescribed.
HUANG Dawei	126,750	202,792	0	329,542	Non-tradable shares held by an executive (75%	The non-tradable shares held by him at the

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						of the non-tradable shares held by him at the end of each year shall be locked up in the following year.)	beginning of each year shall be unlocked in such proportion as prescribed.
YE Yiling	185,055	397,473	0	582,528		Non-tradable shares held by a director or executive (75% of the non-tradable shares held by him at the end of each year shall be locked up in the following year.)	The non-tradable shares held by him at the beginning of each year shall be unlocked in such proportion as prescribed.
WU Tiansong	0	273,776	0	273,776		Non-tradable shares held by an executive (75% of the non-tradable shares held by him at the end of each year shall be locked up in the following year.)	The non-tradable shares held by him at the beginning of each year shall be unlocked in such proportion as prescribed.
WANG Laisheng	5,361,863	1,608,404	0	6,970,267		Non-tradable shares held by a director (75% of the non-tradable shares held by him at the end of each year shall be locked up in the following year.)	The non-tradable shares held by him at the beginning of each year shall be unlocked in such proportion as prescribed.
Total	6,560,918	4,447,003	0	11,007,921	--	--	--

II. Offering and listing of securities

1. Offering of securities (other than preferred shares) during the reporting period

√ Applicable □ N/A

Name of stock and its derivative securities	Offering date	Offering price (or rate)	Number offered	Date of listing	Number approved to be listed	Expiry date	Information disclosure available at	Date of disclosure
Stock								
Convertible corporate bonds, separately traded convertible corporate bonds and corporate bonds								
Luxshare Convertible Bonds	November 3, 2020	RMB100 per bond	30,000,000	December 2, 2020	30,000,000	November 2, 2026		
Other derivative securities								

Explanation about the offering of securities (other than preferred shares) during the reporting period:

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Upon approval by the China Securities Regulatory Commission under the Document Zheng Jian Xu Ke [2020] No. 247, on November 3, 2020, we publicly issued 30,000,000 convertible corporate bonds of par value of RMB100 each, and raised RMB3,000,000,000.00 in total. The coupon rate of such convertible corporate bonds is 0.10% for the first year, 0.20% for the second year, 0.30% for the third year, 1.50% for the fourth year, 1.80% for the fifth year and 2.00% for the sixth year. Upon approval by the Shenzhen Stock Exchange under the Document Shen Zheng Shang [2020] No. 1170, such convertible corporate bonds were listed and traded on the Shenzhen Stock Exchange on December 2, 2020 under the short name “Luxshare Convertible Bonds” and bond code “128136”.

2. Changes in total number of shares, shareholding structure, and structure of assets and liabilities of the Company

Applicable N/A

1. Upon approval by the 17th meeting of the 4th Board of Directors and the 2019 annual shareholders’ meeting, on June 17, 2019, we implemented the proposals for profit distribution and transfer of capital reserve to share capital for 2019, pursuant to which, on the basis of the total share capital of 5,372,327,958 shares as of June 16, 2020, we distributed to all shareholders a cash dividend of RMB1.199884 (inclusive of tax) per 10 shares, or RMB644,617,443.60 in total, and issued 2.999711 additional shares per 10 shares, or 1,611,543,127 shares in total, through transfer of capital reserve to share capital, as a result of which, our total share capital became 6,983,871,085 shares.

2. The 13th, 27th and 19th meetings of the 4th Board of Directors determined that the vesting conditions for the first and second vesting periods of the 2018 stock option incentive plan and the first vesting period of the 2019 stock option incentive plan had been satisfied respectively, and approved that the awardees may exercise the relevant stock options vested in their sole discretion. During the reporting period, we issued 41,175,071 additional shares as a result of exercise of stock options by the awardees under our stock option incentive plans.

3. Outstanding employee shares

Applicable N/A

III. Shareholders and actual controllers

1. Number of shareholders and shareholding structure of the Company

Unit: Share

Total number of ordinary shareholders at the end of the reporting period	322,623	Total number of ordinary shareholders at the end of the month immediately preceding the date of this annual report	478,840	Total number of preferred shareholders whose voting rights had been restituted at the end of the reporting period (if any) (Note 8)	0	Total number of preferred shareholders whose voting rights had been restituted at the end of the month immediately preceding the date of this annual report (if any) (Note 8)	0	
Shareholding of ordinary shareholders holding more than 5% of the shares or top 10 ordinary shareholders								
Name of shareholder	Status of shareholder	Shareholding percentage	No. of ordinary shares held at the end of the reporting period	Changes in shareholding during the reporting period	No. of non-tradable ordinary shares held	No. of tradable ordinary shares held	Pledge or freeze	
							Status of shares	Number
Luxshare Precision Limited (HK)	Foreign corporation	40.90%	2,870,246,069	-266,482,693	0	2,870,246,069	Pledged	623,072,952
Hong Kong Securities Clearing Company Limited	Foreign corporation	6.92%	485,552,880	78,241,205	0	485,552,880		

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Central Huijin Asset Management Co., Ltd.	Stated owned corporation	1.38%	96,584,014		0	96,584,014		
China Securities Finance Corporation Limited	Domestic non-stated owned corporation	1.20%	84,428,888		0	84,428,888		
Pegatron Technology (Shanghai) Co Ltd	Domestic non-stated owned corporation	0.57%	39,845,105	11,070,199	0	39,845,105		
E Fund - Agricultural Bank of China - E Fund Zhongzheng Financial Asset Management Plan	Domestic non-stated owned corporation	0.55%	38,656,343		0	38,656,343		
China AMC- Agricultural Bank of China - China AMC Zhongzheng Financial Asset Management Plan	Domestic non-stated owned corporation	0.55%	38,576,831		0	38,576,831		
Zhong Ou Fund - Agricultural Bank of China - Zhong Ou Zhongzheng Financial Asset Management Plan	Domestic non-stated owned corporation	0.55%	38,557,184		0	38,557,184		
Yinhua Fund - Agricultural Bank of China - Yinhua Zhongzheng Financial Asset Management Plan	Domestic non-stated owned corporation	0.55%	38,508,814		0	38,508,814		
Collateral securities account for customer margin trading of Huatai Securities Co., Ltd.	Domestic non-stated owned corporation	0.52%	36,747,171		0	36,747,171		
Strategic investors or general corporations becoming top 10 ordinary shareholders as a result of rights issues (if any) (Note 3)		N/A						
Affiliates or concert parties among the shareholders listed above								1. Luxshare Precision Limited (HK) is our controlling shareholder. 2. We are not aware whether there are affiliates or concert parties as defined in the Administrative Measures for Information Disclosure by the Listed Companies Relating to Changes in Shares Held by Shareholders among the shareholders listed above.
Delegation or waiver of voting rights or ownership of voting rights as a proxy in respect of the shareholders listed above		N/A						
Shares held by top 10 holders of tradable shares								
Shareholder	Number of tradable shares held at the end of the reporting period	Type and number of shares						
		Type	Number					
Luxshare Precision Limited (HK)	2,870,246,069	RMB-denominated ordinary share	2,870,246,069					
Hong Kong Securities Clearing Company Limited	485,552,880	RMB-denominated ordinary share	485,552,880					
Central Huijin Asset Management Co., Ltd.	96,584,014	RMB-denominated ordinary share	96,584,014					
China Securities Finance Corporation Limited	84,428,888	RMB-denominated ordinary share	84,428,888					
Pegatron Technology (Shanghai) Co Ltd	39,845,105	RMB-denominated ordinary share	39,845,105					
E Fund - Agricultural Bank of China - E Fund Zhongzheng Financial Asset Management Plan	38,656,343	RMB-denominated ordinary share	38,656,343					
China AMC- Agricultural Bank of China - China AMC Zhongzheng Financial Asset Management Plan	38,576,831	RMB-denominated ordinary share	38,576,831					
Zhong Ou Fund - Agricultural Bank of China - Zhong Ou Zhongzheng Financial Asset Management Plan	38,557,184	RMB-denominated ordinary share	38,557,184					
Yinhua Fund - Agricultural Bank of China - Yinhua Zhongzheng Financial Asset Management Plan	38,508,814	RMB-denominated ordinary share	38,508,814					

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Collateral securities account for customer margin trading of Huatai Securities Co., Ltd.	36,747,171	RMB-denominated ordinary share	36,747,171
Affiliates or concert parties among top 10 holders of tradable ordinary shares, and among top 10 holders of tradable ordinary shares and top 10 ordinary shareholders	N/A		
Engagement by top 10 ordinary shareholders in margin trading (if any) (Note 4)	N/A		

Did any top 10 ordinary shareholder or top 10 holder of tradable ordinary shares conduct any transaction under repurchase agreement during the reporting period?

Yes No

No top 10 ordinary shareholder or top 10 holder of tradable ordinary shares has conducted any transaction under repurchase agreement during the reporting period

2. Controlling shareholder of the Company

Nature of controlling shareholder: Controlled by foreign investor

Type of controlling shareholder: Corporation

Name of controlling shareholder	Legal representative/ principal	Date of incorporation	Organization code	Main business
Luxshare Precision Limited (HK)	WANG Laichun	August 27, 1999		Investment and share holding
Shares held by the controlling shareholder in other companies listed on domestic or foreign stock exchanges during the reporting period	None			

Change in the controlling shareholder during the reporting period:

Applicable N/A

Our controlling shareholder has remained unchanged during the reporting period.

3. Actual controllers of the Company and their concerted parties

Nature of actual controllers: Natural person

Type of actual controllers: Natural person

Name of actual controller	Relationship with the actual controller	Nationality	Whether or not hold a residence permit in any other country or region
WANG Laichun	Herself	Hong Kong	No
WANG Laisheng	Himself	Hong Kong	No
Main occupations and titles	<p>Ms. WANG Laichun, Chairman and General Manager of our Company, former director of Shenzhen High-tech Industry Association and Vice Chairman of Shenzhen Electronics Industry Association, purchased shares of Luxshare HK jointly with Mr. WANG Laisheng in 1999, and founded and served as Chairman of Luxshare Precision Industry (Shenzhen) Co., Ltd. in 2004 through Luxshare HK.</p> <p>Mr. WANG Laisheng, Vice Chairman of our Company and chairman of Xiexun Electronic (Ji'an) Co., Ltd., Dongguan Luxshare Precision Industry Co., Ltd. and Dongguan Leader Precision Industry Co., Ltd., former managing director of Shenzhen Quality Association and director of Guangdong Laboratory Federation, purchased shares of Luxshare HK jointly with Ms. WANG Laichun in 1999, and founded Luxshare Precision Industry (Shenzhen) Co., Ltd. jointly with Ms. WANG Laichun in 2004</p>		

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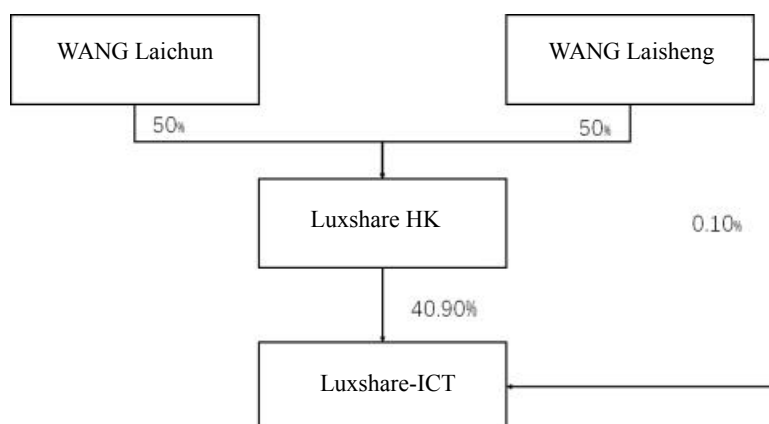
	through Luxshare HK.
Whether or not control any other company listed on a domestic or foreign stock exchange in the past ten years	None

Change in the actual controllers during the reporting period:

Applicable N/A

Our actual controllers have remained unchanged during the reporting period.

Diagram of ownership and control relationship between the Company and its actual controllers:



Whether the actual controllers control the Company through any trust or other ways of asset management?

Applicable N/A

4. Other corporate shareholders owning more than 10% of the shares

Applicable N/A

5. Restrictions on the sales of shares by the controlling shareholder, actual controllers, parties to reorganization and other covenants

Applicable N/A

Section VII Preferred Shares

Applicable N/A

We did not have any preferred share during the reporting period.

Section VIII Convertible Corporate Bonds

√ Applicable □ N/A

I. Historic adjustments of conversion price

The initial conversion price of our convertible corporate bonds was RMB58.62 per share.

Since we issued 3,281,228 additional shares as a result of exercise of stock options by the relevant awardees under our share incentive plans between November 3, 2020 (the offering date of our convertible corporate bonds), the conversion price was adjusted from RMB58.62 per share to RMB58.60 per share, effective from December 14, 2020.

Since we issued 17,765,322 additional shares as a result of exercise of stock options by the relevant awardees under our share incentive plans on December 25, 2020, the conversion price was further adjusted from RMB58.60 per share to RMB58.48 per share, effective from December 30, 2020.

As at the end of the reporting period, the conversion price of our convertible corporate bonds was RMB58.48 per share.

II. Aggregate number of convertible corporate bonds converted

□ Applicable √ N/A

III. Top 10 holders of convertible corporate bonds

Unit: Share

No.	Name of holder of convertible corporate bonds	Nature of holder of convertible corporate bonds	Number of convertible corporate bonds held at the end of the reporting period	Amount of convertible corporate bonds held at the end of the reporting period (RMB)	Percentage of convertible corporate bonds held at the end of the reporting period
1	Ping An Bank Co., Ltd. - Changxin Convertible Bonds-type Securities Investment Fund	Others	1,743,029	174,302,900.00	5.81%
2	Ping An Selected Value-added No. 1 Mixed Endowment Product - Industrial and Commercial Bank of China Limited	Others	831,717	83,171,700.00	2.77%
3	Northeast Securities Co., Ltd.	Stated owned corporation	550,303	55,030,300.00	1.83%
4	National Social Security Fund Portfolio No. 1005	Others	500,515	50,051,500.00	1.67%
5	Shanxi Securities Co., Ltd.	Stated owned corporation	500,070	50,007,000.00	1.67%
6	Guohai Securities Co., Ltd.	Stated owned corporation	404,499	40,449,900.00	1.35%
7	Industrial and Commercial Bank of China Limited - Zhong Ou Convertible Bonds-type Securities Investment Fund	Others	402,106	40,210,600.00	1.34%
8	Industrial and Commercial Bank of China Limited- 99 Fund Convertible Bonds-type Securities Investment Fund	Others	400,000	40,000,000.00	1.33%
9	ICBC Credit Suisse Mixed Endowment Product -Industrial and Commercial Bank of China Limited	Others	365,776	36,577,600.00	1.22%
10	China Everbright Bank Co., Ltd. - Bosera Enhanced Convertible Bonds-type Securities Investment Fund	Others	351,333	35,133,300.00	1.17%

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IV. Material changes in the profitability, assets and credit standing of the guarantor

□ Applicable √ N/A

V. Changes in the assets, liabilities and credit standing of the Company at the end of the reporting period and cash arrangement for repayment in subsequent years

Main accounting data and financial indicators of the Company as at the end of the reporting period and the end of the preceding year:

Item	December 31, 2020	December 31, 2019	Y/Y% Change
Current ratio	1.29	1.24	0.05
Equity-debt ratio	55.86	55.95	-0.09
Quick ratio	0.9	0.93	-0.03
	2020	2019	Y/Y% Change
EBITDA-to-interest coverage ratio	27.23	20.53	6.69
Rate of loans due and repaid	100%	100%	0%
Rate of interest due and paid	100%	100%	0%

The Y/Y change of all of the indicators set forth above is below 30%.

During the reporting period, we appointed United Credit Ratings Co., Ltd. to analyze and rate our long-term credit standing and the convertible corporate bonds publicly issued by us, which rated our long-term credit standing as “AA+”, determined our rating outlook to be stable, and rated the convertible corporate bonds publicly issued by us as “AA+”, and is of the opinion that the risk that we become unable to repay our convertible corporate bonds upon maturity thereof is very low. Refer to our designated website for information disclosure, <http://www.cninfo.com.cn>, for the *Credit Rating Report on the Public Offering of Convertible Corporate Bonds in 2020* (Lian He [2020] No. 2436). During the reporting period, the rating of our convertible corporate bonds has remained unchanged.

Section IX Directors, Supervisors, Senior Management and Employees

I. Changes in shares held by directors, supervisors and senior management

Name	Position	Status	Gender	Age	Office term from	Office term to	Number of shares held at the beginning of the period: (unit: share)	Number of increased shares for the current period (unit: share)	Number of reduced shares for the current period (unit: share)	Other increases or decreases (unit: share)	Number of shares held at the end of the period (unit: share)
WANG Laichun	Board Chairman and General Manager	Current	Female	54	February 22, 2009	May 21, 2021	0	0	0	0	0
WANG Laisheng	Vice Chairman of the Board	Current	Male	57	February 22, 2009	May 21, 2021	7,149,151	0	2,323,422	2,144,538	6,970,267
LI Bin	Director and Deputy General Manager	Current	Male	44	April 18, 2012	May 21, 2021	676,000	1,216,772	0	202,780	2,095,552
YE Yiling	Director and Deputy General Manager	Current	Female	50	November 3, 2011	May 21, 2021	246,740	455,950	0	74,015	776,705
XU Huaibin	Independent director	Current	Male	64	May 6, 2015	May 21, 2021	0	0	0	0	0
LIN Yifei	Independent director	Current	Male	46	May 6, 2015	May 21, 2021	0	0	0	0	0
ZHANG Ying	Independent director	Current	Female	58	May 22, 2018	May 21, 2021	0	0	0	0	0
XIA Yanrong	Supervisor	Current	Female	40	December 19, 2017	May 21, 2021	0	0	0	0	0
MO Rongying	Supervisor	Current	Female	41	May 22, 2018	May 21, 2021	0	0	0	0	0

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YI Peizan	Supervisor	Current	Female	36	February 22, 2009	May 21, 2021	0	0	0	0	0
HUANG Dawei	Deputy General Manager and Board Secretary	Current	Male	49	May 25, 2018	May 21, 2021	169,000	219,695	0	50,695	439,390
WU Tiansong	CFO	Current	Male	51	April 15, 2019	May 21, 2021	0	334,617	0	30,417	365,034
XUE Haigao	Deputy General Manager	Resigned	Male	42	May 25, 2018	April 20, 2020	338,000	777,382	0	101,390	1,216,772
XIONG Tengfang	Deputy General Manager	Resigned	Male	39	May 25, 2018	April 21, 2020	169,000	270,393	0	50,695	490,088
Total	--	--	--	--	--	--	8,747,891	3,274,809	2,323,422	2,654,530	12,353,808

II. Changes of Directors, Supervisors and Senior Management of the Company

√ Applicable □ N/A

Name	Position	Type	Date	Reason
XIONG Tengfang	Senior Management	Dismissal	April 20, 2020	Based on the relevant development needs of the Company's communication business, Mr. XIONG Tengfang resigned as the deputy general manager of the Company and after resignation, continued to work in the Company with focus on the operation and management of the Company's communication business.
XUE Haigao	Senior Management	Dismissal	April 20, 2020	Based on the relevant development needs of the Company's communication business, Mr. XUE Haigao resigned as the deputy general manager of the Company and after resignation, continued to work in the Company with the focus on the operation and management of the Company's communication business.

III. Job Titles

About the education backgrounds and main work experiences of the existing directors, supervisors and senior management of the Company and their current job duties in the Company

(I) Directors

Ms. WANG Laichun, 54 years old, from Hong Kong, China, holds the EMBA from Shenzhen Graduate School of Tsinghua

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University, and works as the Chairman of the Board and General Manager of the Company. She served as a Director of Shenzhen High-tech Industry Association and Vice Chairman of Shenzhen Electronics Industry Association. Ms. WANG had worked in the Wiring Division of Foxconn under Taiwan Hon Hai for nearly ten years, and left Foxconn in 1997 to start her own business. In 1999, Ms. WANG Laichun and Mr. WANG Laisheng jointly purchased the equity in Luxshare Limited. They founded Luxshare Precision Industry (Shenzhen) Co., Ltd. in 2004 through investment by Luxshare Limited and worked as the Board Chairman. Ms. WANG Laichun is the member of the 1st, 2nd and 3rd sessions of the board of directors.

Mr. WANG Laisheng, 57 years old, from Hong Kong, China, works as Vice Chairman of the Board of the Company and the Board Chairman of Xiexun Electronic (Ji'an) Co., Ltd. and of Xiechuang Precision Industry (Shenzhen) Co., Ltd.. He served as the Managing Director of Shenzhen Quality Association and a Director of Guangdong Laboratory Federation. Mr. WANG Laisheng ventured into individual business since the mid-1980s and has more than ten years of business experience; Mr. WANG Laisheng and Ms. WANG Laichun jointly purchase the equity in Luxshare Limited in 1999 and in 2004 he founded Luxshare Precision Industry (Shenzhen) Co., Ltd. with Ms. WANG Laichun. Mr. WANG Laisheng is a member of the 1st, 2nd and 3rd sessions of the board of directors.

Mr. LI Bin, 44 years old, Chinese nationality, has a master's degree in Industrial Engineering from Shanghai Jiaotong University, and works as a director, deputy general manager and core technician of the Company. He joined Fuhong Precision Company in July 2000, responsible for technical development and management of high-frequency data cable connection components, and joined Lanto Electronic Limited in 2009, responsible for product development and management.

YE Yiling, 50 years old, a citizen of Taiwan, China, has a bachelor's degree in Accounting from Soochow University, and works as a director, deputy general manager and CFO of the Company. Ms. YE Yiling had worked as a senior auditor in the Auditor Department in PricewaterhouseCoopers from July 1996 to June 2000, and from July 2000 to November 2008, successively worked as the Financial Director in Walsin Lihua Corp., Ultra Source Technology Corp. and SYN MOSABIOPHARMA CORPORATION, listed companies in Taiwan. She joined the Company in 2011. Ms. YE Yiling obtained the qualification to work in Chinese mainland in November 2011.

Mr. XU Huaibin, 64 years old, Chinese nationality, holds a master's degree. He works as the Deputy Secretary-General of the Equity Financing and Listing Professional Committee of China Securities Law Research Association. He is currently an Independent Director of the Company. Mr. XU Huaibin was sent to a Hong Kong accounting firm to study the western independent audit practice without charge in the early 1990s. After that, he worked in accounting firms both at Mainland and Hong Kong and their accounting companies as the Vice President, Deputy General Manager, Managing Director and among others. He has obtained the qualifications as a certified public accountant and certified tax agent, and the qualification as an Independent Director of the Shenzhen Stock Exchange. Mr. XU Huaibin is a member of the 3rd sessions of the board of directors of the Company.

Mr. LIN Yifei, 46 years old, Chinese nationality, has a master's degree in the Laws from the University of Aberdeen United Kingdom and doctoral degree in Laws from Xiamen university. He is currently the Chief Consultant of YI & PARTNERS and an Independent Director of Luxshare Precision. Mr. LIN Yifei has specialized in legal practice and research for about 20 years, and handled a large number of international and domestic arbitration cases involving various fields of commercial affairs. Meanwhile, he has compiled and translated many books and has rich experience in commercial dispute resolution practice and research. Mr. LIN works as an arbitrator in many arbitration institutions both at home and abroad including the International Arbitration Court of the International Chamber of Commerce (ICC), Hong Kong International Arbitration Center (HKIAC), Shanghai International Economic and Trade Arbitration Commission, South China International Economic and Trade Arbitration Commission, Wuhan Arbitration

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Commission, Xiamen Arbitration Commission, Zhengzhou Arbitration Commission, and is also a Director in China Society of Private International Law and the Managing Director of the Arbitration Law Research Association of Guangdong Province Law Society. Mr. LIN Yifei has obtained the qualification to work as an Independent Director of the Shenzhen Stock Exchange, and is a member of the 3rd session of the board of directors of the Company.

Ms. ZHANG Ying, 58 years old, Chinese nationality, has a doctoral degree in the Laws from Wuhan University and postdoctoral degree in the Laws from the Chinese Academy of Social Sciences. She works as an Associated Professor in the Law School of Shenzhen University and an Independent Director of Luxshare Precision. Ms. ZHANG Ying worked as a lecturer in China University of Geosciences in 1984 and in 1994, an assistant research in the Institute of Political Science and Law of Wuhan Academy of Social Sciences. She has served as the Managing Director of the China European Law Research Association and an arbitrator of the Shenzhen Arbitration Commission since 2009. Ms. ZHANG Ying has obtained the qualification to work as an Independent Director of the Shenzhen Stock Exchange.

(II) Supervisors

Ms. XIA Yanrong, 40 years old, Chinese nationality, has a bachelor's degree in Finance Management. She works as a supervisor of the Company. Ms. XIA worked at the Finance Department in 3CEMS Group PRIME Technology (Guangzhou) Co., Ltd. from January 2003 to April 2006, and from April 2006 to April 2009, at the Finance Department in Dachang Electronic Technology (Suzhou) Co., Ltd. of P-TWO. She has served the Company since April 2009. Specifically, she successively worked as the Head of Finance Department in Lanto Electronic Limited, the Head of Finance Department in Luxshare Precision, and the Head of Credit Management Department in Luxshare Precision. Currently, she works as the Director of Central Finance Department and Credit Management Department of the Company.

Ms. MO Rongying, 41 years old, Chinese nationality, has a degree in Business Administration. She works as a supervisor of the Company. Ms. MO worked in the Head of Planning Department in Thomson Multimedia (Dongguan) Co., Ltd., and has served Luxshare Precision from June 2007. Currently, she works as the Head of Central Customs Department of the Company.

Ms. YI Peizan, 36 years old, Chinese nationality, joined in the Company in 2004 and worked at Finance Department of the Company. Currently, she works as a supervisor of the Company. Ms. YI Peizan is a member of the 1st, 2nd and 3rd sessions of the board of supervisors.

(III) Senior Management

The resume of Ms. WANG Laichun is seen in the "Directors" of this Section.

The resume of Ms. LI Bin is seen in the "Directors" of this Section.

The resume of Ms. YE Yiling is seen in the "Directors" of this Section.

Mr. HUANG Dawei, 49 years old, a citizen of Taiwan, China, has a master's degree in Industrial Engineering from National Tsing Hua University. Currently, he works as the Deputy General Manager and the Board Secretary of the Company. He had worked in a Fortune 500 company, responsible for market development and operation management and in June 2013, joined Luxshare Electronic Technology (Kunshan) Co., Ltd. under Luxshare Precision as the Legal Representative, a director and General Manager.

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Mr. HUANG has obtained the *Qualification Certificate for Board Secretary* issued by the Shenzhen Stock Exchange, and his qualification meets the requirements of *Rules Governing the Listing of Shares on Shenzhen Stock Exchange* and other relevant laws and regulations as well as the Articles of Association.

Mr. WU Tiansong, 51 years old, a citizen of Taiwan, China, has a bachelor's degree from National Taiwan University of Science and Technology. Currently, he works as the Head of Finance Department of Luxshare Precision Industry Co., Ltd.. Ms. WU Tiansong had worked as a senior auditor in the Auditor Department in Deloitte Touche Tohmatsu Limited from August 1996 to August 1999, and from September 1999 to March 2009, successively worked in Underwriting Department of Taiwan Yuanda Securities Corp., and in the listed company Taiwan P-TWO INDUSTRIES INC and UNIWILL COMPUTER CORP. as the Finance Director, and in Ichina Technologies, Inc. as the Finance Director. He joined the Company in 2011.

Positions held in the shareholders

Applicable N/A

Name of personnel	Name of shareholder	Positions held in the shareholder	Office term from	Office term to	Receive remunerations or allowances from shareholders?
WANG Laichun	Luxshare Limited	Director	August 27, 1999		No
WANG Laisheng	Luxshare Limited	Director	August 27, 1999		No

Explanations on the positions held in other entities

Applicable N/A

Name of personnel	Name of other entities	Positions held in other entities	Office term from	Office term to	Receive remunerations or allowances from other entities?
WANG Laichun	Xiexun Electronic (Ji'an) Co., Ltd.	Vice Chairman of the Board	November 21, 2005		No
WANG Laichun	Fujian JK Wiring Systems Co., Ltd.	Board Chairman	June 18, 2012		No
WANG Laichun	Body Control Systems	Board Chairman	July 18, 2018		No
WANG Laisheng	Xiexun Electronic (Ji'an) Co., Ltd.	Board Chairman	November 12, 2005		No
WANG Laisheng	Lanto Electronic Limited	Vice Chairman of the Board	May 12, 2011		No

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WANG Laisheng	Kunshan Luxshare Precision Industry Co., Ltd.	Director	October 25, 2011		No
WANG Laisheng	Donguan Xuntao Electronic Co., Ltd.	Vice Chairman of the Board	July 10, 2012		No
WANG Laisheng	Dongguan Lide Precision Industry Co., Ltd.	Board Chairman	August 16, 2012		No
WANG Laisheng	Kunshan Luxshare Precision Industry Co., Ltd.	Vice Chairman of the Board	October 25, 2011		No
WANG Laisheng	Suining Luxshare Precision Industry Co., Ltd.	Executive Director	January 11, 2013		No
WANG Laisheng	Xingning Luxshare Precision Industry Co., Ltd.	Executive Director	November 19, 2013		No
WANG Laisheng	Luxshare Precision Industry (Chuzhou), Ltd.	Executive Director	March 24, 2014		No
WANG Laisheng	Fengshun Luxshare Precision Industry Co., Ltd.	Executive Director	July 4, 2014		No
WANG Laisheng	Dongguan Luxshare Precision Industry Co., Ltd.	Board Chairman	November 27, 2015		No
WANG Laisheng	Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	Director	December 25, 2015		No
Explanations on the positions held in other entities	None				

Penalty by regulators on the Company's current directors, supervisors and senior management, including those resigned in the reporting period and in recent three years

Applicable N/A

IV. Remuneration of directors, supervisors and senior management

Decision-making process, determination basis and actual payment of remuneration of directors, supervisors and senior management

During the reporting period, the Company implemented the performance assessment for its directors, supervisors and senior management, and paid them the annual income under the “monthly salary + year-end bonus” model. The Company assessed the directors, supervisors and senior management at the end of the year based on the business conditions of the Company and work performance of individuals, and determined their annual income depending on the assessment results. The allowance for an independent director is RMB80,000 per year, and the costs for travelling and office incurred by performance of his duties are borne by the Company.

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Remuneration of directors, supervisors and senior management during the reporting period

In: RMB'0000

Name	Position	Gender	Age	Status	Total remuneration received from the Company (including tax)	Receive the remuneration from the Company's related parties?
WANG Laichun	Board Chairman and General Manager	Female	54	Current	240	No
WANG Laisheng	Vice Chairman of the Board	Male	57	Current	240	No
LI Bin	Director and Deputy General Manager	Male	44	Current	180	No
YE Yiling	Director and Deputy General Manager	Female	50	Current	141.79	No
XU Huaibin	Independent Director	Male	64	Current	8	No
LIN Yifei	Independent Director	Male	46	Current	8	No
ZHANG Ying	Independent Director	Female	58	Current	8	No
XIA Yanrong	Supervisor	Female	40	Current	48	No
MO Rongying	Supervisor	Female	41	Current	42	No
YI Peizan	Supervisor	Female	36	Current	9	No
HUANG Dawei	Deputy General Manager and Board Secretary	Male	49	Current	97.15	No
WU Tiansong	CFO	Male	51	Current	119.52	No
XUE Haigao	Deputy General Manager	Male	42	Resigned	98.71	No
XIONG Tengfang	Deputy General Manager	Male	39	Resigned	95.68	No
Total	--	--	--	--	1,335.85	--

Equity incentives awarded to the Company's directors and senior management

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√ Applicable □ N/A

Unit: shares

Name	Position	Number of exercisable shares during the reporting period	Number of shares exercised during the reporting period	Exercise price of the shares exercised during the reporting period (RMB/share)	Market price at the end of the reporting period (RMB/share)	Number of restricted stocks held at the beginning of the period	Number of shares unlocked in the period	Number of restricted stocks newly granted during the reporting period	Grant price of restricted stocks (RMB/share)	Number of restricted stocks held at the end of the period
LI Bin	Director and Deputy General Manager	337,992	337,992	13.70	56.12					
LI Bin	Director and Deputy General Manager	878,780	878,780	10.28	56.12					
YE Yiling	Director and Deputy General Manager	135,196	135,196	13.70	56.12					
YE Yiling	Director and Deputy General Manager	320,754	320,754	10.28	56.12					
HUANG Dawei	Deputy General Manager and Board Secretary	219,695	219,695	10.28	56.12					
WU Tiansong	CFO	101,400	101,400	13.48	56.12					
WU Tiansong	CFO	131,817	131,817	10.28	56.12					
WU Tiansong	CFO	135,196	101,400	13.70	56.12					
XIONG Tengfang	Deputy General Manager	490,088	270,393	13.70	56.12					

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XUE Haigao	Deputy General Manager	337,992	337,992	13.70	56.12					
XUE Haigao	Deputy General Manager	439,390	439,390	10.28	56.12					
Total	--	3,528,300	3,274,809	--	--	0	0	0	--	0
Remarks (if any)	During the reporting period, the number of exercisable shares for directors and senior management of the Company totals 3,528,300, representing 0.05% of total share capital of the Company at the end of the reporting period. The directors or senior management other than WU Tiansong as a senior officer and XIONG Tengfang as a resigned senior officer have exercised all the shares, with the number of total exercised shares being 3,274,809. The vesting conditions were met in the first vesting period of 2018 Stock Option Incentive Plan of the Company, and the senior management exercised 101,400 shares at the price of RMB13.48 per share; the vesting conditions were met in the second vesting period of 2018 Stock Option Incentive Plan, and the directors and senior management exercised 1,990,436 shares in the aggregate at the price of RMB10.28 per share; and the vesting conditions were met in the first vesting period of 2019 Stock Option Incentive Plan of the Company, and the directors and senior management exercised 1,182,937 shares in the aggregate at the price of RMB13.7 per share.									

V. Employees of the Company

1. Number of employees, role type and educational background

Number of current employees in the parent company (person)	515
Number of current employees in major subsidiaries (person)	171,895
Total number of current employees (person)	172,410
Total number of employees receiving a salary during the reporting period (person)	172,410
Number of retired employees for which the parent company and major subsidiaries have to bear expenses (person)	0
Role type	
Category	Number (person)
Production personnel	143,902
Sales personnel	2,300
Professional personnel	15,154
Financial personnel	211
Administrative personnel	10,843
Total	172,410
Educational background	

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Category	Number (person)
Bachelor's degree and above	9,190
Associate's degree	16,034
High school, technical secondary school and below	147,186
Total	172,410

2. Remuneration policy

The Company has formulated the management methods on employee salary, performance and year-end bonus, provided employees with competitive salary guarantee in a scientific and reasonable manner, and set up the complete employee salary management system, contributed to “five insurances and one housing fund” for employees, and timely paid employees salaries in strict accordance with the relevant laws and regulations, and resolutely eliminated the occurrence of bonded labor. To help employees better understand the degree of matching between job responsibilities and their own capabilities, the Company has built a multi-dimensional performance evaluation system that includes employee self-evaluation and superior evaluation, so as to objectively and comprehensively reflect employees' annual performance. The Company conducted the employee performance communication activities annually to ensure that each employee can receive sufficient support and resources related to the career development in Luxshare Precision, and to enhance and optimize the work experience of every employee. We have established various employee compensation structures, including year-end bonuses, project awards, equity incentive for core cadres and outstanding employees. During the reporting period, the Company continued to optimize the performance appraisal and fully evaluated the work performance of the team and individuals, effectively improving the execution ability and responsibility awareness of employees. This is conducive to retaining and attracting outstanding talents to provide human resources guarantee for the growth of the Company.

3. Training plan

The Company was committed to staff career planning and talent cultivation. It has established a perfect talent training system to attract and motivate more excellent talents and promote the common growth of employees and the Group. Also, the Company has set up an online and offline learning platform to conduct the multi-dimensional special training that is directed toward different types of employees and new projects. With this platform, the Company provided hierarchical and distinct targeted training for all employees, and offered different training series for different groups of people and needs. For example, for senior, middle and grassroots managers and key high-potential reserve talents, the Company focused on the “Talent Cultivation Series” training, aiming to create an efficient and dynamic staff team; and regarding the talents in key fields such as manufacturing, R&D technology, marketing and supply chain, we focused on the “Ability Improvement Series” training, continuously enhancing professional capabilities of employees in different positions. Furthermore, the Company carried out the school-enterprise cooperation and encouraged the employees to obtain the professional qualification recognition from the Company and society, so as to improve the production level and social recognition of the Company as a whole. Meanwhile, we strived to create the “Jushi Series” training and build the learning and communication platforms including “Luxshare Classroom” and “Management Forum”, offering opportunities to excellent Luxshare employees for showing themselves. With these efforts, we created a good learning environment and promoted the integration and communications between the personnel. In addition, to assist the Company in the implementation of key strategies and changes in a certain period of time, we offer the “Change Series” training based on the business needs.

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In order to standardize the employee training management, the Company has formulated the *Education and Training Management Measures*, *Education and Training Operating Procedures*, and *Internal Lecturer Management Measures* and updates them, which clearly cover training systems from employee induction, orientation, in-service, transfer to promotion; and each factory has formulated the *Education and Training Management Procedures* and corresponding management measures in accordance with the Group's management standards, and also established the annual training plans for the factory and its various departments based on its annual development planning, effectively enhancing the core competitiveness of employees and the Company and achieving the win-win goal of improving employees' professional ability and realizing the sustainable growth of the Company.

4. Labor outsourcing

Applicable N/A

Section X Corporate Governance

I. Basic Introduction

The Company has always been committed to promoting the establishment and improvement of a modern corporate system, regulating the operation of the listed company and perfecting the corporate governance structure. During the reporting period, the Company kept on perfecting the corporate governance structure, established a sound corporate system, regulated corporate operation, strengthened information disclosure, actively conducted investor relationship management and improved corporate governance level in strict accordance with the requirements of the *Companies Law*, the *Securities Law*, the *Rules Governing Listing of Stocks on Shenzhen Stock Exchange*, the *Guidelines for Articles of Association of Listed Companies*, the *Code of Corporate Governance of Listed Companies*, the *Guidelines of the Shenzhen Stock Exchange for Compliant Operation of the Listed Companies* and other laws, regulations and regulatory documents.

(I) Shareholders and Shareholders' General Meeting: The Company standardized the convening, holding and voting procedures of shareholders' general meetings in strict accordance with the *Companies Laws*, the *Articles of Association*, the *Rules of Procedure for the Shareholders' General Meeting* and other provisions and requirements to equally treat all shareholders so that shareholders, especially small and medium shareholders, can fully exercise their rights by using a combination of on-site and online voting. When the shareholders' general meeting reviews the related party transactions, the related shareholders were recused from voting, which does not damage the interests of shareholders; when voting on proposals that affect the interests of small and medium investors, the votes of small and medium investors are counted separately. The shareholders' general meetings were convened and held by the board of directors of the Company and witnessed by the lawyers on site.

(II) Controlling Shareholders and the Company: The Company is independent of controlling shareholders in terms of business, assets, personnel, body and finance, etc., and the Company's board of directors, board of supervisors and other internal bodies operated independently. The controlling shareholders of the Company can strictly regulate their own behavior, neither interfere in the Company's decision-making and business activities directly or indirectly bypassing the shareholders' general meeting, nor used capital of the listed company for non-operating purposes.

(III) Directors and the Board of Directors: The Company elected directors and engaged independent directors in strict accordance with the *Companies Law* and the *Articles of Association*. The Company has seven directors, including three independent directors, who all are the experts in the fields of corporate management and financial accounting. The number of directors and composition of the board of directors comply with the requirements of the laws and regulations as well as the *Articles of Association*. The Company's board of directors has four special committees, including Audit Committee, Strategy Committee, Nomination Committee and Remuneration and Appraisal Committee, with reasonable member structure, providing scientific and professional opinions and references for the decision-making of the board of directors. The board of directors convened and held the meetings of the board of directors in strict with the *Articles of Association* and the *Rules of Procedure for the Board of Directors* to implement the resolutions adopted by the shareholders' general meeting; all directors can fulfill their duties diligently, scrupulously attended the meetings of the board of directors and the shareholders' general meetings, and safeguarded the legitimate rights and interests of the Company and the shareholders.

(IV) Supervisors and the Board of Supervisors: The Company's board of supervisors elected supervisors in strict accordance with the *Companies Law* and the *Articles of Association*. The Company has five supervisors, including three independent supervisors, who all are the experts in the fields of corporate management and financial accounting. The number of supervisors and composition of the board of supervisors comply with the requirements of the laws and regulations as well as the *Articles of Association*. The Company's board of supervisors has two special committees, including Audit Committee and Remuneration and Appraisal Committee, with reasonable member structure, providing scientific and professional opinions and references for the decision-making of the board of supervisors. The board of supervisors convened and held the meetings of the board of supervisors in strict with the *Articles of Association* and the *Rules of Procedure for the Board of Supervisors* to implement the resolutions adopted by the shareholders' general meeting; all supervisors can fulfill their duties diligently, scrupulously attended the meetings of the board of supervisors and the shareholders' general meetings, and safeguarded the legitimate rights and interests of the Company and the shareholders.

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with the election procedures provided in the *Companies Law* and the *Articles of Association*. The Company has three supervisors, including the chairman of the board of supervisors. The number of supervisors and composition of the board of supervisors comply with the requirements of the laws and regulations as well as the *Articles of Association*. The board of supervisors convened and held the meetings of the board of supervisors in strict with the *Articles of Association* and the *Rules of Procedure for the Board of Supervisors*; all supervisors seriously fulfilled their duties, effectively monitored the legality and compliance of performance of duties as the Company's finance personnel, directors and senior management in good faith and with due diligence and expressed independent opinions, and safeguarded the legitimate rights and interests of the Company and the shareholders.

(V) Performance Appraisal and Incentive Restraint Mechanism: To further establish a sound incentive mechanism of the Company, strengthen the concept of sustainable development between the Company and the management and the core employees, the Company implemented the equity incentive plan to strengthen the benefit sharing and restraint mechanism between shareholders and core business personnel, maintain the stability of the management team and key business personnel, ensure the the realization of the Company's development strategy and business objectives and long-term stable growth of the Company. The appointment of the Company's senior management is open and transparent, which complies with the provisions of the laws and regulations.

(VI) Stakeholders: The Company fully respected the legitimate rights and interests of stakeholders and realized the coordination and balance of interests of the society, shareholders, the Company and employees to jointly promote the sustainable and stable development of the Company.

(VII) Information Disclosure and Transparency: The Company performed information disclosure obligations in a true, accurate, timely and complete manner in strict accordance with the provisions of the relevant laws, regulations and the *Information Disclosure Management Measures* of the Company, and designated the Securities Times and Cninfo (www.cninfo.com.cn) to disclose the Company's information; the Company strictly protected the confidentiality of undisclosed information and earnestly registered and filed the insiders who have access to inside information, established a filing system for insiders who have access to inside information, and timely submitted the same to the regulators for filing as required. Meanwhile, the Company strictly regulated the reporting of the information of the Company to external information users. When receiving specific visitors, the Company seriously did so in strict accordance with the relevant requirements, required visitors to sign the Letter of Commitment, and timely uploaded the relevant research records to the "e-interaction" platform of the Shenzhen Stock Exchange for disclosure. During the reporting period, the Company did not use inside information to trade its stocks. Meanwhile, the Company set up the special column of investor phone and investor relationship management and designated a person to be responsible for timely communication with investors. Furthermore, the Company kept contact and communication with regulators in an active and timely manner, reported the Company's relevant matters so as to accurately gain an understanding of regulatory requirements of information disclosure and further improve the Company's transparency and quality of information disclosure. The Company disclosed the information in a true, accurate, complete and timely manner in strict compliance with the requirements on the relevant contents and format, and ensured that all shareholders can fully obtain the information of the Company through various channels.

Are there any significant differences between the Company's actual governance status and the regulatory documents on governance of listed companies issued by the CSRC?

Yes No

There is no significant difference between the Company's actual governance status and the regulatory documents on governance of listed companies issued by the CSRC.

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II. Details of the Company's Separation from Controlling Shareholders with respect to Business, Personnel, Assets, Organization and Financial Affairs

During the reporting period, the Company regulated its operation in strict accordance with the *Companies Law* and the *Articles of Association*, and gradually improved its corporate governance structure, was independent from controlling shareholders in terms of business, assets, personnel, body and finance to realize independent business and self-management, and had independent research and development, production and sales systems. During the reporting period, the Company's production and operation was stable and its internal body was perfect, and the Company can, therefore, operate in an independent and compliant manner:

(I) Business

The Company had complete corporate property rights and independent R&D, production and sales systems, conducted the business, accounting and decision-making independently, assumed liabilities and risks independently and carried out production and operation activities independent of shareholders and other related parties.

(II) Assets

The Company is a company limited by shares established through overall change according to law, and has independent and complete assets. The Company went through the formalities for changes in related assets and equity according to law. The Company neither provided the guarantees for the debts of shareholders with its assets or reputation, nor lent the borrowings and credit lines in the name of the Company to each shareholder. The Company has complete control over all assets, and there was no any appropriation of assets or capital by the controlling shareholders, thereby harming the interests of the Company.

(III) Personnel

The Company's directors, supervisors and senior management were legally elected and generated in accordance with the *Companies Laws*, the *Articles of Association* and other relevant laws, regulations and rules; the Company's senior management (excluding independent directors) all worked in the Company as full-time officers and received remuneration from the Company, and did not hold any positions other than director and supervisor in the related shareholders and other entities with same or similar business. The Company had independent employees, managed their remuneration and social security independently, and had a complete management system and mechanism.

(IV) Body

The Company established a complete governance structure including the shareholders' general meeting, the board of directors and the board of supervisors, and an independent and complete operation and management body that meets the needs of the Company's own development and actual situation. Such bodies exercised their powers independently in accordance with the *Articles of Association* and internal management system. Since its establishment, the Company's production, operation and office bodies operated independent of shareholders.

(V) Finance

The Company set up an independent financial accounting department and an internal audit department, established an

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independent accounting system and a compliant financial management system, which independently made financial decisions. Since its inception, the Company opened accounts in the bank independently, made tax declarations and performed tax obligations independent of shareholders according to law, and signed contracts with external parties independently.

III. Horizontal Competition

Applicable N/A

IV. Details About the Annual Shareholders' General Meeting and Extraordinary Shareholders' General Meeting Held During the Reporting Period

1. Details about the shareholders' general meeting during the reporting period

Meeting	Meeting type	Investor participation %	Date convened	Disclosure date	Disclosure index
2019 Annual Shareholders' General Meeting	Annual Shareholders' General Meeting	52.64%	May 13, 2020	May 14, 2020	<i>Announcement of Resolutions of 2019 Annual Shareholders' General Meeting of Luxshare Precision</i> (Announcement No.: 2020-041) disclosed at Securities Times and Cninfo (www.cninfo.com.cn)
2020 First Extraordinary Shareholders' General Meeting	Annual Shareholders' General Meeting	50.88%	July 27, 2020	July 28, 2020	<i>Announcement of Resolutions of 2020 First Extraordinary Shareholders' General Meeting of Luxshare Precision</i> (Announcement No.: 2020-060) disclosed at Securities Times and Cninfo (www.cninfo.com.cn)

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2. Extraordinary shareholders' general meeting requested by the preferred shareholder with restitution of voting right

Applicable N/A

V. Performance of Independent Directors During the Reporting Period

1. Details of independent directors' attendance at meetings of board of directors and shareholders' general meetings

Details of Independent Directors' Attendance at Meetings of Board of Directors and Shareholders' General Meetings							
Independent director	The meetings of the board of directors required to attend during the reporting period (times)	Attendance in person (times)	Attendance by way of telecommunication (times)	Entrusted presence (times)	Absence (times)	Nonattendance in person for two consecutive times	Attendance in shareholders' general meeting
XU Huaibin	13	2	11	0	0	No	2
LIN Yifei	13	2	11	0	0	No	2
ZHANG Ying	13	2	11	0	0	No	2

Explanations on directors who do not attend in-person two board meetings in a row.

N/A

2. Details on independent directors objecting to relevant events

Did independent directors object to relevant events?

Yes No

During the reporting period, no independent directors objected to relevant events of the Company.

3. Other details about the performance of independent directors

Was advice to the Company from independent directors adopted?

Yes No

Explanations of advice of independent directors for the Company being adopted

During the reporting period, the independent directors of the Company seriously and fully conducted their due diligence and actively performed their duties based on the standpoint of independent judgment, in a manner responsible to the Company, all shareholders and investors and in light of the principle of seeking truth from facts, and successively expressed independent opinions on the following 28 significant matters:

1. Independent Options on Grant of Stock Options to Reserved Grantees of 2019 Stock Option Incentive Plan of Luxshare Precision

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-
- Industry Co., Ltd. (change of name);
2. Independent Opinions on *2019 Internal Control Self-Evaluation Report* of the Company;
 3. Independent Opinions on Renewal of Appointment of Accounting Firm;
 4. Independent Opinions Concerning the Special Explanations on Appropriation of Funds by the Related Parties of the Company and Provision of Guarantees;
 5. Independent Opinions Concerning the *Special Report on the Deposit and Actual Use of the Fund Raised by the Company*;
 6. Independent Opinions on Related Party Transactions Incurred by the Company in 2019
 7. Independent Opinions on 2019 Profit Distribution Plan of the Company;
 8. Independent Opinions on the Application by the Company for a Comprehensive Credit Line to the Bank;
 9. Independent Opinions on the Offer by the Company of Guarantees to Wholly-owned Subsidiaries;
 10. Independent Opinions on the Conduct of Foreign Exchange Derivatives Trading Business;
 11. Independent Opinions on the Purchase of Wealth Management Products with Idle Self-owned Funds;
 12. Independent Opinions on the Application for Issuance of Ultra-short-term Financing Bonds and Medium-term Notes;
 13. Independent Opinions on the Forecasts of Routine Related Party Transactions in 2020;
 14. Independent Opinions on Changes in Accounting Policies;
 15. Independent Opinions on the Application for a Comprehensive Credit Line to the Bank;
 16. Independent Opinions on the Adjustment to Exercise Prices and Quantity of 2018 and 2019 Stock Option Incentive Plans and the Cancellation of Some Stock Options;
 17. Independent Opinions on the Achievement of Vesting Conditions for the First Vesting Period Granted under 2019 Stock Option Incentive Plan;
 18. Independent Opinions on Extending the Valid Term of the Resolutions of Shareholders' General Meeting in respect of Public Issuance of Convertible Corporate Bonds and Valid Term of Authorization;
 19. Independent Opinions on Signing of Acquisition Framework Agreement and Related Party Transactions;
 20. Independent Opinions Concerning the Special Explanations on Appropriation of Funds by the Controlling Shareholders and Other Related Parties of the Company and Provision of Guarantees by the Company;
 21. Independent Opinions on the Application for a Comprehensive Credit Line to the Bank;
 22. Independent Opinions on the Offer of Guarantees to Wholly-owned Subsidiaries;
 23. Independent Opinions Concerning the *Proposal on Further Clarifying the Specific Plan for Public Issuance of Convertible Corporate Bonds of the Company*;
 24. Independent Opinions Concerning the Proposal on the Company's Public Issuance of Convertible Corporate Bonds for Listing;
 25. Independent Opinions on Signing of Acquisition Framework Agreement and Related Party Transactions;
 26. Independent Opinions Concerning the *Proposal on the Use of Raised Funds to Increase the Capital of the Wholly-owned Subsidiary Lanto Electronic Limited* and the *Proposal on the Use of Raised Funds to Increase the Capital of Luxshare Electronic Technology (Kunshan) Co., Ltd.*;
 27. Independent Opinions on the Adjustment to Exercise Quantity of 2018 Stock Option Incentive Plan and the Cancellation of Some Stock Options; and
 28. Independent Opinions on the Achievement of Vesting Conditions for the Second Vesting Period Granted under 2018 Stock Option Incentive Plan;

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The independent opinions given by the independent directors of the Company for the above matters provided an important basis for the board of directors of the Company to make comprehensive, objective and fair decision, which not only safeguards the overall interests of the Company, but also reflects and safeguards the legitimate rights and interests of small and medium shareholders.

VI. Performance of Special Committee Affiliated to the Board of Directors During the Reporting Period

1. Performance of Audit Committee

(1) During the reporting period, the Audit Committee actively performed its duties, monitored the Company's internal audit system and implementation thereof, reviewed the financial information and provided the guidance for the Company's audit department in accordance with the provisions of the *Companies Law*, the *Code of Corporate Governance of Listed Companies* and the *Work Rules for Audit Committee of the Board of Directors*, supervised the audit by the accounting firm, and played its due role. Upon carefully checking the Company's internal control, the appropriation of funds by the Company's controlling shareholders and other related parties and the deposit and actual use of the Company's raised funds, etc., the Audit Committee believes that the internal control system the Company has established complies with the relevant regulations and can effectively control relevant risks, and further believes that the financial information compiled by the Company were prepared in all material respects in accordance with the relevant provisions of regulators, and recognizes that the Company strictly implemented the deposit system of the special account for raised funds, and effectively executed the escrow agreement of the raised funds.

(2) Audit Committee's Summary on the Audit of the Company by BDO China Shu Lun Pan Certified Public Accountants LLP in 2020

When providing the audit service for the Company in 2020, BDO China Shu Lun Pan Certified Public Accountants LLP followed the independent, objective and fair professional standards, and was competent for making an objective and fair evaluation on the Company's financial statements and operating conditions with sufficient audit time, through reasonable allocation of auditors and in a rigorous and responsible manner, and successfully completed the audit work entrusted by the Company.

(3) Responsibilities of the Audit Committee in Audit of 2020 Annual Report

In the process of the audit of 2020 Financial Report, the Audit Committee determined the audit schedule through negotiating with BDO China Shu Lun Pan Certified Public Accountants LLP, reviewed the financial statements preliminarily prepared by the Company before the CPAs began to conduct the audit and gave written opinions thereon; when reviewing the audit conducted by the CPAs annually, it supervised the audit progress, maintained the contact and communications with audit accountants and exchanged opinions on the problems identified in the audit so as to ensure the independence and on-time completion of the audit. The accounting firm completed the finalized auditor's report on time according to the overall audit plan and issued the relevant special audit report.

(4) The Audit Committee played an active role in the process of foreign investment. During the reporting period, the Company invested on a project, and the Audit Committee provided professional opinions for the board of directors to make decisions in the early stage of the project, and played a prominent part in the smooth progress of the project and the prevention of project risks.

2. Performance of Strategy Committee

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The Strategy Committee actively performed its duties in accordance with the provisions of the *Companies Law*, the *Code of Corporate Governance of Listed Companies*, the *Detailed Working Rules for Strategy Committee of the Board of Directors* and other relevant regulations. During the reporting period, the Strategy Committee held the relevant meetings, conducted an in-depth analysis and research of the industry in which the Company operates and raised the reasonable opinions for the Company's planning on development strategy of business, R&D and new products, etc. and implementation thereof, achieving goods results.

3. Performance of Remuneration and Appraisal Committee

During the reporting period, the Remuneration and Appraisal Committee actively performed its duties in accordance with the provisions of the *Companies Law*, the *Code of Corporate Governance of Listed Companies*, the *Articles of Association*, the *Detailed Working Rules for Remuneration and Appraisal Committee of the Board of Directors* and other relevant regulations. Upon reviewing the remuneration of directors, supervisors and senior management of the Company, the Remuneration and Appraisal Committee believes that the Company is gradually establishing fair and effective performance evaluation standards and incentive restraint mechanisms for senior management, and implements the remuneration system that combines basic monthly salary with the year-end performance appraisal results for senior management. Based on the understanding and plan above, the Company made proper adjustments to basic monthly salary of some directors and senior officers, reflecting and realizing the effect of motivation and justice. The remuneration of directors, supervisors and senior management of the Company was true during the reporting period, which complies with the performance appraisal indicators of the Company.

4. Performance of Nomination Committee

During the reporting period, the Nomination Committee performed its duties in accordance with the *Detailed Working Rules for Nomination Committee of the Board of Directors*, continuously reviewed the qualifications of personnel and issued the audit opinions and suggestions.

VII. Details on the Work of the Board of Supervisors

Where there risks in the Company according to the supervisor of the board of supervisors during the reporting period?

Yes No

The board of supervisors raised no objection to matters under supervision during the reporting period.

VIII. Assessment and Incentive Mechanisms for Senior Management

During the reporting period, the Company implemented the performance assessment for its senior management, and paid them the annual income under the “monthly salary + year-end bonus” model. The Company assessed the senior management at the end of the year based on the business conditions of the Company and work performance of individuals, and determined their annual income depending on the assessment results. The Company formulated a systematic and scientific assessment and management method to provide an evaluation basis for payment of remuneration of directors, supervisors and senior management. The Remuneration and Appraisal Management Committee was responsible for organizing and implementing the performance appraisal. To the extent authorized by the board of directors, the Remuneration and Appraisal Management Committee made the evaluation in the light of principles of fairness, impartiality and openness and based on the performance indicators set by the Company and the assessment indicators or work performance established in each stage, and ensured that the performance appraisal and evaluation results fully reflect the true performance and ability of employees and guaranteed the transparency of the appraisal.

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IX. Evaluation Report of Internal Controls

1. Details on material deficiencies found in the Company's internal controls during the reporting period

Yes No

2. Self-appraisal report on internal controls

Disclosure date of the Report on Internal Controls	April 21, 2021	
Disclosure index of the Report on Internal Controls	Luxshare Precision Industry Co., Ltd. designated the information disclosure website Cninfo (www.cninfo.com.cn) to disclose the <i>2020 Authentication Report on Internal Controls of Luxshare Precision Industry Co., Ltd.</i>	
Proportion of total assets of entities included in evaluation scope to the total assets in the Company's consolidated financial statements	70.91%	
Proportion of operating revenue of entities included in evaluation scope to the operating revenue in the Company's consolidated financial statements	81.85%	
Deficiency Standards		
Category	Financial Report	Non-financial Report
Qualitative criteria	I. Signs that internal controls of the financial report have material deficiencies include: A. fraud on the part of directors, supervisors and senior management; B. failure of material deficiencies in internal controls that have been discovered and reported to the management to be corrected after a reasonable period of time; C. ineffective internal environment; D. identification by the external auditor of a material misstatement of financial report in the current period in circumstances that indicate that the misstatement would not have been detected by the Company's internal control; E. material violations of laws and regulations are more material; F. except for	I. Signs that internal controls of the non financial report have material deficiencies include: A. serious violations of important national laws and regulations; B. serious loss of management and technical personnel in key positions; C. lack of system control or failure of system control for important business involving the production and operation of the Company; D. failure of the internal controls of information disclosure, causing the Company to be publicly condemned; E. failure of the results of internal control appraisal, especially material or significant deficiencies, to be rectified. II. Signs that

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	<p>policy-related losses, the Company has suffered losses for consecutive years and its go-concerning ability is challenged; G. ineffective oversight of internal controls by the Company's management and relevant functional departments. II. Signs that internal controls of the financial report have significant deficiencies include: A. failure to follow generally accepted accounting standards to select and apply accounting policies; B. failure to establish anti-fraud procedures and control measures; C. lack of institutional control or failure of the system for important business; D. lack of internal control building, and management in subsidiaries scattered; E. resignation by or frequent changes of senior officers (especially those in charge of internal control body, finance and human resources), or serious employee turnover. III. Signs that internal controls of the financial report have general deficiencies include: Control deficiencies other than material and significant deficiencies.</p>	<p>internal controls of the non financial report have significant deficiencies include: A. deficiencies in the important business mechanism or system, and incomplete internal control mechanism; B. information disclosure not reviewed and contents untrue. III. Signs that internal controls of the financial report have general deficiencies include: Control deficiencies other than material and significant deficiencies.</p>
Qualitative criteria	<p>I. Material deficiency: (1) Potential misstatement of operating revenue: 0.5% of total operating revenue \leq misstatement; (2) potential misstatement of total profits: 5% of total profits \leq misstatement; (3) potential misstatement of total assets: 0.5% of total assets \leq misstatement; (4) potential misstatement of owners' equity: 0.5% of total owners' equity \leq misstatement; II. Significant deficiency: (1) Potential misstatement of operating revenue: 0.2% of total operating revenue \leq misstatement $<$ 0.5% of total operating revenue; (2) potential misstatement of total profits: 2% of total profits \leq misstatement $<$ 5% of total profits; (3) potential misstatement of total assets: 0.2% of total assets \leq misstatement $<$ 0.5% of total assets; (4) potential misstatement of</p>	<p>I. Material deficiency: Direct loss of property amounts to not less than RMB12 million, causing a relatively large native impact on the Company; II. Significant deficiency: Direct loss of property amounts to RMB3 million - 12 million, subject to the penalty imposed by the national government department but not causing a native impact on the Company; III. General deficiency: Direct loss of property amounts to not more than RMB3 million, subject to the penalty imposed by the government departments at the provincial level or below but not causing a native impact on the Company.</p>

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	owners' equity: 0.2% of total owners' equity \leq misstatement < 0.5% of total owners' equity; III. General deficiency: (1) Potential misstatement of operating revenue: misstatement < 0.2% of total operating revenue; (2) potential misstatement of total profits: misstatement < 2% of total profits; (3) potential misstatement of total assets: misstatement < 0.2% of total assets; (4) potential misstatement of owners' equity: misstatement < 0.2% of total owners' equity.	
Number of material deficiencies in the financial report		0
Number of material deficiencies in the non financial report		0
Number of significant deficiencies in the financial report		0
Number of significant deficiencies in the non financial report		0

X. Audit Report or Authentication Report on Internal Controls

Authentication Report on Internal Controls

Audit Opinion in the Audit Report on Internal Controls	
The Company maintained effective internal controls related to financial statements in all material respects as at December 31, 2021 in accordance with the <i>Basic Internal Control Norms for Enterprises</i> promulgated by the Ministry of Finance;	
Particulars about the Disclosure of Authentication Report on Internal Controls	Disclosure
Disclosure date of the Authentication Report on Internal Controls	April 21, 2021
Disclosure index of the Authentication Report on Internal Controls	The Company designated the information disclosure website Cninfo (www.cninfo.com.cn) to disclose the <i>2020 Authentication Report on Internal Controls of Luxshare Precision Industry Co., Ltd.</i>
Type of Authentication Opinion	Unqualified Opinion
Is there a material deficiency in the non financial report?	No

Did the accounting firm issue an Authentication Report on Internal Controls with a non-standard opinion?

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Yes No

Is the Authentication Report on Internal Controls from the accounting firm consistent with the Self-assessment Report from the board of directors?

Yes No

Section XI Corporate Bonds

Where there bonds publicly issued and listed on an exchange, either at or not at maturity, and are not fully paid on the approval report date of the annual report?

No

Section XII Financial Report

I. Auditor's Report

Audit opinion	Standard Unqualified Opinion
Signing date of audit report	April 20, 2021
Auditor	BDO China Shu Lun Pan Certified Public Accountants LLP
Auditor report document number	Xin Kuai Shi Bao Zi [2021] No. ZB10516
Name of certified public accountants	LI Jing and WEI Gang

Auditor's Report

I. Audit opinion

We have audited the financial statements of Luxshare Precision Industry Co., Ltd. ("Luxshare Precision"), which comprise the consolidated and parent company's balance sheets as at December 31, 2020, and the consolidated and parent company's income statements, the consolidated and parent company's statements of cash flow and the consolidated and parent company's statements of changes in owners' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements are prepared in all material respects in accordance with the *Accounting Standards for Business Enterprises* and fairly present the consolidated and parent company's financial position as of December 31, 2020, and the consolidated and parent company's operating results and cash flows for the year then ended.

II. Basis for Opinion

We conducted our audit in accordance with the *Auditing Standards for Certified Public Accountants of China*. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of Luxshare Precision with the *Code of Ethics for Chinese Certified Public Accountants*, 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.

III. Critical Audit Matters

Critical audit matters are those matters that, in our professional judgment, are of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters. We determine that the following matters are critical audit matters that need to be communicated in the audit report.

Critical Audit Matters	How We Addressed the Matter in Our Audit
(I) Revenue recognition	

<p>For details of the accounting policy for and analysis on revenue recognition, please see the accounting policies described in the Item (XXVI) under the Note “III. Significant Accounting Policies and Accounting Estimates” and the Item (XXXI) under the “V. Notes to Consolidated Financial Statements” to the financial statements.</p> <p>In 2020, Luxshare Precision’s operating income was RMB92,501,259,200.00. Luxshare Precision has a large number of customers at home and abroad. Under different delivery methods, the Company recognizes revenue upon the transfer of control of a related product to a customer. If a customer is also the supplier of some raw materials, the Company recognizes the purchase of raw materials and sales of products respectively based on the transfer of inventory risks and rewards, product liability, credit risk bearers and business nature, that is, the sales revenue is recognized based on the gross amount. The revenue is one of the Company’s key performance indicators and the main source of the Company’s profits, so we identify the revenue from product sales as the critical audit matter based on the importance of the accounting policy for revenue recognition and the amount involved.</p>	<ol style="list-style-type: none"> 1. Understand, evaluate and test the design of the key internal controls of the management related to revenue recognition and the operational effectiveness of those controls; 2. Sample the product sales revenue to make test thereof according to different regions and customers; check supporting documents related to revenue recognition; 3. Implement the analytical procedures on income and gross profit and determine whether there are abnormal fluctuations in the amount of revenue for the current period; 4. Under the modes of cooperation between the Company and customers and suppliers, and evaluate the product liability share and the transfer of control; 5. Evaluate the accuracy and completeness of revenue in conjunction with the confirmation procedures for receivables & payables and inventories; and 6. Analyze the post-period recovery of accounts receivable.
(II) Provision for decline in value of inventories	
<p>Please see the accounting policies described in the Item (XXI) under the Note “III. Significant Accounting Policies and Accounting Estimates” and the Item (VII) under the Note “V. Notes to Consolidated Financial Statements” to the financial statements.</p> <p>As at December 31, 2020, Luxshare Precision’s inventories and provision for decline in value of inventories presented in its consolidated financial statements were RMB13,340,555,000.00 and RMB129,545,600.00 respectively. Inventories of the Company are stated at the lower of cost or net realisable value. For finished products, their net realisable value is determined at the estimated selling price of these inventories less the estimated costs necessary to make the sale and relevant taxes; for the inventories that need to be processed, in the ordinary production and operation process, their net realisable value is determined at the estimated selling price of finished products less the estimated costs of completion and the estimated costs</p>	<ol style="list-style-type: none"> 1. Understand, evaluate and test the design of the key internal controls of the management related to the provision for decline in value of inventories and the operational effectiveness of those controls; 2. Obtain the Company’s calculation sheet of the provision for decline in value of inventories, review the net realisable value of inventories and the provision for decline in value of inventories, and evaluate whether the judgment made by the management in determining the net realizable value of inventories is reasonable; 3. Check the quantity and conditions of inventories, focus on inspecting the long-term inventories, and analyze the adequacy of the provision for decline in value of inventories if any indication exists that such inventories may be impaired, in conjunction with roll-forward procedures; and 4. Check the current changes of the provision for decline in value of inventories made in previous years and analyze the rationality of the changes in the

necessary to make the sale and relevant taxes. The determination of the net realisable value of inventories involves the management's use of significant accounting estimates and judgments, and the provision for decline in value of inventories is of significance to the consolidated financial statements, so we identify the provision for decline in value of inventories as the critical audit matter.	provision for decline in value of inventories.
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IV. Other Information

The management of Luxshare Precision (“management”) is responsible for other information. Other information comprises the information included in the 2020 Annual Report of Luxshare Precision, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read other information and, in doing so, consider whether other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is any material misstatement of other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the *Accounting Standards for Business Enterprises*, and designing, implementing and maintaining internal control that is necessary to enable the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing Luxshare Precision'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 the management either intends to liquidate Luxshare Precision or to cease operations, or have no realistic alternative but to do so.

Those charged with governance of Luxshare Precision (hereinafter referred to as “those charged with governance”) are responsible for overseeing Luxshare Precision's financial reporting process.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 solely to you. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *China Standards on Auditing* 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 financial statements.

As part of an audit in accordance with *China Standards on Auditing*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the 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 that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose to express opinions on the effectiveness of internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(4) Conclude on the appropriateness of the management's use of the going concern basis of accounting, and meanwhile, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on Luxshare Precision's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause Luxshare Precision to cease to continue as a going concern.

(5) Evaluate the overall presentation (including disclosure), structure and content of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

(6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Luxshare Precision to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 financial statements for the current period and are therefore critical audit matters. We describe these matters in our audit report unless laws or regulations preclude public disclosure of 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.

II. Financial Statements

Statements in notes to the financial statements are dominated in RMB.

1. Consolidated balance sheet

Prepared by: Luxshare Precision Industry Co., Ltd.

December 31, 2020

In: RMB

Item	December 31, 2020	December 31, 2019
Current Assets:		
Cash and bank balances	10,528,245,765.93	6,180,466,259.01
Balances with clearing agencies		
Placements with banks and other financial institutions		
Held-for-trading financial assets	3,160,064,470.41	1,524,366,132.75
Derivative financial assets		
Notes receivable	261,208,601.50	66,873,926.97
Accounts receivable	13,839,155,340.47	13,243,625,572.22
Receivable financing		
Prepayments	183,886,937.70	212,018,611.91
Premiums receivable		
Amounts receivable under reinsurance contracts		
Reinsurer's share of insurance contract reserves		
Other receivables	407,990,780.79	338,237,923.96
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	13,211,009,381.15	7,700,857,888.16
Contract assets		
Held-for-sale assets		
Non-current assets due within one		

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year		
Other current assets	1,804,485,645.49	1,484,451,151.73
Total current assets	43,396,046,923.44	30,750,897,466.71
Non-current Assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	1,208,540,333.29	303,050,580.10
Other investments in equity instruments	138,074,571.56	193,950,220.77
Other non-current financial assets		
Investment properties	47,592,110.24	52,656,477.74
Fixed assets	19,761,012,854.95	13,707,298,535.36
Construction in progress	1,596,064,894.58	865,549,438.56
Bearer biological assets		
Oil and gas assets		
Use of right assets		
Intangible assets	1,265,161,209.65	1,047,725,845.53
Development expenditure		
Goodwill	533,139,532.25	532,697,936.32
Long-term prepaid expenses	488,087,044.97	352,042,451.40
Deferred income tax assets	355,834,434.21	139,475,190.37
Other non-current Assets	1,223,199,642.61	1,432,566,528.37
Total non-current assets	26,616,706,628.31	18,627,013,204.52
Total assets	70,012,753,551.75	49,377,910,671.23
Current liabilities:		
Short-term borrowings	7,577,068,798.49	4,166,302,223.17
Loans from the central bank		
Taking from banks and other financial institutions		
Held-for-trading financial liabilities		1,001,553.00
Derivative financial liabilities		
Notes payable	128,572,111.54	206,496,660.20

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Accounts payable	23,051,557,603.83	17,268,223,180.16
Receipts in advance		101,609,379.21
Contract liabilities	152,512,971.36	
Financial assets sold under repurchase agreements		
Customer deposits and deposits from banks and other financial institutions		
Funds from securities trading agency		
Funds from underwriting securities agency		
Employee benefits payable	1,397,632,139.23	1,423,417,352.66
Taxes payable	237,421,491.63	327,633,322.68
Other payables	146,162,097.14	352,390,271.77
Including: Interest payable		6,097,484.73
Dividends payable		
Fees and commissions payable		
Amounts payable under reinsurance contracts		
Held-for-sale liabilities		
Non-current liabilities due within one years	278,527,714.63	366,537,115.41
Other current liabilities	623,257,555.89	646,115,152.49
Total current liabilities	33,592,712,483.74	24,859,726,210.75
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	1,495,199,238.41	1,562,908,824.30
Bonds payable	2,475,423,249.98	
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions	1,360,598.63	1,317,263.45

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Deferred income	425,345,982.64	256,059,554.91
Deferred income tax liabilities	966,092,212.95	598,184,393.00
Other non-current liabilities	150,019,923.33	350,011,130.10
Total Non-current Liabilities	5,513,441,205.94	2,768,481,165.76
Total liabilities	39,106,153,689.68	27,628,207,376.51
Owner's equity:		
Share capital	6,999,768,186.00	5,349,001,738.00
Other equity instruments	527,449,226.56	
Including: Preferred shares		
Perpetual bonds		
Capital reserve	1,890,099,569.60	2,654,692,874.21
Less: Treasury shares		
Other comprehensive income	-44,717,803.06	165,602,152.74
Special reserve		
Surplus reserve	733,067,797.73	362,335,031.18
General risk reserve		
Unappropriated profit	17,996,149,257.73	11,764,987,172.39
Total owners' equity attributable to equity holders of the parent company	28,101,816,234.56	20,296,618,968.52
Minority interests	2,804,783,627.51	1,453,084,326.20
Total owners' equity	30,906,599,862.07	21,749,703,294.72
Total liabilities and owners' equity	70,012,753,551.75	49,377,910,671.23

Legal representative: WANG Laichun
department: XIAO Na

Chief financial officer: WU Tiansong

Head of accounting

2. Balance sheet of the parent company

In: RMB

Item	December 31, 2020	December 31, 2019
Current Assets:		
Cash and bank balances	1,890,655,455.45	1,261,246,519.90
Held-for-trading financial assets	2,238,600,282.87	564,979,683.89
Derivative financial assets		
Notes receivable	147,912,632.85	7,452,736.02
Accounts receivable	6,923,152,599.31	1,561,792,817.49

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Receivable financing		
Prepayments	295,993,095.73	41,033,974.02
Other receivables	554,707,729.13	524,425,779.85
Including: Interest receivable		
Dividends receivable	11,543,626.19	
Inventories	151,961,355.37	254,966,939.98
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	143,001,991.83	59,577,562.10
Total current assets	12,345,985,142.54	4,275,476,013.25
Non-current Assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	13,603,581,726.93	10,169,630,940.26
Other investments in equity instruments	704,349,663.13	190,275,176.76
Other non-current financial assets		
Investment properties		
Fixed assets	142,429,101.80	96,298,416.94
Construction in progress	5,938,197.42	2,779,186.32
Bearer biological assets		
Oil and gas assets		
Use of right assets		
Intangible assets	52,410,346.09	24,590,128.29
Development expenditure		
Goodwill	53,174,339.31	53,174,339.31
Long-term prepaid expenses	727,403.48	1,818,508.31
Deferred income tax assets	7,715,791.60	13,804,913.52
Other non-current Assets	164,700.00	6,162,851.80
Total non-current assets	14,570,491,269.76	10,558,534,461.51
Total assets	26,916,476,412.30	14,834,010,474.76
Current liabilities:		

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Short-term borrowings	1,038,298,216.05	82,450,000.00
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	918,494,979.38	1,210,846,167.41
Accounts payable	6,005,518,269.37	1,190,614,614.64
Receipts in advance		19,692,593.36
Contract liabilities	28,872,712.52	
Employee benefits payable	10,262,304.62	46,817,340.23
Taxes payable	21,244,602.02	15,259,960.69
Other payables	1,565,708.61	509,173,095.52
Including: Interest payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one years	20,029,777.78	
Other current liabilities	512,468,730.41	500,000,000.00
Total current liabilities	8,556,755,300.76	3,574,853,771.85
Non-current liabilities:		
Long-term borrowings	180,268,000.00	
Bonds payable	2,475,423,249.98	
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	8,397,770.66	10,941,542.77
Deferred tax liabilities	19,714,831.53	22,367,576.60
Other non-current liabilities		
Total Non-current Liabilities	2,683,803,852.17	33,309,119.37
Total liabilities	11,240,559,152.93	3,608,162,891.22
Owner's equity:		
Share capital	6,999,768,186.00	5,349,001,738.00

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Other equity instruments	527,449,226.56	
Including: Preferred shares		
Perpetual bonds		
Capital reserve	2,303,197,437.38	3,070,397,725.31
Less: Treasury shares		
Other comprehensive income	80,735,015.01	125,608,900.24
Special reserve		
Surplus reserve	733,067,797.73	362,335,031.18
Unappropriated profit	5,031,699,596.69	2,318,504,188.81
Total owners' equity	15,675,917,259.37	11,225,847,583.54
Total liabilities and owners' Equity	26,916,476,412.30	14,834,010,474.76

3. Consolidated income statement

In: RMB

Item	2020	2019
I. Total operating income	92,501,259,211.54	62,516,314,588.42
Including: Operating income	92,501,259,211.54	62,516,314,588.42
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating costs	85,611,417,151.82	57,100,176,904.83
Including: Operating costs	75,770,007,049.58	50,067,829,953.96
Interest expenses		
Fee and commission expenses		
Surrenders		
Claims and policyholder benefits (net of amounts recoverable from reinsurers)		
Changes in insurance contract reserves (net of reinsurers' share)		
Insurance policyholder dividends		
Expenses for reinsurance accepted		

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Taxes and levies	250,775,738.81	303,192,959.52
Selling expenses	477,047,875.58	498,274,838.05
General expenses	2,463,953,208.63	1,524,835,061.38
R&D expenses	5,744,805,136.33	4,375,970,646.47
Financial expenses	904,828,142.89	330,073,445.45
Including: Interest expenses	394,589,818.16	364,595,633.11
Interest income	144,116,091.77	100,065,571.29
Add: Other income	450,748,795.89	232,311,428.35
Investment income (Loss is indicated by “-”)	648,357,066.36	172,816,640.61
Including: Income from investments in associates and joint ventures	24,799,841.42	-36,548,318.18
Income from derecognition of financial assets measured at amortized cost		
Foreign exchange gains (Loss is indicated by “-”)		
Net exposure hedging income (Loss is indicated by “-”)		
Income from changes in fair value (Loss is indicated by “-”)	329,044,852.43	801,205.01
Impairment losses of credit (Loss is indicated by “-”)	-8,590,000.67	-6,452,972.96
Impairment losses of assets (Loss is indicated by “-”)	-139,288,911.05	-80,643,093.84
Income from disposal of assets (Loss is indicated by “-”)	-2,309,694.02	9,716,496.38
III. Operating profit (Loss is indicated by “-”)	8,167,804,168.66	5,744,687,387.14
Add: Non-operating income	21,932,288.24	18,115,772.58
Less: Non-operating expenses	53,956,792.78	127,624,357.87
IV. Total profit (Total losses are indicated by “-”)	8,135,779,664.12	5,635,178,801.85
Less: Income tax expenses	644,764,928.70	707,753,874.65
V. Net profit (Net loss is indicated by “-”)	7,491,014,735.42	4,927,424,927.20

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(I) Categorized by the nature of continuing operation		
1. Net profit from continuing operations (Net loss is indicated by “-”)	7,491,014,735.42	4,927,424,927.20
2. Net profit from discontinued operations (Net loss is indicated by “-”)		
(II) Categorized by ownership		
1. Net profit attributable to shareholders of the parent company	7,225,462,752.58	4,713,820,644.90
2. Non-controlling interests	265,551,982.84	213,604,282.30
VI. Other comprehensive income, net of tax	-214,366,575.46	20,334,650.77
Other comprehensive income attributable to owners of the parent company, net of tax	-210,319,955.80	4,510,959.61
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss	-44,824,020.81	21,551,080.01
1. Changes from re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		
3. Changes in fair value of other investments in equity instruments	-44,824,020.81	21,551,080.01
4. Changes in fair value of enterprises' own credit risks		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss	-165,495,934.99	-17,040,120.40
1. Other comprehensive income that will be reclassified to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amounts of financial assets reclassified into other comprehensive income		
4. Provision for credit		

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impairment of other debt investments		
5. Reserve for cash flow hedges		
6. Translation differences of financial statements denominated in foreign currencies	-165,495,934.99	-17,040,120.40
7. Others		
Other comprehensive income attributable to minority interests, net of tax	-4,046,619.66	15,823,691.16
VII. Total comprehensive income	7,276,648,159.96	4,947,759,577.97
Total comprehensive income attributable to owners of the parent company	7,015,142,796.78	4,718,331,604.51
Total comprehensive income attributable to minority interests	261,505,363.18	229,427,973.46
VIII. Earnings per share:		
(I) Basic earnings per share	1.03	0.68
(II) Diluted earnings per share	1.01	0.67

For any business combination involving enterprises under common control for the current period, the net profits of the absorbed party prior to the combination are RMB in the current period, and were RMB in prior period.

Legal representative: WANG Laichun
department: XIAO Na

Chief financial officer: WU Tiansong

Head of accounting

4. Income statement of the parent company

In: RMB

Item	2020	2019
I. Total operating income	11,565,103,529.27	4,373,597,656.26
Less: Operating costs	10,781,197,082.67	3,954,659,940.48
Taxes and levies	18,261,507.97	9,675,842.17
Selling expenses	35,063,571.34	56,805,073.90
General expenses	56,228,389.80	159,777,425.20
R&D expenses	378,120,159.26	151,259,405.54
Financial expenses	96,281,059.07	19,712,919.87
Including: Interest expenses	75,305,134.45	14,615,914.41

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Interest income	16,540,879.08	1,915,078.95
Add: Other income	79,872,863.79	24,792,367.07
Investment income (Loss is indicated by “-”)	3,409,929,279.99	690,975,860.47
Including: Income from investments in associates and joint ventures	452,498.12	-59,092,453.94
Income from derecognition of financial assets measured at amortized cost (Loss is indicated by “-”)		
Net exposure hedging income (Loss is indicated by “-”)		
Income from changes in fair value (Loss is indicated by “-”)	35,468,629.87	504,180.50
Impairment losses of credit (Loss is indicated by “-”)	-1,815,106.23	-1,614,173.72
Impairment losses of assets (Loss is indicated by “-”)	146,637.49	-1,839,050.41
Income from disposal of assets (Loss is indicated by “-”)	93,414.42	44,093.10
II. Operating profit (Loss is indicated by “-”)	3,723,647,478.49	734,570,326.11
Add: Non-operating income	36,922.70	67,107.37
Less: Non-operating expenses	2,523,203.41	9,934,373.14
III. Total profit (Total losses are indicated by “-”)	3,721,161,197.78	724,703,060.34
Less: Income tax expenses	13,833,532.26	-9,759,786.32
IV. Net profit (Net loss is indicated by “-”)	3,707,327,665.52	734,462,846.66
(I) Net profit from continuing operation (Net loss is indicated by “-”)	3,707,327,665.52	734,462,846.66
(II) Net profit from discontinued operations (Net loss is indicated by “-”)		
V. Other comprehensive income, net of tax	-44,873,885.23	21,137,812.87
(I) Other comprehensive income that cannot be subsequently reclassified	-44,873,885.23	21,137,812.87

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to profit or loss		
1. Changes from re-measurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		
3. Changes in fair value of other investments in equity instruments	-44,873,885.23	21,137,812.87
4. Changes in fair value of enterprises' own credit risks		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income that will be reclassified to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amounts of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Reserve for cash flow hedges		
6. Translation differences of financial statements denominated in foreign currencies		
7. Others		
VI. Total comprehensive income	3,662,453,780.29	755,600,659.53
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated statements of cash flows

In: RMB

Item	2020	2019
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I. Cash Flows from Operating Activities:		
Cash receipts from the sales of goods and the rendering of services;	97,065,870,437.67	58,859,762,272.15
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in loans from the central bank		
Net increase in taking from other financial institutions		
Cash payments for claims and policyholders' benefits under direct insurance contracts		
Net cash receipts from reinsurance business		
Net cash receipts from policyholders' deposits and investment contract liabilities		
Cash receipts from interest, fees and commissions		
Net increase in taking from banks and other financial institutions		
Net increase in financial assets sold under repurchase arrangements		
Net cash received from securities trading agency		
Receipts of tax refunds	3,100,093,905.89	2,611,921,580.42
Other cash receipts relating to operating activities	1,178,580,038.87	728,201,545.63
Sub-total of cash inflows from operating activities	101,344,544,382.43	62,199,885,398.20
Cash payments for goods purchased and services received	78,908,490,079.24	42,488,386,509.36
Net increase in loans and advances to customers		
Net increase in balance with the central bank and due from banks and other financial institution		

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Cash payments for claims and policyholders' benefits under direct insurance contracts		
Net increase in placements with banks and other financial institutions		
Cash payments for interest, fees and commissions		
Cash payments for insurance policyholder dividends		
Cash payments to and on behalf of employees	11,976,189,826.48	8,201,521,329.49
Payments of various types of taxes	1,462,211,616.65	1,294,566,177.19
Other cash payments relating to operating activities	2,124,441,374.01	2,749,423,207.83
Sub-total of cash outflows from operating activities	94,471,332,896.38	54,733,897,223.87
Net cash flow from operating activities	6,873,211,486.05	7,465,988,174.33
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	55,479,505,473.33	80,206,416,647.61
Cash receipts from investment income	487,104,548.83	88,715,608.23
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	105,209,975.47	140,428,894.26
Net cash receipts from disposals of subsidiaries and other business entities	62,681,623.24	7,239,362.24
Other cash receipts relating to investing activities		
Sub-total of cash inflows from investing activities	56,134,501,620.87	80,442,800,512.34
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	7,502,140,356.20	6,362,579,306.81
Cash payments to acquire investments	57,696,197,909.00	80,341,719,000.94
Net increase in pledged loans receivables		

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Net cash payments for acquisitions of subsidiaries and other business units;	83,897,533.75	36,117,688.79
Other cash payments relating to investing activities.		
Sub-total of cash outflows from investing activities	65,282,235,798.95	86,740,415,996.54
Net cash flow from investing activities	-9,147,734,178.08	-6,297,615,484.20
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions	1,610,278,326.76	
Including: Cash receipts from capital contributions from minority owners of subsidiaries	1,091,126,000.00	
Cash receipts from borrowings	25,747,304,566.98	22,031,435,875.30
Other cash receipts relating to financing activities	4,485,600,000.00	500,000,000.00
Sub-total of cash inflows from financing activities	31,843,182,893.74	22,531,435,875.30
Cash repayments of borrowings	23,976,420,698.67	20,910,702,273.13
Cash payments for distribution of dividends or profits or settlement of interest expenses	1,065,757,282.54	536,308,613.00
Including: Payments for distribution of dividends or profits to minority owners of subsidiaries	12,150,000.00	
Other cash payments relating to financing activities	14,511,270.50	12,066,213.47
Sub-total of cash outflows from financing activities	25,056,689,251.71	21,459,077,099.60
Net cash flow from financing activities	6,786,493,642.03	1,072,358,775.70
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	-194,506,422.92	97,088,350.10
V. Net Increase in Cash and Cash Equivalents	4,317,464,527.08	2,337,819,815.93
Add: Opening balance of cash and cash equivalents	6,147,339,924.26	3,809,520,108.33
VI. Closing Balance of Cash and Cash	10,464,804,451.34	6,147,339,924.26

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Equivalents		
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6. Statement of cash flows of the parent company

In: RMB

Item	2020	2019
I. Cash Flows from Operating Activities:		
Cash receipts from the sales of goods and the rendering of services;	7,317,370,785.47	4,494,254,381.92
Receipts of tax refunds	138,658,293.85	138,903,885.43
Other cash receipts relating to operating activities	1,643,814,995.33	559,380,122.12
Sub-total of cash inflows from operating activities	9,099,844,074.65	5,192,538,389.47
Cash payments for goods purchased and services received	8,120,664,222.33	3,397,695,203.62
Cash payments to and on behalf of employees	135,105,794.86	111,095,822.27
Payments of various types of taxes	105,195,119.59	87,707,937.86
Other cash payments relating to operating activities	1,963,131,078.26	434,734,580.72
Sub-total of cash outflows from operating activities	10,324,096,215.04	4,031,233,544.47
Net cash flow from operating activities	-1,224,252,140.39	1,161,304,845.00
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	13,929,048,580.41	12,486,000,000.00
Cash receipts from investment income	3,416,407,362.80	843,790,277.09
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	27,330,856.05	8,172,506.42
Net cash receipts from disposals of subsidiaries and other business entities	63,942,000.00	7,239,163.89
Other cash receipts relating to investing activities		

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Sub-total of cash inflows from investing activities	17,436,728,799.26	13,345,201,947.40
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	125,735,695.16	41,821,786.87
Cash payments to acquire investments	19,459,676,016.32	13,325,246,977.28
Net cash payments for acquisitions of subsidiaries and other business units;		
Other cash payments relating to investing activities.		
Sub-total of cash outflows from investing activities	19,585,411,711.48	13,367,068,764.15
Net cash flow from investing activities	-2,148,682,912.22	-21,866,816.75
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions	527,162,579.34	
Cash receipts from borrowings	1,543,324,080.00	96,229,200.00
Other cash receipts relating to financing activities	4,485,600,000.00	500,000,000.00
Sub-total of cash inflows from financing activities	6,556,086,659.34	596,229,200.00
Cash repayments of borrowings	1,882,450,000.00	523,510,176.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	662,016,221.81	219,909,951.40
Other cash payments relating to financing activities	11,364,675.69	10,279,415.46
Sub-total of cash outflows from financing activities	2,555,830,897.50	753,699,542.86
Net cash flow from financing activities	4,000,255,761.84	-157,470,342.86
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	-7,911,773.68	4,522,010.88
V. Net Increase in Cash and Cash Equivalents	619,408,935.55	986,489,696.27
Add: Opening balance of cash and cash equivalents	1,261,246,519.90	274,756,823.63

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VI. Closing Balance of Cash and Cash Equivalents	1,880,655,455.45	1,261,246,519.90
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7. Consolidated statement of changes in owners' equity

Amounts in the current period

In: RMB

Item	2020													Total owners' equity	
	Equity attributable to owners of the parent company												Minority interests		
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Unappropriated profit	Others			Sub-total
	Preferred shares	Perpetual bonds	Others												
I. Closing balance of the preceding year	5,349,001,738.00				2,654,692,874.21		165,602,152.74		362,335,031.18		11,764,987.172.39		20,296,618.968.52	1,453,084.326.20	21,749,703.294.72
Add: Changes in accounting policies															
Corrections of prior period errors															
Business combination involving enterprises under common control															
Others															
II. Opening balance of the current year	5,349,001,738.00				2,654,692,874.21		165,602,152.74		362,335,031.18		11,764,987.172.39		20,296,618.968.52	1,453,084.326.20	21,749,703.294.72
III. Changes for the year	1,650,766.			527,449.22	-764,593,304		-210,319,955		370,732,766.		6,231,162.08		7,805,197.26	1,351,699.30	9,156,896.56

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(Decrease is indicated by “-”)	448.00			6.56	.61		.80		55		5.34		6.04	1.31	7.35
(I) Total comprehensive income							-187,749,263.28				7,225,462,752.58		7,037,713,489.30	265,551,982.84	7,303,265,472.14
(II) Owners' contributions and reduction in capital	39,223,321.00			527,449,226.56	846,949,822.39								1,413,622,369.95	1,099,647,318.47	2,513,269,688.42
1. Ordinary shares contributed by owners	39,223,321.00				487,939,258.34								527,162,579.34	1,091,126,000.00	1,618,288,579.34
2. Capital contribution from holders of other equity instruments				527,449,226.56									527,449,226.56		527,449,226.56
3. Share-based payment recognized in owners' equity					347,403,580.73								347,403,580.73	4,517,074.25	351,920,654.98
4. Others					11,606,983.32								11,606,983.32	4,004,244.22	15,611,227.54
(III) Profit distribution									370,732,766.55		-1,015,517,118.21		-644,784,351.66	-13,500,000.00	-658,284,351.66
1. Transfer to surplus reserve									370,732,766.55		-370,732,766.55				
2. Transfer to general risk reserve															
3. Distributions to owners (or shareholders)											-644,615,942.06		-644,615,942.06	-13,500,000.00	-658,115,942.06
4. Others											-168,409.60		-168,409.60		-168,409.60
(IV) Transfers	1,611				-1,611						21,216		-1,354		-1,354

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within owners' equity	,543,127.00				543,127.00		0,692.52				,450.97		241.55		241.55
1. Capitalization of capital reserve	1,611,543,127.00				-1,611,543,127.00										
2. Capitalization of surplus reserve															
3. Loss offset by surplus reserve															
4. Retained earnings carried forward from changes in defined benefit plans															
5. Retained earnings carried forward from other comprehensive income							-22,570,692.52				21,216,450.97		-1,354,241.55		-1,354,241.55
6. Others															
(V) Special reserve															
1. Transfer to special reserve in the current period															
2. Amount utilized in the current period															
(VI) Others															
VI. Closing balance of the current period	6,999,768,186.00			527,449,226.56	1,890,099,569.60		-44,717,803.06		733,067,797.73		17,996,149,257.73		28,101,816,234.56	2,804,783,627.51	30,906,599,862.07

Amount for prior period

In: RMB

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Item	2019														
	Equity attributable to owners of the parent company												Minority interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Unappropriated profit	Others			Sub-total
		Preferred shares	Perpetual bonds	Others											
I. Closing balance of the preceding year	4,114,616,722.00				3,595,441,323.19		163,263,253.88		288,526,845.75		7,336,096,836.36		15,497,944,981.18	1,176,891,982.34	16,674,836,963.52
Add: Changes in accounting policies							-2,172,060.75		361,900.76		-5,571,942.46		-7,382,102.45	-171,957.25	-7,554,059.70
Corrections of prior period errors															
Business combination involving enterprises under common control															
Others															
II. Opening balance of the current year	4,114,616,722.00				3,595,441,323.19		161,091,193.13		288,888,746.51		7,330,524,893.90		15,490,562,878.73	1,176,720,025.09	16,667,282,903.82
III. Changes for the year (decrease is indicated by "-")	1,234,385,016.00				-940,748,448.98		4,510,959.61		73,446,284.67		4,434,462,278.49		4,806,056,089.79	276,364,301.11	5,082,420,390.90
(I) Total comprehensive income							4,510,959.61				4,713,820,644.90		4,718,331,604.51	229,427,973.46	4,947,759,577.97

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(II) Owners' contributions and reduction in capital					293,636,567.02							293,636,567.02	46,936,327.65	340,572,894.67
1. Ordinary shares contributed by owners														
2. Capital contribution from holders of other equity instruments														
3. Share-based payment recognized in owners' equity					298,563,259.38							298,563,259.38	9,815,848.19	308,379,107.57
4. Others					-4,926,692.36							-4,926,692.36	37,120,479.46	32,193,787.10
(III) Profit distribution								73,446,284.67		-279,358,366.41		-205,912,081.74		-205,912,081.74
1. Transfer to surplus reserve								73,446,284.67		-73,446,284.67				
2. Transfer to general risk reserve														
3. Distributions to owners (or shareholders)										-205,730,836.10		-205,730,836.10		-205,730,836.10
4. Others										-181,245.64		-181,245.64		-181,245.64
(IV) Transfers within owners' equity	1,234,385,016.00				-1,234,385,016.00									
1. Capitalization of capital reserve	1,234,385,016.00				-1,234,385,016.00									

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2. Capitalization of surplus reserve														
3. Loss offset by surplus reserve														
4. Retained earnings carried forward from changes in defined benefit plans														
5. Retained earnings carried forward from other comprehensive income														
6. Others														
(V) Special reserve														
1. Transfer to special reserve in the current period														
2. Amount utilized in the current period														
(VI) Others														
IV. Closing balance of the current period	5,349,001,738.00			2,654,692,874.21		165,602,152.74		362,335,031.18		11,764,987,172.39		20,296,618,968.52	1,453,084,326.20	21,749,703,294.72

8. Statement of changes in owners' equity of the parent company

Amounts in the current period

In: RMB

Item	2020									
	Share	Other equity	Capital	Less:	Other	Special	Surplus	Unappr	Others	Total

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	capital	instruments			reserve	Treasury shares	comprehensive income	reserve	reserve	appropriate profit	owners' equity
		Preferr ed shares	Perpet ual bonds	Others							
I. Closing balance of the preceding year	5,349,001,738.00				3,070,397,725.31		125,608,900.24		362,335,031.18	2,318,504,188.81	11,225,847,583.54
Add: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Opening balance of the current year	5,349,001,738.00				3,070,397,725.31		125,608,900.24		362,335,031.18	2,318,504,188.81	11,225,847,583.54
III. Changes for the year (Decrease is indicated by “-”)	1,650,766,448.00			527,449,226.56	-767,200,287.93		-44,873,885.23		370,732,766.55	2,713,195,407.88	4,450,069,675.83
(I) Total comprehensive income							-22,303,192.71			3,707,327,665.52	3,685,024,472.81
(II) Owners' contributions and reduction in capital	39,223,321.00			527,449,226.56	844,342,839.07						1,411,015,386.63
1. Ordinary shares contributed by owners	39,223,321.00				487,939,258.34						527,162,579.34
2. Capital contribution from holders of other equity instruments				527,449,226.56							527,449,226.56
3. Share-based payment					347,403,580.73						347,403,580.73

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recognized in owners' equity												
4. Others					9,000,000.00							9,000,000.00
(III) Profit distribution									370,732,766.55	-1,015,348,708.61		-644,615,942.06
1. Transfer to surplus reserve									370,732,766.55	-370,732,766.55		
2. Distributions to owners (or shareholders)										-644,615,942.06		-644,615,942.06
3. Others												
(IV) Transfers within owners' equity	1,611,543,127.00				-1,611,543,127.00		-22,570,692.52			21,216,450.97		-1,354,241.55
1. Capitalization of capital reserve	1,611,543,127.00				-1,611,543,127.00							
2. Capitalization of surplus reserve												
3. Loss offset by surplus reserve												
4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive income							-22,570,692.52			21,216,450.97		-1,354,241.55
6. Others												
(V) Special reserve												

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1. Transfer to special reserve in the current period												
2. Amount utilized in the current period												
(VI) Others												
VI. Closing balance of the current period	6,999,768,186.00			527,449,226.56	2,303,197,437.38		80,735,015.01		733,067,797.73	5,031,699,596.69		15,675,917,259.37

Amount for prior period

In: RMB

Item	2019											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Closing balance of the preceding year	4,114,616,722.00				4,006,219,481.93		106,904,925.00		288,526,845.75	1,859,961,356.05		10,376,229,330.73
Add: Changes in accounting policies							-2,433,837.63		361,900.76	3,257,106.87		1,185,170.00
Corrections of prior period errors												
Others												
II. Opening balance of the current year	4,114,616,722.00				4,006,219,481.93		104,471,087.37		288,888,746.51	1,863,218,462.92		10,377,414,500.73
III. Changes for the year (decrease is indicated by "-")	1,234,385,016.00				-935,821,756.62		21,137,812.87		73,446,284.67	455,285,725.89		848,433,082.81

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(I) Total comprehensive income							21,137,812.87			734,462,846.66		755,600,659.53
(II) Owners' contributions and reduction in capital					298,563,259.38							298,563,259.38
1. Ordinary shares contributed by owners												
2. Capital contribution from holders of other equity instruments												
3. Share-based payment recognized in owners' equity					298,563,259.38							298,563,259.38
4. Others												
(III) Profit distribution									73,446,284.67	-279,177,120.77		-205,730,836.10
1. Transfer to surplus reserve									73,446,284.67	-73,446,284.67		
2. Distributions to owners (or shareholders)										-205,730,836.10		-205,730,836.10
3. Others												
(IV) Transfers within owners' equity	1,234,385.01				-1,234,385.01							
1. Capitalization of capital reserve	1,234,385.01				-1,234,385.01							
2. Capitalization of surplus reserve												

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3. Loss offset by surplus reserve												
4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive income												
6. Others												
(V) Special reserve												
1. Transfer to special reserve in the current period												
2. Amount utilized in the current period												
(VI) Others												
IV. Closing balance of the current period	5,349,001,738.00				3,070,397,725.31		125,608,900.24		362,335,031.18	2,318,504,188.81		11,225,847,583.54

III. Basic Information

Luxshare Precision Industry Co., Ltd. (“Company” or “the Company”) is a company limited by shares established by Shenzhen Zixin Investment Co., Ltd. (“Zixin Investment”) and Luxshare Limited as founders after being approved by Shenzhen People’s Government and Shenzhen Bureau of Trade and Industry in February 2009. Company’s Uniform Social Credit Code: 91440300760482233Q. The Company was listed on Shenzhen Stock Exchange in September 2010. The Company pertains to the communication equipment industry.

As of December 31, 2020, the Company issued 6,999,768,186 shares in total, with its registered capital amounting to RMB 6,999,768,186 and its registered office located at: 2/F, Block A, Sanyo New Industrial Zone, West Haoyi Community, Shajing Street, Baoan District, Shenzhen,

China. Its place of business was changed in August 2020, and the place before change is No.17 Kuiqing Road, Qinghuang Village, Qinghuang Industrial Zone, Qingxi Town, Dongguan City, Guangdong, China, and the place after change is No.313 North Ring Road, Qingxi Town, Dongguan City, Guangdong, China. The main business activities of the Company include: production and operation of connecting wires, connectors, computer peripherals, plastic hardware products. The Company's parent company is Luxshare Limited, and its de factor controllers are WANG Laichun and WANG Laisheng.

These financial statements were approved by the Company's board of directors on April 20, 2021 for issuance.

The relevant information of subsidiaries of the Company is seen in the Note "VII. Interests in Other Entities".

The changes in scope of consolidation for this reporting period is seen in the Note "VI. Changes in Scope of Consolidation"

IV. Basis of Preparation of Financial Statements

1. Basis of preparation

The Company have prepared its financial statements in accordance with the requirements of the *Accounting Standards for Business Enterprises—Basic Standard* promulgated by the Ministry of Finance of the PRC, specific accounting standards, guidelines for application of accounting standards for enterprises, interpretation of accounting standards for enterprises and other relevant regulations successively promulgated (collectively, "*Accounting Standards for Business Enterprises*") and the *Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15—General Provisions on Financial Reports* issued by China Securities Regulatory Commission.

2. Going concern

The Company prepares its financial statements on a going concern basis. The Company has the ability to continue as a going concern within 12 months from the end of the reporting period, and detected no major events that may affect such ability.

V. Important Accounting Policies and Accounting Estimates

Reminders on specific accounting policies and accounting estimates:

The details are seen in the following statements:

1. Statement of compliance with the *Accounting Standards for Business Enterprises*

These financial statements comply with the requirements of the *Accounting Standards for Business Enterprises* promulgated by the Ministry of Finance of the PRC, and truly and

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completely reflect the consolidated and parent company's financial position of the Company as of December 31, 2020, and the consolidated and parent company's operating results and cash flows for the year then ended.

2. Accounting period

The Company's accounting year is from January 1 to December 31 of each calendar year.

3. Operating cycle

The Company's operating cycle is 12 months.

4. Functional currency

The Company uses RMB as its functional currency. The subsidiaries of the Company determine its functional currency based on the primary economic environment in which such subsidiaries operate. These financial statements are presented in RMB.

5. Accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combination involving enterprises under common control: The assets and liabilities acquired by the absorbing party in a business combination (including goodwill formed through the acquisition by the ultimate controller of the absorbed party) are measured according to the carrying amount of the assets and liabilities of the absorbed party in the financial statements of ultimate controller on the combination date. The difference between the carrying amount of the net assets obtained in a business combination and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) is adjusted to the equity premium in the capital reserve. If the equity premium in the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combination not involving enterprises under common control: The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree. Where the cost of a business combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill; where the cost of a business combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss for the current period. The acquiree's identifiable assets, liabilities and contingent liabilities that are acquired in the combination meet the recognition criteria are measured at the fair value on the date of acquisition.

The costs incurred directly attributable to the business combination are recognized in profit or loss for the current period when incurred; the transaction costs for issue of equity securities or debt securities are recognized in the amount initially recognized of equity securities or debt securities.

6. Method of preparation of consolidated financial statements

1. Scope of consolidation

The scope of consolidated financial statements is determined on the basis of control, and includes those of the Company and all of its subsidiaries. “Control” means the power of the Company over the investee, through which the Company will enjoy variable returns by participating in the relevant activities and has the ability to use the power over the investee to affect the Company’s return amount.

2. Consolidation procedures

The Company regards the entire enterprise group as an accounting entity and prepares the consolidated financial statements according to the uniformed accounting policies, reflecting the overall financial status, operating results and cash flows of this enterprise group. The effects of other intragroup transactions (between the Company and its subsidiaries or between subsidiaries) are eliminated. Where the intragroup transactions show that relevant assets have suffered impairment losses, those losses are recognized fully. Where the accounting policies and periods adopted by all subsidiaries are not in line with those of the Company, the necessary adjustments are made to the financial statements of these subsidiaries based on the accounting policies and periods of the Company when preparing the consolidated financial statements.

That portion of owner’s equities, net profits or losses and comprehensive income of subsidiaries for the period attributable to minority interests are separately presented in the consolidated balance sheet below the “owner’s equity” line item, in the consolidated income statement below the “net profit” and “total comprehensive income” as “minority interests”. When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders’ share of the opening balance of owner’s equity of the subsidiary, the excess is allocated against minority interests.

(1) Increase in subsidies or business

Where a subsidiary or business is acquired during the reporting period through a business combination involving enterprises under common control, operating results and cash flows of this subsidiary or business from the beginning of the period in which the combination takes place to the end of the reporting period are included in the consolidated financial statements. Meanwhile, the adjustments are made to the opening balances of the consolidated financial statements and the relevant items of the comparative statement, and the combined reporting entity is deemed to have existed since the time when the ultimate controller begins to exercise control.

Where the Company becomes capable to exercise control over an investee under the

common control due to additional investment or other reasons, for equity investments held before acquiring control of the absorbed party, the relevant gains or losses, other comprehensive income and other changes in net assets recognized during the period from the earlier of the date of acquisition of original equity or the date when the absorbing party and the absorbed party are under the common control until the combination date are respectively offset against opening balances of retained earnings during the comparative reporting period or profit or loss for the current period.

Where a subsidiary or business is acquired during the reporting period through a business combination not involving enterprises under common control, it is included in the consolidated financial statements from the date of acquisition based on the fair value of identifiable net assets, liabilities and contingent liabilities determined on the date of acquisition.

Where the Company becomes capable to exercise control over an investee not under common control due to additional investment or other reasons, for the acquiree's equity held prior to the date of acquisition, the Company remeasures the fair value of the equity on the date of acquisition, and the difference between the fair value of the equity and its carrying amount is recognized in profit or loss for the current period. Where the acquiree's equity held prior to the date of acquisition involves other comprehensive income that can be reclassified to profit or loss and changes in other owners' equity under equity method, such other comprehensive income and changes are transferred to the income of the period in which the date of acquisition falls.

(2) Disposal of subsidiaries

① General disposal

When the Company loses control over the investee due to disposal of partial equity investments or other reasons, for the remaining equity investments after disposal, the Company remeasures the remaining equity investments after disposal at the fair value on the date when the Company loses its control. The difference between the sum of the consideration from disposal of equity and the fair value of remaining equity less the sum of an original subsidiary's share of net assets and goodwill continuously calculated from the date of acquisition or combination according to original shareholding ratio is recognized as the investment return for the period in which the control is lost. Other comprehensive income relating to the original subsidiary's equity investments that will be reclassified to profit or loss and changes in other owners' equity under the equity method is transferred into the investment income for the current period when the control is lost.

② Disposal of subsidiaries by steps

Where the subsidiary's equity investments are disposed by steps through multiple transactions until the control is lost, and the terms and conditions of all transactions on

disposal of the subsidiary's equity investments and the economic impact thereof fall within one or more of the following circumstances, then it usually indicates that multiple transaction events belong a single package:

- i. these transactions are concluded simultaneously or after the influence on each other is considered;
- ii. these transactions as a whole can achieve a complete commercial result;
- iii. the occurrence of one transaction depends on that of at least one other transaction;
- iv. a transaction is not economical alone, but economical when considered together with other transactions.

Where all transactions belong to a single package, the Company accounts for such transactions as one transaction to dispose of and lose its control over the subsidiary; however, the difference between the proceeds from each disposal before loss of control and the share owned by the Company in the net assets of the subsidiary in relation to the investment disposed of is recognized in other comprehensive income in the consolidated financial statements, which is wholly transferred to the profit or loss in the period in which the control is lost.

Where all transactions do not belong to a single package, prior to the loss of control, the Company accounts for such transactions as partial disposal of a subsidiary's equity investments in the event that the control is not lost; and when the control is lost, the Company accounts for such transactions in accordance with the general methods of disposal of subsidiaries.

(3) Acquisition of a subsidiary's minority equity

The difference between the long-term equity investments newly obtained by the Company due to acquisition of minority equity and its share of the subsidiary's net assets continuously calculated from the date of acquisition or combination according to new shareholding ratio is adjusted against the capital reserve (capital premium) in the consolidated balance sheet. If the equity premium in the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

(4) Partial disposal of the subsidiary's long-term equity investments in the event that the control is not lost

The difference between the proceeds from disposal and the share owned by the Company in the net assets of the subsidiary in relation to the long-term equity investment disposed of that is calculated continuously from the date of acquisition or combination is adjusted against the capital reserve (capital premium). In case the capital premium is not sufficient

to absorb the difference, the remaining balance is adjusted against the retained earnings.

7. Classification of joint arrangements and accounting treatment of joint operations

Joint arrangements are classified into joint operations and joint ventures.

Where a party to a joint arrangement enjoys relevant assets and assumes relevant liabilities of such an arrangement, this case belongs to a joint operation.

The Company recognizes the following items relating to its interest in the joint operation:

- (1) the assets held individually by the Company, and the Company's share of the assets held jointly;
- (2) the liabilities incurred individually by the Company, and the Company's share of the liabilities incurred jointly;
- (3) the Company's revenue from the sales of its share of output of the joint operation;
- (4) the Company's share of revenue from the sales of assets by the joint operation; and
- (5) the expenses incurred individually by the Company, and the Company's share of the expenses incurred jointly by the joint operation.

The Company accounts for investments in joint ventures using the equity method and the details are seen in Note "III. (XIV) Long-term Equity Investments"

8. Recognition of cash and cash equivalents

Cash comprises cash on hand and deposits of the Company that can be readily withdrawn on demand. Cash equivalents comprise short-term, highly liquid investments held by the Company that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Foreign currency transactions and translation of foreign currency financial statements

1. Foreign currency transactions

The foreign currency transactions are recorded by translating the amount of a foreign currency into RMB at the spot exchange rate prevailing on the 1st of each month.

The balances of foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. Exchange differences arising therefrom are recognized in profit or loss for the current period, except for exchange differences generated by specific-purpose borrowings in a foreign currency related to acquisition of qualifying assets, which should be accounted for according to the capitalization principles of borrowing costs.

2. Translation of financial statements denominated in foreign currencies

Assets and liabilities in the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date. An item of owners' equity except for "unappropriated profit" are translated at the spot exchange rates at the dates on which such items arose.

Income and expenses in the income statement are translated at the spot exchange rates or similar rates at the dates of the transactions.

When the Company disposes of a foreign operation, it transfers the translation differences relating to translation of the financial statements of that foreign operation from the owner's entity to profit or loss for the current period.

10. Financial instruments

When the Company becomes a party to a financial instrument contract, a financial asset, liability or equity instrument is recognized.

1. Classification of financial instruments

Based on the Company's business model for managing financial assets and the cash flow characteristics of financial assets, the financial assets are classified into on initial recognition: financial assets measured at its amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss.

The Company classifies financial assets that meet the following criteria at the same time and are not designated as at fair value through profit or loss as the financial assets measured at amortized cost:

- the business model aims to collect contractual cash flows; and
- the contractual cash flows are generated only from payment of principal and interest on the outstanding principal;

The Company classifies financial assets that meet the following criteria at the same time and are not designated as at fair value through profit or loss as the financial assets (debt instruments) at fair value through other comprehensive income:

- the business model aims to collect contractual cash flows and sell such financial assets; and
- the contractual cash flows are generated only from payment of principal and interest on the outstanding principal;

The Company irrevocably designates the non-trading equity instruments as financial assets (equity instruments) at fair value through other comprehensive income on initial recognition. Such designation is made on the basis of a single investment, and the relevant investments meet the definition of an equity instrument from the issuer's perspective.

Except for the financial assets measured at amortized cost and the financial assets at fair value through other comprehensive income, the Company classifies all of other remaining financial assets as the financial assets at fair value through profit or loss. If the accounting mismatch can be eliminated or significantly reduced on initial recognition, the Company may irrevocably designate the financial assets that should have been classified as those measured at amortized cost or those at fair value through other comprehensive income as the financial assets at fair value through profit or loss.

On initial recognition, financial liabilities are classified into the following two categories:

financial liabilities at fair value through profit or loss and financial liabilities measured at amortized cost.

A financial liability may be designated as at fair value through profit or loss on initial measurement if one of the following conditions is met:

- 1) the designation eliminates or significantly reduces accounting mismatch.
- 2) a group of financial liabilities or a group of financial liabilities and financial assets is managed and its performance is evaluated on a fair value basis, and information about the group is reported on that basis to the enterprise's key management personnel according to such risk management or investment strategy set out in official written documents.
- 3) this financial liability contains embedded derivatives that need to be split separately.

2. Recognition and measurement of financial instruments

(1) Financial assets measured at amortized cost

The financial assets measured at amortized cost, including notes receivable, accounts receivable, other receivables, long-term receivables and debt investments, etc., are initially measured at fair value, and the relevant transaction costs are charged to the initially recognized amount; the accounts receivable that do not contain any significant financing component or are recognized by the Company without taking into consideration the significant financing components under the contracts with a term of less than one year are initially measured at the contractual trading price.

The interest calculated using the effective interest method during the holding period is recognized in the profit or loss for the current period.

On recovery or disposal of a financial asset, the difference between the proceeds and the carrying amount of the financial asset is recognized in profit or loss for the current period.

(2) Financial assets (debt instruments) at fair value through other comprehensive income.

Financial assets (debt instruments) at fair value through other comprehensive income, including receivable financing and other debt investments, are initially measured at fair value, and the relevant transaction costs are recognized in initially recognized amount. These financial assets are subsequently measured at fair value, changes in fair value other than the interest calculated using the effective interest method, impairment loss or gain and profit or loss on exchange are recognized in other comprehensive income.

On derecognition, the cumulative gain or loss previously included in other comprehensive income is removed out from other comprehensive income and recognized in profit or loss for the current period.

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

Financial assets (equity instruments) at fair value through other comprehensive income,

including other equity investments, are initially measured at fair value, and the relevant transaction costs are recognized in initially recognized amount. These financial assets are subsequently measured at fair value, and changes in fair value are recognized in other comprehensive income. The dividends received are recognized in profit or loss for the current period.

On derecognition, the cumulative gain or loss previously included in other comprehensive income is removed out from other comprehensive income and included in retained earnings.

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

Financial assets at fair value through profit or loss, including held-for-trading financial assets, derivative financial assets and other non-current financial assets, are initially measured at fair value, and the relevant transaction costs are included in profit or loss for the current period. These financial assets are subsequently measured at fair value, and changes in fair value are included in profit or loss for the current period.

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

Financial liabilities at fair value through profit or loss, including held-for-trading financial liabilities and derivative financial liabilities, are initially measured at fair value, and the relevant transaction costs are recognized in profit or loss for the current period. These financial liabilities are subsequently measured at fair value, and changes in fair value are recognized in profit or loss for the current period.

On derecognition, the difference between their carrying amount and the consideration paid is included in profit or loss for the current period.

(6) Financial liabilities measured at the amortized cost

The financial liabilities measured at the amortized cost, including short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable, long-term payables, are initially measured at fair value, and the relevant transaction costs are charged to the initially recognized amount.

The interest calculated using the effective interest method during the holding period is recognized in the profit or loss for the current period.

On derecognition, the difference between the consideration paid and the carrying amount of these financial liabilities is recognized in profit or loss for the current period.

3. Derecognition and transfer of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

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- the contractual right to receive cash flows from the financial assets has expired;
 - the financial asset has been transferred and all the risks and rewards of ownership of the financial asset are substantially transferred to the transferee;
 - the financial asset has been transfer, and the Company neither transferred nor retained a substantial portion of all risks and rewards incidental to the ownership of the financial asset, but did not retain control over the financial asset.

When a financial asset is transferred, if the Company retains substantially all the risks and rewards of ownership of a financial asset, it does not derecognize the financial asset.

When the Company determines whether a transfer of a financial asset satisfies the derecognizing criteria prescribed above, it gives weight to the substance rather than form.

The Company divides a transfer of a financial asset into a transfer of the financial asset in its entirety or a transfer of a part of the financial asset. For a transfer of a financial asset in its entirety that satisfies the derecognizing criteria, the difference between the following two amounts is recognized in profit or loss for the current period:

- (1) the carrying amount of the financial asset transferred; and
- (2) the sum of the consideration received from the transfer and (if the financial asset transferred is a financial asset (debt instrument) measured at fair value through other comprehensive income) any cumulative changes in fair value that was originally recognized in owners' equity.

If a part of the transferred financial asset qualifies for derecognizing, the carrying amount of the transferred financial asset in its entirety is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts. The difference between the following two amounts is recognized in profit or loss for the current period:

- (1) the carrying amount allocated to the part derecognized; and
- (2) the sum of the consideration received for the part derecognized and (if the financial asset transferred is a financial asset (debt instrument) measured at fair value through other comprehensive income) the amount of the part derecognized corresponding to the cumulative changes in fair value that was originally recognized in owner's equity.

A financial asset that does not qualify for derecognition continues to be recognized, and the consideration received is recognized as a financial liability.

4. Derecognition of financial liabilities

If the present obligations of a financial liability are discharged in part or whole, the financial liability or any part thereof is disrecognized; an agreement between the Company and the creditor to replace the existing financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the existing financial liability and the recognition of a new financial liability.

A substantial modification to the terms of an existing financial liability or a part thereof is accounted for as an extinguishment of the existing financial liability or a part thereof, and

the financial liability with modified terms is recognized as a new financial liability at the same time.

When the Company derecognizes a financial liability or a part thereof, it recognizes the difference between the carrying amount of the financial liability derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss for the current period.

If the Company repurchases a part of a financial liability, it allocates the carrying amount of the financial liability in its entirety between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount of the financial liability derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss for the period.

5. Method of determination of the fair value of financial assets and financial liabilities

If there is an active market for a financial instrument, the quoted price in the active market is used to establish the fair value of the financial instrument. If there is no active market for a financial instrument, a valuation technique is used to establish the fair value of the financial instrument. On valuation, the Company adopts the valuation technique which applies to the current circumstances and is supported by sufficient data available and other information, selects the input value consistent with the characteristics of the asset or liability considered by the market participants in the transaction of the relevant asset or liability, and prioritizes using the relevant observable input value. The unobservable input value can be used only when the relevant observable input value cannot be obtained or it's impracticable to obtain the relevant observable input value.

6. Test and accounting treatment of impairment of financial assets

The Company estimates the expected credit losses of financial assets measured at amortized cost and financial assets (debt instruments) at fair value through other comprehensive income on a single or joint basis.

The Company comprehensively considers reasonable and well-founded information about past events, current conditions, and predictions of future economic conditions as well as the possibility of default to calculate the probability-weighted amount of the present value of the difference between cash flows receivable from contracts and cash flows expected to be recovered and include it in the expected credit loss.

The Company recognizes a loss allowance equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition, or to the expected credit losses within the next 12 months if the credit risk has not increased significantly since initial recognition. The added or reversed loss reserves arising therefrom are recognized in profit or loss for the current period as impairment losses or gains.

The Company compares the possibility of default at the balance sheet date with the possibility of default upon initial recognition, to determine the relative change in the default risks of financial instrument during the expected lifetime, and assess determine whether the credit risk of the financial instruments has increased significantly since initial recognition. If a financial instrument is past due for more than 30 days, the Company usually believes that credit risk of the financial instrument has increased significantly, unless there is clear evidence that credit risk of the financial instrument has not increased significantly since initial recognition.

If a financial instrument has low credit risk on the balance sheet date, the Company believes that credit risk of the financial instrument has not increased significantly since initial recognition.

If there is objective evidence indicating that a financial asset has been impaired for its credit, the Company makes a provision for impairment of the financial asset on an individual basis.

With respect to accounts receivable and contract assets that arise from the transactions regulated under the *Accounting Standard for Business Enterprises No. 14 —Revenue* (2017), whether to include significant financing components, the Company always measures its loss reserves based on an amount equal to the expected credit loss during the entire life of accounts receivable.

For lease receivables, the Company always measures its loss reserves based on an amount equal to the expected credit loss during the entire life of these receivables.

If the Company no longer reasonably expects that the contractual cash flows of a financial asset can be recovered in whole or in part, it directly reduces the carrying amount of such financial asset.

11. Notes receivable

12. Accounts receivable

13. Receivable financing

14. Other receivables

Determination and accounting treatment of expected credit losses of other receivables

15. Inventories

1. Classification and cost of inventories

Inventories are classified into: materials in transit, raw materials, revolving materials, goods on hand, products in process, goods sold, work in process - outsourced, etc.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

2. Pricing methods of inventories transferred out

The Company delivers inventories at the price calculated using the weighted-average system monthly in arrears.

3. Determination basis of net realisable value of different types of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the cost of inventories is higher than the net realisable value, a provision for decline in value of inventories is made. Net realisable value is the estimated selling price in the ordinary course of business less costs expected to be incurred until completion and the estimated costs necessary to make the sale and relevant taxes.

For finished products, goods on hand, materials available for sales and other merchandise inventories available for sales, in the ordinary production and operation process, their realisable net value is determined at the estimated selling price of these inventories less the estimated costs necessary to make the sale and relevant taxes; for the inventories that need to be processed, in the ordinary production and operation process, their realisable net value is determined at the estimated selling price of finished products less the costs to be incurred until completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value of the quantity of inventories held to satisfy sales or service contracts is based on the contract price. If the quantity of inventories held is more than the quantity ordered in the sales contracts, the net realisable value of the excess portion of inventories is based on general selling prices.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realisable value is higher than the carrying amount of inventories, the reversal is made to the extent of the amount originally provided for the decline in value of inventories. The amount of the reversal is recognized in profit or loss for the current period.

4. Inventory systems for inventories

A perpetual inventory system is adopted.

5. Amortization of low-value consumables and packing materials

- (1) The low-value consumables are amortized using immediate write-off method.
- (2) The packing materials are amortized using immediate write-off method.

16. Contract assets

1. Recognition methods and standards of contract assets

The Company presents the contract assets or liabilities in the balance sheet based on the

relationship between performance obligations and customer payments. The Company presents the right to receive the consideration for the goods or services that have been transferred or offered to customers (that is, depending on factors other than the passage of time) as the contract assets. The Company lists the contract assets and liabilities under the same contract as net amount. The Company separately presents its owned right to unconditionally (that is, only depending on the passage of time) receive consideration from customers as the accounts receivable.

2. Determination and accounting treatment of expected credit losses of contract assets

Determination and accounting treatment of expected credit losses of contract assets are seen in the Note “(X) VI. Test and Accounting Methods of Impairment of Financial Assets”.

17. Contract costs

Accounting policies adopted from January 1, 2020

Contract costs include contract performance cost and contract acquisition costs.

The cost incurred by the Company to perform a contract is not be governed by the standards on inventories, fixed assets or intangible assets, and if meeting the following criteria, is recognized as an asset as the contract performance cost:

- such cost is directly related to an existing or expected contract.
- Such cost increases the the Company’s future resources for fulfilling its performance obligations.
- Such cost is expected to be recovered.

If the incremental cost incurred by the Company to obtain a contract is expected to be recovered, it is recognized as an asset as the cost for contract acquisition.

The Company amortizes the asset related to the contract cost on the same basis as the recognition of the revenue of the goods or services related to the asset; provided that if the cost for contract acquisition is amortized for not more than one year, the Company includes it into the profit or cost for the current period in which it is incurred.

If the carrying amount of the asset related to the contract cost is higher than the difference between the following two amounts, then the Company makes a provision for impairment of the excess and recognizes it as an impairment loss for the asset:

1. the remaining consideration expected to be obtained due to the transfer of the goods; and
2. the cost to be incurred due to the transfer of the relevant goods or services.

If the impairment factors for prior periods have changed afterwards so that the above difference is higher than the carrying amount of the asset, then the Company reverses a provision for impairment originally made and includes it in the profit or loss for the current period, provided that the carrying amount after reverse should not exceed the carrying amount the asset would have reached on the date of reverse had the provision for impairment been not made.

18. Held-for-sale assets

The assets of which carrying amount is recovered mainly through sales (including through exchange of non-monetary assets with commercial substance) rather than continuous use of non-current assets or disposal groups are classified as the held-for-sale assets.

The Company classifies the non-current assets or disposal groups which meet all the following conditions as the held-for-sale assets:

- (1) they can be sold immediately under current conditions according to the practice of sales of such assets or disposal groups in similar transactions; and
- (2) the sale is very likely to happen, that is, the Company has made a resolution on a sale plan and obtained a confirmed purchase commitment, and such sale is expected to be completed within one year. The sale has been approved by the relevant authority or regulatory department of the Company if it is required to be so approved by the relevant provisions.

For the non-current assets (excluding financial assets, deferred tax assets, assets formed by the employee benefits) or disposal groups classified as the held-for-sale assets, if their carrying amount is higher than the fair value net of sale expenses, then the carrying amount is reduced to the fair value net of sale expenses. That reduction in amount is recognized as an impairment loss of the assets and charged to profit or loss for the current period. A provision for impairment of the held-for-sale assets is recognized accordingly.

19. Debt investments

20. Other debt investments

21. Long-term receivables

22. Long-term equity investments

1. Judgment criteria of joint control and significant influence

Joint control is the agreed sharing of control over an arrangement, and the relevant activities of such arrangement must be decided upon the unanimous consent of the parties sharing control. If the Company can exercise joint control over the investee along with other parties to joint ventures and enjoy rights over net assets of the investee, the investee is a joint venture of the Company.

Significant influence is the power to participate in the financial and operating policy decisions of an investee, but is not control or joint control with other parties over the establishment of those policies. If the Company can have significant influence over the investee, the investee is an associate of the Company.

2. Determination of initial investment cost

(1) Long-term equity investments formed by business combination

In case of a long-term equity investment of a subsidiary acquired through a business combination involving entities under common control, the initial investment cost of the long-term equity investment is the Company's share of the carrying amount of the owners' equity of the absorbed party in the consolidated financial statements of the ultimate controller at the date of combination. The difference between the initial investment cost of the long-term equity investment and the carrying amount of the consideration paid for the combination is treated as an adjustment to the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against the retained earnings. Where the Company becomes capable to exercise control over an investee under the common control due to additional investment or other reasons, the difference between the initial investment cost of the long-term equity investment recognized in the light of above principles and the sum of the carrying amount of the long-term equity investment prior to combination plus the carrying amount of new consideration paid for further acquisition of shares on combination date is adjusted to the equity premium. If the equity premium is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

In case of a long equity investment acquired through a business combination not involving enterprises under common control, the Company regards the cost of combination determined on the date of acquisition as the initial investment cost of the long-term equity investment. If the Company becomes capable to exercise control over an investee not under common control due to additional investment or other reasons, the initial investment cost is the sum of the carrying amount of the equity investment originally held and the new investment cost.

(2) Long-term equity investments obtained through forms other than business combination

For a long-term equity investment acquired by paying cash, the initial investment cost is the actual purchase price.

For a long-term equity investment acquired by the issue of equity securities, the initial investment cost is the fair value of equity securities issued.

3. Subsequent measurement and determination of profit or loss

(1) Long-term equity investments accounted for using the cost method

The Company accounts for the long-term equity investments of the subsidiaries using the cost method, unless these investments meet the held-for-sale conditions. Except for cash dividends or profit distributions declared but undistributed included in the price or consideration actually paid on acquisition of investments, the Company recognizes its cash dividends or profit distributions declared by the investee as investment income in the current period.

(2) Long-term equity investments accounted for using the equity method

The long-term equity investments of associates and joint ventures are accounted for using the equity method. Where the initial investment cost of a long-term equity investment exceeds the Company's interest in the fair values of the investee's identifiable net assets at the acquisition date, no adjustment is made to the initial investment cost of the long-term equity investment. Where the initial investment cost is less than the Company's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

The Company respectively recognizes its share of the net profits or losses and other comprehensive income made by the investee as investment income or losses and other comprehensive income, and adjusts the carrying amount of the long-term equity investment accordingly. The carrying amount of the long-term equity investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is attributed to the Company. The Company adjusts the carrying amount of the long-term equity investment for other changes in owner's equity of the investee other than net profits or losses, other comprehensive income and profit distributions ("changes in other owners' equity"), and includes the corresponding adjustment in owner's equity.

The Company recognizes its share of the investee's net profits or other comprehensive income and changes in other owners' equity after making appropriate adjustments based on the fair value of the investee's identifiable assets at the date acquisition in accordance with its accounting policies and period.

For unrealized profits or losses resulting from intragroup transactions between the Company and associates or joint ventures, the portion attributable to the Company is eliminated, and based on this, the investment income is recognized, unless the invested or sold assets constitute the business. The impairment loss of assets in the unrealized losses resulting from intragroup transactions between the Company and the investee is fully

recognized.

The Company discontinues recognizing its share of net losses of the associate or joint venture after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of the Company's net investment in the associate or joint venture are reduced to zero, except to the extent that the Company has incurred obligations to assume additional losses. Where the associate or joint venture makes net profits subsequently, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

(3) Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and the carrying amount is recognized in profit or loss for the current period.

If, on partial disposal of long-term equity investments accounted for using the equity method, the remaining equity is still accounted for using the equity method, the portion previously included in other comprehensive income is accounted for on a pro-rata basis, with the same basis as the relevant assets or liabilities directly disposed of by the investee, and changes in other owners' equity are transferred to profit or loss for the current period on a pro-rata basis.

When the Company loses joint control or significant influence on the investee due to disposal of equity investments or other reasons, the original equity investment included in other comprehensive income due to the use of equity method is accounted for on same basis as the relevant assets or liabilities directly disposed of by the investee when the equity method discontinues, and the changes in other owners' equity are fully transferred to profit or loss for the current period when the equity method discontinues.

Where the Company loses control over the investee due to disposal of partial equity investments, if in preparing separate financial statements, the Company can exercise joint control or significant influence on the investee by virtue of its remaining equity, the remaining equity switches to the equity method for accounting, and is adjusted as if it is accounted for using the equity method since acquisition. Other comprehensive income recognized prior to acquisition of the control on the investee is carried forward proportionally on the same basis as the investee's direct disposal of related assets or liabilities, and changes in other owners' equity recognized using the equity method are transferred to profit or loss for the current period on a pro-rata basis; if the Company cannot exercise joint control or significant influence on the investee by virtue of its remaining equity, the remaining equity is recognized as financial assets, and the difference between the fair value and the carrying amount on the date when the Company loses control is recognized in profit or loss for the current period, and other comprehensive income and changes in other owners' equity recognized prior to acquisition of the control on the investee are fully carried forward.

Where all transactions from disposal of equity investments in a subsidiary through multiple transactions by steps until the loss of control belong to a single package, the Company shall accounts for each transaction as a disposal of equity investments in a subsidiary and the loss of control; however, the difference between the proceeds from each disposal before loss of control and the carrying amount of the long-term equity investments corresponding to the equity disposed of is first recognized in other comprehensive income in separate financial statements and then transferred to the profit or loss in the period in which the control is lost. Where all transactions does not belong to a single package, the Company accounts for each transaction respectively.

23. Investment properties

Measurement of investment properties

Measured at cost

Depreciation or amortization methods

The Company's investment property is property held to earn rentals or for capital appreciation or both, including land use rights that have been leased out, land use rights that are held and read to be transferred after appreciation, and buildings that have been leased out (including those that are available for let after being built by the Company itself or completion of development activities, and are being built or in progress for let in the future).

The Company measures the existing investment properties using the cost model. Subsequent costs incurred for an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Company and the cost of the asset can be measured reliably. Subsequent costs that fail to meet the recognition criteria above are recognized in profit or loss in the period in which they are incurred. For investment properties measured using cost model for measurement - the buildings available for let follows the same depreciation policies as those of the Company's fixed assets, and land use rights available for let follow the same amortization policies as those of intangible assets.

24. Fixed assets

(1) Recognition of fixed assets

Fixed assets are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives more than one accounting year. An fixed asset is recognized only when both of the following conditions are met: (1) it is probable that economic benefits associated with the fixed asset will flow to the enterprise; and (2) the cost of fixed assets can be measured reliably. A fixed asset of the Company is initially measured at its cost, and in determining the cost of a fixed asset, the Company considers the effect of any expected costs of abandoning the asset at the end of its use. Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Company and the cost of the asset can

be measured reliably; the carrying amount of the part to be replaced is derecognized; all of other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

(2) Method of Depreciation

Category	Method of depreciation	Estimated useful life (years)	Residual value rate	Annual depreciation rate (%)
Buildings	Straight-line method	20	10	4.50
Machinery equipment	Straight-line method	5-10	10	9-18
Auxiliary production equipment	Straight-line method	5-10	10	9-18
Transportation equipment	Straight-line method	5	10	18
Mould equipment	Straight-line method	3	10	30
Office equipment	Straight-line method	3-5	10	18-30
Computer equipment	Straight-line method	3-5	10	18-30
Other equipment	Straight-line method	5	10	18

The Company provides for depreciation of fixed assets by category using the straight-line method, and determines the depreciation rate on the category, estimated useful life and estimated net residual value of fixed assets. For fixed assets with the provision for impairment, the depreciation amount will be determined in the future based on the carrying amount after deduction of the provision for impairment and remaining useful life. Where individual component parts of an item of fixed asset have different useful lives or provide benefits to the enterprise in different manners thus necessitating use of different depreciation rates or methods, the depreciation of the fixed asset is respectively provided.

The Company adopts a depreciation policy for the fixed assets leased in under financing leases which is consistent with that for its owned fixed assets. If there is reasonable certainty that the lessee will obtain ownership of the leased asset, the leased asset is depreciated over its useful life; if there is no reasonable certainty that the lessee will obtain ownership of the leased asset by the end of the lease term, the leased asset is depreciated over the shorter of the lease term and its useful life.

Depreciation methods, periods, residual value rate and annual depreciation rates of fixes assets are as follows:

(3) Identification basis, pricing and depreciation methods of fixed assets leased in under financing leases

If the clauses of the lease agreement made and entered into by and between the Company and the lessor stipulate one of the following conditions, the relevant asset will be recognized as the asset leased in under financing lease: (1) the ownership of the leased asset belongs to the Company after the lease term expires; (2) the Company has the option to purchase the asset at the price much lower than the fair value of the asset at the time of exercise of option; (3) the lease term is for the major part of the useful life of the

leased asset; (4) the present value of the minimum lease payment at the inception of the lease is not significantly different from the fair value of the asset; or (5) the leased asset is of a specialized nature such that only the lessee can use them without major modifications being made. At the inception of the lease, the Company records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments, and recognizes a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amount of the leased asset and the recorded amount of the payable is accounted for as unrecognized finance charge.

(4) Disposal of fixed assets

A fixed asset is derecognized when it is disposed or when no future economic benefits are expected to be generated from its use or disposal. When a fixed asset is sold, transferred, retired or damaged, the Company recognizes the amount of any proceeds on disposal net of the carrying amount and related taxes and fee in profit or loss for the current period.

25. Construction in progress

A construction in progress is measured at the actual cost incurred. Actual cost includes construction and installation fees, qualifying borrowing costs and other necessary expenses necessarily incurred for bringing the asset to working condition for its intended use. The construction in progress is transferred to fixed assets when meeting working conditions for its intended use and the Company begins to make provision from next month.

26. Borrowing costs

1. Recognition of capitalization of borrowing costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset. The amounts of other borrowing costs incurred are recognized as an expense in the period in which they are incurred.

Qualifying assets are assets (fixed assets, investment property, inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

2. Capitalization period of borrowing costs

Capitalization period is the period from the date of commencement of capitalization of borrowing costs to the date of cessation of capitalization, excluding any period over which capitalization is suspended.

The capitalization of borrowing costs can commence only when all of the following conditions are satisfied:

(1) expenditures for the asset are being incurred, and such expenditures include those expenditures incurred for the acquisition, construction or production of the qualifying

asset that have resulted in payments of cash, transfer of non-cash assets, or the assumption of interest-bearing liabilities;

(2) borrowing costs are being incurred; and

(3) activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

When the qualifying asset being acquired, constructed or produced has become ready for its intended use or sale, the capitalization ceases.

3. Period over which capitalization is suspended

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months. However, capitalization of borrowing costs continues when the interruption is a necessary part of the process of preparing that asset for its intended use or sale. The borrowing costs incurred during these periods of interruption are recognized as an expense for the current period, and the capitalization of borrowing costs continues until the acquisition, construction or production of that asset is resumed.

4. Calculation methods of rate and amount of capitalization of borrowing costs

Where funds are borrowed under a specific-purpose borrowing for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs to be capitalized is the actual borrowing costs incurred for the current period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds.

Where funds are borrowed under general-purpose borrowings and are utilized for the acquisition, construction or production of a qualifying asset, the Company determines the amount of borrowing costs to be capitalized on such borrowings by multiplying a capitalization rate of the utilized general-purpose borrowings by the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the actual interest rates applicable to the general-purpose borrowings.

During the capitalization period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalized as part of the cost of the qualifying asset. The exchange differences arising from foreign currency borrowings and interest thereon other than specific-purpose borrowings denominated in foreign currency are recognized in profit or loss for the current period.

27. Biological assets**28. Oil and gas assets****29. Use of right assets****30. Intangible assets****(1) Pricing methods, useful lives and impairment tests****1. Pricing methods of intangible assets**

(1) The Company initially measures an intangible asset at cost of acquisition; The cost of a separately acquired intangible asset comprises its purchase price, related taxes and any directly attributable expenditure for preparing the asset for its intended use.

(2) Subsequent measurement

The Company analyzes and assesses the useful life of an intangible asset on its acquisition.

A finite-lived intangible asset is amortized during the period over which the asset generates economic benefits for the enterprise; an intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the enterprise, and is not be amortized.

2. Estimated useful lives of finite-lived intangible assets

Item	Estimated useful life	Amortization methods	Residual value rate	Basis
Software	5-10	straight-line	None	Estimated period of benefit
Land use rights	50	straight-line	None	Certificate of land use rights
Patent rights	10	straight-line	None	Right term
Nonpatented technology	10	straight-line	None	Estimated period of benefit

3. Basis for judgement of an intangible asset with indefinite useful life and procedures for review of useful life

The Company reviews the useful life of the indefinite intangible assets at the end of each period.

Upon review, the useful life of intangible assets is still indefinite.

(2) Accounting policies for internal research and development expenditure

1. Specific criteria for an internal research and development project that are classified into the research phase and the development phase

Expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase.

Research phase: is the stage of original and planned investigation and activity undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Development phase: is the stage of the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices or products etc. before the start of commercial production or use.

2. Specific criteria of expenditure on the development phase qualifying for capitalization

Expenditure on the research phase is recognized in profit or loss for the period in which it is incurred. Expenditure on the development phase is recognized as an intangible asset only when the Company demonstrates all of the following; otherwise, it is recognized in profit or loss for the current period:

- (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (2) the intention to complete the intangible asset and use or sell it;
- (3) how the intangible asset will generate economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development phase.

If the Company fails to discriminate between expenditure on the research phase and expenditure on the development phase, all expenditures on research and development are recognized in the profit for the current period.

31. Impairment of long-term assets

Where any indication exists that long-term equity investments, investment properties measured at the cost model, fixed assets, construction in progress, intangible assets with finite useful life and other long-term assets may be impaired at the balance sheet date, the Company performs an impairment test thereon. The result of the impairment test shows that the recoverable amount of an asset is lower than its carrying amount, the difference is made the provision for impairment and included in the impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from

the asset. The provision for impairment of assets is calculated and recognized for an individual asset, and if it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the asset group to which the asset belongs. An asset group is the smallest identifiable group of assets that generates cash inflows.

Goodwill, indefinite-lived intangible assets and intangible assets which do not meet the working conditions for its use are tested for impairment at least at the end of each year, irrespective of whether there is any indication that the asset may be impaired.

For the purpose of impairment testing of the Company, the carrying amount of goodwill generated in a business combination is, from the acquisition date, allocated on a reasonable basis to each of the related asset groups. If it is not possible to allocate to the related asset groups, it is allocated to each of the related sets of asset groups. Each of the related asset groups or sets of asset groups shall be an asset group or set of asset group that is able to benefit from the synergies of the business combination.

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, there may be an indication that a related asset group or set of asset groups may be impaired. In such circumstances, the Company firstly tests the asset group or the set of asset groups excluding the amount of goodwill allocated for impairment, calculates its recoverable amount, compares an impairment loss recoverable amount with the related carrying amount and recognizes any impairment loss. Then, the Company tests the asset group or a set of asset groups to which goodwill has been allocated for impairment and compares its carrying amount and recoverable amount. When the recoverable amount is less than its carrying amount, the amount of impairment loss first reduces the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduces the carrying amount of other assets (other than goodwill) within the asset group or set of asset groups, pro rata on the basis of the carrying amount of each asset. Once an impairment loss on the asset above is recognized, it will not be reversed in a subsequent period.

32. Long-term prepaid expenses

Long-term prepaid expenses mean those which have been incurred but should be amortized in the current period and the subsequent periods of more than one year.

The amortization period and methods of expenses are shown as follows:

Item	Amortization methods	Amortization period
Decoration fees	straight-line	Period of benefit
Others	straight-line	Period of benefit

33. Contract liabilities

Accounting policies adopted from January 1, 2020

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The Company presents the contract assets or liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company presents the obligations to transfer goods or offer services to customers as the consideration received or receivable from customers the contract liabilities. The Company lists the contract assets and liabilities under the same contract as net amount.

34. Employee benefits

(1) Accounting treatment of short-term benefits

The Company recognizes the short-term benefits actually incurred during the accounting period when the employees serve the Company as liabilities, and include same as part of the cost of related assets or in profit or loss for the current period.

The employee benefits corresponding to payments of social security contributions and housing funds for employees by the Company and the appropriation to labor union funds and employee education fees are determined on such provision basis and at such provision rate as stipulated during the period when the employees provide services for the Company.

The staff welfare incurred by the Company is stated as the amount actually incurred and recorded into profit or loss or cost of related assets in the period in which they are actually incurred; non-monetary benefits are measured at fair value.

(2) Accounting treatment of post-employment benefits

(1) Defined contribution plans

The Company pays basic endowment insurance and unemployment insurance for employees pursuant to the relevant regulations of the local government. The amounts payable therefor, during the accounting period when the employees serve the Company, are calculated according to the payment base and proportion stipulated by the local regulations, which are recognized in profit or loss for the current period or the cost of related assets as liabilities. The Company pays a certain proportion of the total wages of an employee to the annuity plan/local social insurance institution, and the corresponding expenses are recognized in profit or loss for the current period or the cost of related assets.

(2) Defined benefit plans

The Company, according to the formula determined by the expected cumulative benefit unit method, attributes the benefit obligations arising from the defined benefit plan to the service period of the employees, and recognizes them in the profit or loss for the current period or the cost of related assets.

The deficit or surplus formed by the present value of obligations in the defined benefit

plan minus the fair value of assets therein is recognized as the net liabilities or net assets of the defined benefit plan. If the defined benefit plan has surplus, the Company measures the net assets of the defined benefit plan according to the lower of the surplus and the upper limit of assets in the defined benefit plan.

All obligations in the defined benefit plan, including obligations expected to be paid within 12 months after the end of the annual reporting period for employee services, are discounted based on the market yield of treasury bonds or high-quality corporate bonds in active markets that match the term and currency of the obligations in the defined benefit plan on the balance sheet date.

The service cost generated by the defined benefit plan and the net interest of the net liabilities or net assets of the defined benefit plan are recognized in the profit or loss for the current period or the cost of related assets; changes arising from the re-measurement of net liabilities or net assets of the defined benefit plan are included in other comprehensive incomes, and are not be converted back to profit or loss in subsequent accounting periods. At the end of the original defined benefit plan, the part originally included in other comprehensive incomes is fully carried forward to unappropriated profit within the scope of equity.

In the settlement of the defined benefit plan, the gain or loss of settlement is recognized according to the difference between the present value of the obligations in the defined benefit plan and the settlement price determined on the settlement date.

(3) Accounting treatment of termination benefits

The Company recognizes the employment compensation liabilities generated by termination benefits and records them into the profit or loss for the current period on the earlier of: when the Company cannot unilaterally withdraw the severance benefits provided as a result of the labor relationship termination plan or layoff proposal, or when it recognizes the costs or expenses related to the restructuring of the severance benefits payment,

(4) Accounting treatment of other long-term employee benefits

35. Lease liabilities

36. Provisions

The Company recognizes an obligation related to a contingency a provision when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the Company;
- (2) it is probable that an outflow of economic benefits from the Company will be required to settle the obligation; and
- (3) the amount of the obligation can be measured reliably.

Provisions are initially measured at the best estimate of the expenditure required to settle the related present obligation.

Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole when the Company reaches the best estimate. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows.

Where there is a continuous range of [possible outcomes for] the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. Under any other circumstances, the best estimate is accounted for as follows:

- where the contingency involves a single item, the best estimate is the most likely outcome.
- where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

Where all or some of the expenditure required to settle an estimated liability is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement does not exceed the carrying amount of the estimated liability.

The Company reviews the carrying amount of a provision at the balance sheet date. Where there is clear evidence that the carrying amount of a provision does not reflect the current best estimate, the carrying amount is adjusted to the current best estimate.

37. Share-based payment

A share-based payment of the Company is a transaction in which the Company grants equity instruments, or incurs liabilities for amounts that are determined based on the price of equity instruments, in return for services rendered by employees or other parties. A share-based payment of the Company is classified as either an equity-settled share-based payment or a cash-settled share-based payment.

1. Equity-settled share-based payment and equity instruments

An equity-settled share-based payment in exchange for services received from the employees is measured at the fair value of equity instruments granted to the employees. If the right under the share-based payment vests immediately following the grant, the Company, on grant date, recognizes related costs or expenses at an amount equal to the fair value of the equity instruments, with a corresponding increase in capital reserve. If the rights under a share-based payment do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, at each balance sheet date during the vesting period, the Company makes the best estimate of the

number of equity instruments expected to vest, and based on this, recognizes the services received in the current period in the related costs or expenses at an amount equal to the fair value on the grant date, with a corresponding increase in capital reserve.

If the terms of equity-settled share-based payment are modified, the services received are recognized at least pursuant to the unmodified terms. In addition, any modifications that increase the fair value of the equity instruments, or changes that are beneficial to employees on the modification date are recognized as an increase in services.

If the granted equity instrument is cancelled within the vesting period, the Company treats the cancellation of equity instrument granted as the accelerated exercise, and the amount to be recognized during the remaining vesting period is immediately charged to profit or loss for the current period, and the capital reserve is recognized at the same time. However, if a new equity instrument is granted, and on the grant date thereof, is deemed to replace the cancelled equity instrument, then the substitute equity instrument grant is accounted for pursuant to the terms and conditions for accounting for original equity instrument.

2. Cash-settled share-based Payment and equity instruments

A cash-settled share-based payment is measured at the fair value of the liability incurred, being a liability which is determined based on the price of the Company's shares or other equity instruments. If the right under the share-based payment vests immediately following the grant, the Company, on grant date, recognizes related costs or expenses at an amount equal to the fair value of the liabilities assumed with a corresponding increase in liabilities. If the rights under a share-based payment do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, at each balance sheet date during the vesting period, the Company makes the best estimate of the number of equity instruments expected to vest, and based on this, recognizes the services received in the current period in the related costs or expenses at an amount equal to the fair value of the liabilities assumed by the Company, and include same in the liabilities accordingly. Until the liability is settled, the Company remeasures the fair value of the liability at each balance sheet date and at the date of settlement, with changes recognized in profit or loss for the current period.

38. Preferred shares, perpetual bonds and others financial instruments

39. Revenue

The accounting policies adopted for the recognition and measurement of revenue

Accounting policies adopted from January 1, 2020

1. The accounting policies adopted for the recognition and measurement of revenue

The revenue is recognized at the time when the Company has discharged the performance obligations in the contract, that is, when the customer obtains the control of the related goods or services. Obtainment of the control of the related goods or services means the ability to direct the use of such goods and services and obtain substantially all of economic

benefits from them.

If the contract has two or multiple performance obligations, the Company allocates the transaction price to each individual performance obligation on the inception of the contract by reference to relative standalone selling prices of goods or services promised thereby. The Company measures revenue based on the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration to which the Company is entitled arising from the transfer of goods or services to the customer, excluding the amount collected on behalf of a third party and expected to be returned to the customer. The Company determines the transaction price with reference to the contract terms and in conjunction with past customary practices, and in doing so, considers variable consideration and significant financing components, non-cash consideration, consideration payable to customers and other factors. The Company determines the transaction price including variable consideration to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal of accumulatively recognized revenue in the future when the uncertainty has been subsequently resolved. If there is a significant financing component in the contract, the Company determines the transaction price based on the presumed amount payable in cash when the customer obtains the control of goods or services, and amortizes the differences between the transaction price and the contract consideration using the actual interest method within the term of the contract.

When meeting one of the following criteria, it belongs to the obligation performed over time, otherwise it constitutes the obligation performed at a point in time:

- the customer obtains and consumes the economic benefits generated by the Company's performance when the Company performs the contract.
- the customer can control the products in progress in the performance of the contract by the Company.
- the products produced in the process of the Company's performance have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance that has been completed up to date throughout the term of the contract.

For the obligation performed over time, the Company recognizes the revenue based on the performance progress over time, unless the performance progress cannot be reasonably determined. The Company determines the progress of performance obligation by taking the nature of goods or services and using the output/input method. When the performance progress cannot be reasonably determined, and the costs incurred are expected to be recoverable, the Company recognizes revenue to the extent of costs incurred until the performance progress can be reasonably determined.

For the obligation performed at a point in time, the Company recognizes the revenue at the point in time when the customer obtains the control of the related goods and services. When judging whether the customer has obtained the control of goods, the Company considers the followings signs:

- the Company has the current right to receive payment for such goods or services, that is, the customer has the current obligation to make payment for such goods or services;
- the Company has transferred the legal ownership of such goods to the customer, that is, the customer has the legal ownership of such goods;
- the Company has transferred such goods to the customer physically, that is, the customer has taken possession of such goods physically.
- the Company has transferred major risks and rewards of such goods to the customer, that is, the customer has obtained major risks and rewards of such goods; and
- the customer has accepted such goods or services.

2. Specific methods of revenue recognition

The Company organizes the production according to the sales contracts signed with or the orders placed by customers, and identifies the following models based on different geographical locations of customers and inventory management methods:

(1) General sales

For domestic sales, the Company ships goods to the delivery location designated by a customer, and recognizes revenue after the customer has signed the receipt of the products; and for foreign sales, the goods are delivered according to specific trade terms, and the revenue is recognized at a point in time when the control is transferred.

(2) Supplier management inventory

Under this model, the Company ships the goods to the designated warehouse, the customer picks up the goods from the warehouse, and the revenue is recognized at a point in time when the control is transferred.

Accounting policies adopted prior to January 1, 2020

1. General principles of recognition of revenue from the sales of goods

- (1) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (2) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (3) the amount of the revenue can be measured reliably;

- (4) it is probable that the associated economic benefits will flow to the Company; and
- (5) the associated costs incurred or to be incurred can be measured reliably.

2. Specific principles

In addition to meeting the above criteria, the Company's revenue from sales of goods is recognized when meeting the following conditions in respect of different methods of delivery to customers and acceptance check:

- (1) the goods have been delivered and passed the acceptance check of the customer; and
- (2) the Company and the customer have checked the goods based on purchase order, and the customer agrees to make payment therefor.

Difference in the accounting policy for revenue recognition arising from adoption of different modes of operation for the same kind of business

None

40. Government grants

1. Category

Government grants are transfer of monetary assets or non-monetary assets from the government to the Company at no consideration. Government grants are classified into government grants related to assets and government grants related to income.

Government grants related to assets are government grants whose primary condition is that the Company should purchase, construct or otherwise acquire long-term assets. Government grants related to income are government grants other than those related to assets.

The specific standard based on which the Company classifies a grant as a government grant related to assets is that: the grant obtained by the Company is used to purchase, construct or otherwise acquire long-term assets.

The specific standard based on which the Company classifies a grant as a government grant related to income is that: government grants related to income are government grants other than those related to assets.

When classifying a grant whose subsidy object is not clearly specified in the government documents as a government grant related to assets or a government grant related to income, the Company judges whether the grant is used to purchase, construct or otherwise acquire long-term assets.

2. Recognition time

When the Company actually receives the government grant, a government grant related to assets of the Company is recognized, and since the long-term assets are available for use, the Company equally amortizes the deferred income based on the estimated useful life of long-term assets and then transfers same to the profit or loss for the current period.

When the Company actually receives the government grant, a government grant related to income of the Company is recognized, and the Company recognizes it in the non-operating income or other income over the periods in which the related costs are recognized if the grant is a compensation for related expenses or losses to be incurred by the Company in subsequent periods, and directly recognizes it in the non-operating income or other income for the current period on acquisition if the grant is a compensation for related expenses or losses incurred by the Company.

The government grant is recognized when the Company meets the conditions attaching to the government grant and can receive the government grant.

3. Accounting treatment

The government grants related to assets are offset against the carrying amount of the related assets or recognized as deferred income. If a grant is recognized as deferred income, it is charged to profit or loss for the current period in a reasonable and systematic manner within the useful life of related assets (the grant related to the daily activities of the Company is recognized in other income, otherwise it is recognized in non-operating income);

The government grant related to income which is a compensation for related expenses or losses to be incurred by the Company in subsequent periods is recognized as the deferred income and charged to the profit or losses over the period when related costs or losses are recognized (the grant related to the daily activities of the Company is recognized in other income, otherwise it is recognized in non-operating income) or offset against related costs or losses; and the government grant related to income which is a compensation for related expenses or losses to be incurred by the Company in subsequent periods is directly recognized in profit or loss for the current period (the grant related to the daily activities of the Company is recognized in other income, otherwise it is recognized in non-operating income) or offset against related costs or losses.

The policy-related preferential loan interest discounts obtained by the Company are accounted for separately according to the following two circumstances:

(1) If the finance department allocates the interest discount funds to the lending bank, and then the lending bank offers a loan to the Company at the policy-based preferential interest rate, the Company recognizes the loan amount actually received as the recorded amount of the loan, and calculates the borrowing costs according to the loan principal and such policy-based preferential interest rate.

(2) If the finance department directly allocates the interest discount funds to the Company, the Company offsets the corresponding interest subsidy against the related borrowing costs.

41. Deferred tax assets / deferred tax liabilities

Income tax include current and deferred tax. Except for the income tax arising from business combinations and transactions or events recognized directly in owners' equity (including other comprehensive income), the Company recognizes current tax and deferred tax in profit or loss for the current period.

The deferred tax assets and deferred tax liabilities are calculated and recognized based on the difference (temporary difference) between the tax base of assets and liabilities and the carrying amount of assets and liabilities.

A deferred income tax asset is recognized for the deductible temporary difference to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. A deferred tax asset is recognized for the carryforward of unused deductible losses and tax credits to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

A deferred tax liability is recognized for taxable temporary difference, except for special circumstances.

Special circumstances under which the deferred tax assets or deferred tax liabilities are not recognized for the taxable temporary difference include:

- the initial recognition of goodwill.
- the transaction or event that is not business combination, and at the time of the occurrence, does not affect accounting profit or taxable profit (or deductible loss).

A deferred tax liability is recognized for the taxable temporary difference related to investments in subsidiaries, associates and joint ventures, unless the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. A deferred tax asset is recognized for the taxable temporary difference related to investments in subsidiaries, associates and joint ventures when the temporary difference will reverse in the foreseeable future and taxable profits will be available in the future against which the temporary difference can be utilized.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws.

The Company reviews the carrying amount of the deferred tax assets at the balance sheet date. The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profits will be available in future periods to allow the benefit of the deferred tax asset to be utilized. Any such reduction in amount is reversed to the extent that it

becomes probable that sufficient taxable profits will be available.

The current tax assets and current tax liabilities are offset and presented when the Company has the statutory right to settle on a net basis, intends to settle on a net basis or to obtain assets and settle liabilities simultaneously.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset and presented when both of the following conditions are satisfied:

- the taxpayer has the statutory right to settle the current tax assets and current tax liabilities on a net basis; and
- the deferred tax assets and deferred tax liabilities are related to income taxes levied by the same tax authority on the same taxpayer or different taxpayers, provided that during the period in which each material deferred tax asset and liability will be reversed, the taxpayer involved intends to settle the current tax assets and liabilities on a net basis or obtain assets and settle liabilities simultaneously.

42. Leases

(1) Accounting treatment of operating leases

(1) Lease expenses paid by the Company for leasing in the asset is amortized using a straight-line method throughout the lease term including the rent-free period, and recognized in expenses for the current period. The initial direct expenses paid by the Company in connection with the lease transaction is recognized in expenses for the current period.

When the asset lessor bears the lease-related expenses to be assumed by the Company, the Company deducts these expenses from total rent and then amortizes such deducted rent during the lease term, and recognized the same in expenses for the current period.

(2) Lease expenses received by the Company for leasing out the asset is allocated using a straight-line method throughout the lease term including the rent-free period, and recognized as the lease-related income. The initial direct expenses paid by the Company in connection with the lease transaction is recognized in expenses for the current period; if such initial direct expenses are of a large amount, the initial direct costs are capitalized and recognized in profit or loss by installments on the same basis as the recognition of the lease-related income throughout the lease term.

When the Company bears the lease-related expenses to be assumed by the lessee, the Company deducts these expenses from total rent and then allocates such deducted rent during the lease term.

(2) Accounting treatment of financing leases

(1) Assets leased in under financing leases At the inception of the lease, the Company records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments, and recognizes a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amount of the leased asset and the recorded amount of the payable is accounted for as unrecognized finance charge. The Company amortizes unrecognized finance charge during the lease term using the effective interest method, and recognizes same in financial expenses. The initial direct expenses incurred by the Company is recognized in the value of leased-in asset.

(2) Assets leased out under financing leases: At the inception of the lease, the Company recognizes the difference between the sum of finance lease receivables and unguaranteed residual value and their present value as unearned finance income, and recognizes same as lease revenue in each period over which the rent will be received. The initial direct expenses incurred by the Company in connection with the lease transactions are recognized in the finance lease receivable initially measured and reduces the amount of income recognized during the lease term.

43. Other significant accounting policies and accounting estimates**44. Changes in significant accounting policies and accounting estimates****(1) Changes in significant accounting policies**

√ Applicable □ N/A

Changes in accounting policies and associated reasons	Approval procedure	Note:
Receipts in advance related to performance obligations reclassified to contract liabilities	Examination and approval by the board of directors	Implement the <i>Accounting Standard for Business Enterprises No. 14—Revenue</i> (revised in 2017) (“New Revenue Standard”)

(1) Implement the *Accounting Standard for Business Enterprises No. 14—Revenue* (revised in 2017) (“New Revenue Standard”)

The Ministry of Finance revised the *Accounting Standard for Business Enterprises No. 14—Revenue* in 2017. In accordance with the revised standards, the cumulative effects arising from the first implementation of new standards is adjusted to the amount of retained earnings and other related items in the financial statements at the beginning of the current period and the information for the comparable period is not adjusted.

(2) Implement the *Interpretation No. 13 of the Accounting Standards for Business Enterprises*

The Ministry of Finance issued the *Interpretation No. 13 of the Accounting Standards for Business Enterprises* (Cai Kuai [2019] No. 21) (“*Interpretation No. 13*”) on December 10,

2019, which shall be implemented from January 1, 2020 and do not require retrospective adjustment.

① Identification of related parties

The Interpretation No. 13 clarifies that the following circumstances constitute a related party: the enterprise and associates or joint ventures of any other members (including parent company and subsidiaries) within the enterprise group to which the enterprise belongs; the joint ventures of the enterprise and other joint ventures or associates of the enterprise. In addition, the Interpretation No. 13 also defines that two or more enterprises that are significantly affected by only one party shall not constitute related parties, and additionally provides that associates include associates and their subsidiaries, and joint ventures include joint ventures and their subsidiaries.

② Definition of business

The Interpretation No. 13 improves three elements of business composition, refines the judgment conditions of business composition, introduces the “concentration test” option, which simplifies the judgment to a certain extent on whether the combination not involving enterprises under common control obtained constitutes the business.

The Company implemented the Interpretation No. 13 from January 1, 2020, and made no adjustment to the comparative financial statements. The implementation of the Interpretation No. 13 has not had material impact on the Company’s financial position and operating results.

(3) Implement the *Interim Provisions on the Accounting Treatment Regarding Carbon Emissions Right Trading*

The Ministry of Finance issued the *Interim Provisions on the Accounting Treatment Regarding Carbon Emissions Right Trading* (Cai Kuai [2019] No. 22) on December 16, 2019, which shall apply to the relevant enterprises among key emission enterprises (“key emission enterprises”) that conduct carbon emission trading business in accordance with the *Interim Measures for the Administration of Carbon Emission Permit Trading* and other relevant provisions. These provisions were implemented from January 1, 2020 and key emission enterprises shall apply these provisions prospectively.

The Company implemented these Provisions from January 1, 2020, and made no adjustment to the comparative financial statements. The implementation of these provisions has not had material impact on the Company’s financial position and operating results.

(4) Implement the *Provisions on the Accounting Treatment of the COVID-19 Pandemic-related Rental Concessions*

The Ministry of Finance issued the *Provisions on the Accounting Treatment of the COVID-19 Pandemic-related Rental Concessions* (Cai Kuai [2020] No. 10), which shall be implemented from June 19, 2020 and allow enterprises to make adjustments to the related rental concessions incurred from January 1, 2020 to the date of implementation of these provisions. In accordance with these provisions, if the rent reduction, exemption, deferred payment and other rental concessions, which, directly caused by the COVID-19 pandemic, meet all of the following conditions, an enterprise may conduct accounting treatment by choosing to adopt the simplified method.

The implementation of these provisions has not had material impact on the Company's financial position and operating results.

(2) Changes in significant accounting estimates

Applicable N/A

(3) Description of adjustments in opening balances of line items in financial statements of the year due to first implementation of new income standard and new lease standard since 2020

Applicable

Did the line items of the opening assets and liabilities require adjustment?

Yes No

The reason why the line items of the opening assets and liabilities require no adjustment

The Company implemented new income standard from January 1, 2020. In accordance with new standards, the Company adjusts the amount of retained earnings and other related items in the financial statements at the beginning of the current period only for the cumulative effects of the contracts uncompleted on the date of first implementation, and the information for the comparable period is not adjusted. The main impacts arising from implementation of these standards are described as follows:

Changes in accounting policies and associated reasons	Approval procedure	Affected items of the statements	Effects of the balance as at January 1, 2020	
			Combination	Parent company
Receipts in advance related to performance obligations reclassified to contract liabilities	Examination and approval by the board of directors	Receipts in advance	-101,609,379.21	-19,692,593.36
		Contract liabilities	95,586,087.42	17,427,073.77
		Other current liabilities	6,023,291.79	2,265,519.59

(4) Description of retrospective adjustments in comparative data in prior periods due to first implementation of new financial instrument standards and new lease standard in 2020

□ Applicable √ N/A

45. Others

None

VI. Taxes**1. Major categories of taxes and tax rates**

Tax category	Taxation basis	Tax rate
Value-added tax (VAT)	VAT payable is the output tax based on the sales of goods and taxable labor income calculated pursuant to the tax law, net of the input tax that is allowed to be deducted in the current period	13%, 9%, 6%, 5%, 3%, 0%
Urban maintenance and construction tax	Subject to the actual payment of VAT and consumption tax	7%, 5%
Enterprise income tax	Subject to the taxable income amount	25%, 20%, 19%, 16.5%, 15%, 0%

Disclosure of taxpayers (if any) with different rates of enterprise income tax:

Taxpayer	Rate of enterprise income tax
Luxshare Precision Industry Co., Ltd.	15
Xiexun Electronic (Ji'an) Co., Ltd.	15
ASAP Technology (Jiangxi) Co., Ltd.	15
Lanto Electronic Limited	15
Bozhou Lanto Electronic Limited	15
Huzhou Jiuding Electronic Co., Ltd.	15
Luxshare Automation (Jiangsu) Ltd.	15
Meite Technology (Suzhou) Co., Ltd.	15
Luxshare Electronic Technology (Kunshan) Co., Ltd.	15
Yongxin County Boshuo Electronics Co., Ltd.	15
Luxshare Precision Industry (Chuzhou), Ltd.	15
Meilv Electronic (Huizhou) Co., Ltd.	15
Fujian JK Wiring Systems Co., Ltd.	15
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	15

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Kunshan-Luxshare RF Technology Co., Ltd.	15
Suining Luxshare Precision Industry Co., Ltd.	15
Luxshare Precision Industry (Baoding) Co., Ltd.	15
Luxshare Precision Industry (Shanxi) Co., Ltd.	15
Donguan Xuntao Electronic Co., Ltd.	15
Kunshan Luxshare Precision Industry Co., Ltd.	15
Luxshare Intelligent Manufacture (Zhejiang) Co., Ltd.	15
Shenzhen Luxshare Acoustics Technology Ltd.	15
Luxshare Precision Limited (HK)	Note 1
Luxshare Precision Technology Co., Ltd.	16.5
Taiwan Luxshare Precision Limited	20
ICTLANTO LIMITED (HK)	Note 1
Luxshare Standard Limited (HK)	Note 1
Luxshare Technologies Limited	Note 1
Luxshare-ICT (Japan)	Note 2
Yunding Technology Co., Ltd.	Note 1
SpeedTech Corp.	20
Luxshare-ICT (India)	25
Luxshare Lanto (India) Co., Ltd.	25
Luxshare ICT, Inc.	Note 3
Luxshare-ICT Industry Europe Limited	19
Suk kunststofftechnik GmbH	15
Korea LuxshareICT Co., Ltd	Note 4
LUXSHARE-ICT INTERNATIONAL B.V.	Note 5
Luxshare-ICT (Vietnam) Limited	20
Luxshare Precision (Yunzhong) Co., Ltd.	20
Luxshare Precision (Yi'an) Co., Ltd.	20
Other subsidiaries	25

2. Tax incentives

1. The Company was identified as a high-tech enterprise by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Committee, and Shenzhen Tax Service, State Taxation Administration on November 9, 2018, with the High-tech Enterprise Certificate No. GF201844203584 which is valid for three years. As provided for in the *Notice by the Ministry of*

Finance and the State Administration of Taxation on Preferential Policies for Enterprise Income Taxes Related to Enterprises' Technological Innovation and the Notice by the State Administration of Taxation on Issues Concerning the Implementation of Preferential Income Taxes for High-tech Enterprises, the Company enjoys an enterprise income tax of 15% for 2020.

2. The subsidiary, Xiexun Electronic (Ji'an) Co., Ltd. ("Ji'an Xiexun"), was identified as a high-tech enterprise by Science and Technology Department of Jiangxi Province, Jiangxi Provincial Finance Bureau, and Jiangxi Provincial Tax Service, State Taxation Administration on September 14, 2019, with the High-tech Enterprise Certificate No. GR202036001325 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

3. The subsidiary, ASAP Technology (Jiangxi) Co., Ltd. ("ASAP Jiangxi"), was identified as a high-tech enterprise by Science and Technology Department of Jiangxi Province, Jiangxi Provincial Finance Bureau, and Jiangxi Provincial Tax Service, State Taxation Administration on September 16, 2019, with the High-tech Enterprise Certificate No. GR201936000710 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

4. The subsidiary, Lanto Electronic Limited ("Lanto Kunshan"), was identified as a high-tech enterprise by the Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, Jiangsu Provincial Tax Service, State Taxation Administration and Local Taxation Bureau of Jiangsu Province on December 2, 2020 and obtained the Certificate No. GF2020320037377 which is valid for three years. In accordance with relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

5. The sub-subsidiary, Bozhou Lanto Electronic Limited ("Bozhou Lanto"), was identified as a high-tech enterprise by Anhui Provincial Department of Science and Technology, Anhui Provincial Department of Finance, and Anhui Provincial Tax Service, State Taxation Administration on July 24, 2018, and obtained the Certificate No. GR201834001191 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

6. The sub-subsidiary, Huzhou Jiuding Electronic Co., Ltd. ("Huzhou Jiuding"), was identified as a high-tech enterprise by the Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service, State Taxation Administration and Local Taxation Bureau of Zhejiang Province on December 1, 2020, and obtained the High-tech Enterprise Certificate No. GR202033002604 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

7. The subsidiary, Luxshare Automation (Jiangsu) Ltd. ("Jiangsu Automation"), was identified as a high-tech enterprise by Jiangsu Provincial Department of Science and Technology, Jiangsu

Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration on November 30, 2018, with the High-tech Enterprise Certificate No. GR201832005137 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

8. The sub-subsidiary, Meite Technology (Suzhou) Co., Ltd. (“Suzhou Meite”) was identified as a high-tech enterprise by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, Jiangsu Provincial Tax Service, State Taxation Administration and Local Taxation Bureau of Jiangsu Province on December 2, 2020, with the High-tech Enterprise Certificate No. GR202032005557 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

9. The subsidiary, Luxshare Electronic Technology (Kunshan) Co., Ltd. (“Luxshare Electronic Kunshan”), was identified as a high-tech enterprise by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration on November 28, 2018, with the High-tech Enterprise Certificate No. GR201832003780, which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

10. The sub-subsidiary, Yongxin County Boshuo Electronics Co., Ltd. (“Yongxin Boshuo”), was identified as a high-tech enterprise by Science and Technology Department of Jiangxi Province, Jiangxi Provincial Finance Bureau, Jiangxi Provincial Tax Service, State Taxation Administration and Local Taxation Bureau of Jiangxi Province on December 2, 2020, with the High-tech Enterprise Certificate No. GR202036001897 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

11. The subsidiary, Luxshare Precision Industry (Chuzhou), Ltd. (“Luxshare Chuzhou”), was identified as a high-tech enterprise by Anhui Provincial Department of Science and Technology, Anhui Provincial Department of Finance, and Anhui Provincial Tax Service, State Taxation Administration on September 9, 2019, with the High-tech Enterprise Certificate No. GR201934001733 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

12. The sub-subsidiary, Meilv Electronic (Huizhou) Co., Ltd. (“Huizhou Meilv”), was identified as a high-tech enterprise by Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration in 2018, with the High-tech Enterprise Certificate No. GR201844010193 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax

rate of 15% for 2020. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

13. The subsidiary, Fujian JK Wiring Systems Co., Ltd. (“Fujian JK”), was identified as a high-tech enterprise by the Fujian Provincial Department of Science and Technology, Fujian Provincial Department of Finance, Fujian Provincial Tax Service, State Taxation Administration and Local Taxation Bureau of Fujian Province on December 1, 2020, with the High-tech Enterprise Certificate No. GR202035000014 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

14. The subsidiary, Jiangxi Luxshare Intelligent Manufacture Co., Ltd. (“Intelligent Manufacture Jiangxi”), was identified as a high-tech enterprise by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration on August 13, 2018, with the High-tech Enterprise Certificate No. GR201836000417 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

15. The sub-subsidiary, Jiangxi ASAP Electronic Co., Ltd. (“Boshuo Electronics”), was identified as a high-tech enterprise by Science and Technology Department of Jiangxi Province, Jiangxi Provincial Finance Bureau, and Jiangxi Provincial Tax Service, State Taxation Administration on December 4, 2018, with the High-tech Enterprise Certificate No. GR201836001774 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

16. The sub-subsidiary, Kunshan-Luxshare RF Technology Co., Ltd. (“Kunshan RF”), was identified as a high-tech enterprise by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration on November 28, 2018, with the High-tech Enterprise Certificate No. GR201832003391 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

17. The sub-subsidiary, Suining Luxshare Precision Industry Co., Ltd. (“Suining Luxshare”) was identified as a high-tech enterprise by Science & Technology Department of Sichuan Province, Sichuan Provincial Finance Department, and Sichuan Provincial Tax Service, State Taxation Administration on December 3, 2018, with the High-tech Enterprise Certificate No. GR201851001013 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

18. The sub-subsidiary, Luxshare Precision Industry (Baoding) Co., Ltd. (“Baoding Luxshare”), was identified as a high-tech enterprise by Hebei Provincial Department of Science and Technology, Hebei Provincial Finance Bureau, and Hebei Provincial Tax Service, State Taxation Administration on September 10, 2019, with the High-tech Enterprise Certificate No. GR201913000851 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

19. The sub-subsidiary, Luxshare Precision Industry (Shanxi) Co., Ltd. (“Shanxi Luxshare”), was identified as a high-tech enterprise by Shanxi Science and Technology Department, Shanxi Provincial Department of Finance, and Shanxi Provincial Tax Service, State Taxation Administration on September 16, 2019, with the High-tech Enterprise Certificate No. GR201914000049 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

20. The sub-subsidiary, Donguan Xuntao Electronic Co., Ltd. (“Donguan Xuntao”), was identified as a high-tech enterprise by the Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration on December 2, 2019, with the Certificate No. GR201944005411 which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

21. The subsidiary, Kunshan Luxshare Precision Industry Co., Ltd. (“Kunshan Luxshare”), was identified as a high-tech enterprise by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration on December 2, 2020, with the High-tech Enterprise Certificate No. GR202032002892, which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

22. The subsidiary, Luxshare Intelligent Manufacture (Zhejiang) Co., Ltd. (“Zhejiang Intelligent Manufacture”), was identified as a high-tech enterprise by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance, and Zhejiang Provincial Tax Service, State Taxation Administration on December 1, 2020, with the High-tech Enterprise Certificate No. GR202033001987, which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

23. The subsidiary, Shenzhen Luxshare Acoustics Technology Ltd. (“Luxshare Acoustics”), was identified as a high-tech enterprise by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration on December 11, 2020, with the High-tech Enterprise Certificate No.

GR202044204060, which is valid for three years. According to relevant provisions of the national high-tech enterprise income tax preferential policies in China, it enjoys an enterprise income tax rate of 15% for 2020.

3. Others

Note 1. As per the tax law in Hong Kong, Hong Kong adopts a territorial source principle of taxation, under which only profits which have a source in Hong Kong are taxable there, while profits sourced elsewhere are not subject to Hong Kong gain tax. Luxshare Technologies Limited, Luxshare Standard Limited (HK), ICTLANTO LIMITED (HK), Luxshare Precision Limited (HK) and Yunding Technology Co., Ltd. are not subject to Hong Kong gain tax.

Note 2. Luxshare-ICT (Japan) is entitled to the graded tax rate for the capital amounting to not more than JPY100 million. Corporate income tax (national tax): at 15% for the portion of taxable income within JPY8 million (inclusive), and at 23.2% for the portion in excess thereof. Local corporate income tax (national tax): at 10.3% of total corporate taxable income (national tax).

Note 3. The applicable tax rate of Luxshare ICT, Inc is shown as follows:

	Applicable tax rate
Income tax (federal)	21%
Local tax (state)	8.84%

Note 4. The applicable tax rate of Korea LuxshareICT Co., Ltd is shown as follows:

Total profits	Corporate tax	Local tax
Less than KRW200 million	10%	10% of corporate taxable income
KWR200 million~KWR20 billion	20%	
KWR20 billion~KWR300 billion	22%	
Above KWR300 billion	25%	

Note 5. LUXSHARE-ICT INTERNATIONAL B.V. is incorporated in the Netherlands, to whom the applicable tax rate is 16.5% for the portion of income within EUR200,000 and 25% for the portion in excess thereof.

VII. Notes to Items in Consolidated Financial Statements

1. Cash and bank balances

In RMB

Item	Closing Balance	Opening Balance
Cash on hand	9,919,560.76	594,825.70
Bank deposit	10,454,884,890.58	6,146,745,098.56
Other cash and bank balances	63,441,314.59	33,126,334.75

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Total	10,528,245,765.93	6,180,466,259.01
Including: Total amount of funds deposited abroad	3,867,118,934.25	2,593,531,992.70
Total amount of funds which are restricted in use by mortgage, pledge or freezing, etc.	63,441,314.59	33,126,334.75

Other descriptions

Bank deposits include interest incurred from fixed-term deposits amounting to RMB11,810,808.21

The breakdown of cash and bank balances which are restricted in use by mortgage, pledge or freezing, etc., and which are deposited abroad with restricted repatriation are as follows:

Item	Closing Balance	Closing Balance of Previous Year
Security deposit of bank acceptance bills	10,678,394.18	3,078,831.30
Credit deposits	13,933,745.95	13,254,298.15
Performance deposit	21,291,516.86	
Term deposit or Call Deposit used for guarantee	17,537,657.60	16,793,205.30
Total	63,441,314.59	33,126,334.75

2. Held-for-trading financial assets

In RMB

Item	Closing Balance	Opening Balance
Financial assets at fair value through profit or loss	3,160,064,470.41	1,524,366,132.75
Including:		
Derivative financial assets	305,388,419.95	16,591,708.18
Bank wealth management	2,854,676,050.46	1,507,774,424.57
Including:		
Total	3,160,064,470.41	1,524,366,132.75

Other descriptions:

3. Derivative financial assets

In RMB

Item	Closing Balance	Opening Balance
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Other descriptions:

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4. Notes receivable**(1) Categorized presentation of notes receivable**

In RMB

Item	Closing Balance	Opening Balance
Bank acceptance bill	251,899,317.40	47,511,878.70
Commercial acceptance bill	9,309,284.10	19,362,048.27
Total	261,208,601.50	66,873,926.97

In RMB

Category	Closing Balance					Opening Balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Including:										
Including:										

Provision for bad debts made individually:

In RMB

Description	Closing Balance			
	Book balance	Bad-debt provision	Provision proportion	Reason for provision

Provision for bad debts made by group:

In RMB

Description	Closing Balance		
	Book balance	Bad-debt provision	Provision proportion

Descriptions on the basis for determination of the group:

If the bad-debt provision of notes receivable is made according to the general model of expected credit loss, please disclose the relevant information of bad-debt provision with reference to the disclosure method of other receivables:

Applicable N/A

(2) Bad-debt provision made, recovered or reversed in the current period

Bad-debt provision made in the current period:

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In RMB

Category	Opening Balance	Amount of change in the current period				Closing Balance
		Provision	Recover or reversal	Write off	Other	

Including significant amounts recovered or reversed from the current provision for bad debts:

Applicable N/A

(3) Notes receivable pledged by the Company at the end of the period

In RMB

Item	Pledged amount at the end of the period
Bank acceptance bill	22,490,383.01
Total	22,490,383.01

(4) Notes receivable that have been endorsed or discounted by the Company at the end of the period and have not yet matured on the balance sheet date

In RMB

Item	Derecognized amount at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bill	2,091,917,564.86	
Total	2,091,917,564.86	

(5) Notes which the Company transfers into accounts receivable at the end of the period because of drawers' non-performance

In RMB

Item	Amount transferred to accounts receivable at the end of the period
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Other descriptions

(6) Notes receivable actually written off in the current period

In RMB

Item	Write-off amount
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Including the write-off of significant notes receivable:

In RMB

Entity name	Nature of notes receivable	Write-off amount	Reasons for write off	Procedures for write off	Whether the funds are generated by related-party
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					transactions
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Instructions on the write-off of notes receivable:

5. Accounts receivable

(1) Categorized disclosure of accounts receivable

In RMB

Category	Closing Balance					Opening Balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Accounts receivable for which bad-debt provision is made individually	37,656,321.38	0.27%	37,527,221.68	99.66%	129,099,700	38,880,180.69	0.29%	38,617,539.76	99.32%	262,640.93
Including:										
Accounts receivable for which bad-debt provision is made by group	13,862,652,924.95	99.73%	23,626,684.18	0.17%	13,839,026,240.77	13,268,942,471.16	99.71%	25,579,539.87	0.19%	13,243,362,931.29
Including:										
Group by aging	13,862,652,924.95	99.73%	23,626,684.18	0.17%	13,839,026,240.77	13,268,942,471.16	99.71%	25,579,539.87	0.19%	13,243,362,931.29
Total	13,900,309,246.33	100.00%	61,153,905.86		13,839,155,340.47	13,307,822,651.85	100.00%	64,197,079.63		13,243,625,572.22

Provision for bad debts made individually:RMB37,527,221.68

In RMB

Description	Closing Balance			
	Book balance	Bad-debt provision	Provision proportion	Reason for provision
Entity 1	30,988,680.56	30,988,680.56	100.00%	Unrecoverable
Entity 2	3,884,072.10	3,884,072.10	100.00%	Unrecoverable
Entity 3	2,542,165.36	2,413,065.66	94.92%	Unrecoverable
Entity 4	241,403.36	241,403.36	100.00%	Unrecoverable
Total	37,656,321.38	37,527,221.68	--	--

Provision for bad debts made individually:

In RMB

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Description	Closing Balance			Reason for provision
	Book balance	Bad-debt provision	Provision proportion	

Provision for bad debts made by group: RMB23,626,684.18

In RMB

Description	Closing Balance		
	Book balance	Bad-debt provision	Provision proportion
Undue	13,718,412,121.82	6,878,063.42	0.05%
1 to 60 days overdue	120,007,255.07	6,000,362.74	5.00%
61 to 120 days overdue	9,261,165.60	2,778,349.68	30.00%
121 to 180 days overdue	7,927,945.22	3,171,178.08	40.00%
181 to 365 days overdue	4,484,906.74	2,242,453.37	50.00%
1 (excluding 1) to 2 years overdue	32,538.23	29,284.62	90.00%
More than 2 years overdue	2,526,992.27	2,526,992.27	100.00%
Total	13,862,652,924.95	23,626,684.18	--

Description on the basis for determination of the group:

Provision for bad debts made by group:

In RMB

Description	Closing Balance		
	Book balance	Bad-debt provision	Provision proportion

Description on the basis for determination of the group:

If the bad-debt provision of accounts receivable is made according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt provision:

Applicable N/A

Disclosure by aging

In RMB

Aging	Book balance
Within 1 year (including 1 year)	13,861,439,232.22
Undue	13,718,412,121.83
1 to 60 days overdue	120,007,255.07
61 to 120 days overdue	9,261,165.60
121 to 180 days overdue	8,449,126.92
181 to 365 days overdue	5,309,562.80
1 to 2 years	4,379,393.94
2 to 3 years	34,490,620.17

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Total	13,900,309,246.33
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(2) Bad-debt provision made, recovered or reversed in the current period

Bad-debt provision in the current period:

In RMB

Category	Opening Balance	Amount of change in the current period				Closing Balance
		Provision	Recover or reversal	Write off	Other	
Accounts receivable	64,197,079.63	7,737,455.44		8,486,030.92	-2,294,598.29	61,153,905.86
Total	64,197,079.63	7,737,455.44		8,486,030.92	-2,294,598.29	61,153,905.86

Including significant amounts recovered or reversed from the current provision for bad debts:

In RMB

Entity name	Amount recovered or reversed	Recovery method
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(3) Accounts receivable actually written off in the current period

In RMB

Item	Write-off amount
Accounts receivable actually written off	8,486,030.92

Including the write-off of significant accounts receivable:

In RMB

Entity name	Nature of accounts receivable	Write-off amount	Reasons for write off	Procedures for write off	Whether the funds are generated by related-party transactions
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Description on the write-off of accounts receivable:

(4) Accounts receivable with top five closing balance - by debtor

In RMB

Entity name	Closing balance of accounts receivable	Proportion in total closing balance of accounts receivable	Closing balance of bad-debt provision
Entity 1	3,835,859,879.62	27.60%	1,917,929.94
Entity 2	1,993,686,757.88	14.34%	996,843.38
Entity 3	959,284,250.83	6.90%	479,642.13
Entity 4	610,371,562.51	4.39%	305,185.78

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Entity 5	542,396,461.86	3.90%	271,198.23
Total	7,941,598,912.70	57.13%	

(5) Accounts receivable derecognized due to transfer of financial assets

Item	Amount of derecognition	Ways of financial assets transfer	Gains or losses related to derecognition
Entity 1	7,430,587,022.91	Sale	-31,529,890.44
Total	7,430,587,022.91		-31,529,890.44

In 2020, the Company sold the accounts receivable of specific customers to banks and financial institutions. As of December 31, 2020, the accounts receivable derecognized for the specific customers amount to RMB 7,430,587,022.91.

(6) Amount of assets and liabilities formed by transferring accounts receivable and continuing involvement

Other descriptions:

6. Receivables financing

In RMB

Item	Closing Balance	Opening Balance
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Increase and decrease as well as fair value changes of receivables financing in the current period

Applicable N/A

If the provision for impairment of receivables financing is made according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of impairment provision:

Applicable N/A

Other descriptions:

7. Prepayments

(1) Presentation of prepayments by aging

In RMB

Aging	Closing Balance		Opening Balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	182,183,707.73	99.07%	210,286,780.20	99.19%
1 to 2 years	1,264,401.36	0.69%	1,133,221.56	0.53%
2 to 3 years	172,178.32	0.09%	191,954.70	0.09%

Over 3 years	266,650.29	0.15%	406,655.45	0.19%
Total	183,886,937.70	--	212,018,611.91	--

Reasons for untimely settlement of prepayments in significant amount with aging over 1 year:

(2) Prepayments with top five closing balance - by prepayment beneficiary

Prepayment receiver	Closing Balance	Proportion in total closing balance of prepayments(%)
Entity 1	45,755,861.25	24.88
Entity 2	30,460,372.91	16.56
Entity 3	10,155,255.63	5.52
Entity 4	8,679,875.60	4.72
Entity 5	5,161,011.87	2.81
Total	100,212,377.26	54.49

Other descriptions:

8. Other receivables

In RMB

Item	Closing Balance	Opening Balance
Other receivables	407,990,780.79	338,237,923.96
Total	407,990,780.79	338,237,923.96

(1) Interest receivable

1) Classification of interest receivable

In RMB

Item	Closing Balance	Opening Balance
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2) Significant overdue interest

In RMB

Borrower	Closing balance	Overdue time	Reasons for delay	Whether there is impairment and its judgment basis
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Other descriptions:

3) Bad-debt provision

Applicable N/A

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(2) Dividends receivable**1) Classification of dividends receivable**

In RMB

Item (or Investee)	Closing Balance	Opening Balance
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2) Significant dividends receivable with aging over 1 year

In RMB

Item (or Investee)	Closing Balance	Aging	Reasons for non-recovery	Whether there is impairment and its judgment basis
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3) Bad-debt provision

□ Applicable √ N/A

Other descriptions:

(3) Other receivables**1) Classification of other receivables by nature**

In RMB

Nature of receivables	Closing book balance	Opening book balance
Reserve fund	2,150,958.86	9,489,186.52
Security deposit	82,843,142.41	39,474,865.66
Import tax rebate receivable	52,519,780.76	25,871,375.64
Disbursement	61,811,236.98	2,156,089.51
Transfer funds of fixed assets	15,068,375.17	66,256,604.46
Other	195,784,468.71	196,384,767.00
Total	410,177,962.89	339,632,888.79

2) Bad-debt provision

In RMB

Bad-debt provision	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (with credit impaired)	Lifetime ECL (with credit unimpaired)	
Balance as at January 1, 2020	1,394,964.83			1,394,964.83
Balance as at January 1,	---	---	---	---

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2020 in the current period				
Provision	852,545.23			852,545.23
Write-off	68,961.70			68,961.70
Other changes	8,633.74			8,633.74
Balance as at December 31, 2020	2,187,182.10			2,187,182.10

Changes in the book balance of the provision for loss with significant amount of changes in the current period

Applicable N/A

Disclosure by aging

In RMB

Aging	Book balance
Within 1 year (including 1 year)	409,648,448.73
Undue	407,198,678.37
1 to 60 days overdue	1,661,132.43
61 to 120 days overdue	495,439.79
121 to 180 days overdue	5,305.30
181 to 365 days overdue	287,892.84
1 to 2 years	529,514.16
Total	410,177,962.89

3) Bad-debt provision made, recovered or reversed in the current period

Bad-debt provision made in the current period:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Provision	Recover or reversal	Write off	Other	
Group by aging	1,394,964.83	852,545.23		68,961.70	8,633.74	2,187,182.10
Total	1,394,964.83	852,545.23		68,961.70	8,633.74	2,187,182.10

Including significant amounts reversed or recovered from the current provision for bad debts:

In RMB

Entity name	Amount reversed or recovered	Recovery method

4) Other receivables actually written off in the current period

In RMB

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Item	Write-off amount
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Including the write-off of significant other receivables:

In RMB

Entity name	Nature of other receivables	Write-off amount	Reasons for write off	Procedures for write off	Whether the funds are generated by related-party transactions
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Descriptions on the write-off of other receivables:

5) Other receivables with top five closing balance - by debtor

In RMB

Entity name	Nature of receivables	Closing balance	Aging	Proportion in total closing balance of other receivables	Closing balance of bad-debt provision
Entity 1	Equity transfer funds	190,000,000.00	Undue	46.32%	950,000.00
Entity 2	Export tax rebate	52,519,780.76	Undue	12.80%	262,598.90
Entity 3	Security deposit	17,447,194.83	Undue	4.25%	87,235.97
Entity 4	Security deposit	13,704,698.01	Undue	3.34%	68,523.49
Entity 5	Transfer funds of fixed assets	12,189,828.69	Undue	2.97%	60,949.14
Total	--	285,861,502.29	--	69.68%	1,429,307.50

6) Receivables involving government grants

In RMB

Entity name	Name of government grant	Closing balance	Aging at the end of the period	Estimated time, amount and basis of collection
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7) Other receivables derecognized due to transfer of financial assets

8) Amount of assets and liabilities formed by transferring other receivables and continuing involvement

Other descriptions:

9. Inventories

Where the Company need to comply with the disclosure requirements for the real estate industry

No

(1) Classification of inventories

In RMB

Item	Closing Balance			Opening Balance		
	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance cost	Book value	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance cost	Book value
Raw material	3,139,313,968.65	30,816,233.39	3,108,497,735.26	2,394,527,722.87	20,450,891.52	2,374,076,831.35
Products in process	2,047,580,192.49	31,348,190.65	2,016,232,001.84	1,329,809,441.89	5,410,657.68	1,324,398,784.21
Goods on hand	8,023,281,968.11	67,217,791.93	7,956,064,176.18	3,843,140,662.09	61,496,691.86	3,781,643,970.23
Revolving materials	57,309,755.00	2,374.56	57,307,380.44	49,272,045.90	15,000.03	49,257,045.87
Goods sold	29,388,057.62	160,985.17	29,227,072.45	154,254,852.98	2,690,065.64	151,564,787.34
Materials in transit	42,757,516.88	0.00	42,757,516.88	1,567,293.31	0.00	1,567,293.31
Work in process - outsourced	923,498.10	0.00	923,498.10	18,349,175.85	0.00	18,349,175.85
Total	13,340,554,956.85	129,545,575.70	13,211,009,381.15	7,790,921,194.89	90,063,306.73	7,700,857,888.16

(2) Provision for decline in value of inventories and provision for impairment of contract performance cost

In RMB

Item	Opening Balance	Increase in the current period		Decrease in the current period		Closing Balance
		Provision	Other	Reversal or write off	Other	
Raw material	20,450,891.52	13,458,112.74	0.00	3,020,592.33	72,178.54	30,816,233.39
Products in process	5,410,657.68	25,569,567.59	0.00	38,763.03	-406,728.41	31,348,190.65
Goods on hand	61,496,691.86	23,877,877.36	-143,411.45	17,145,550.61	867,815.23	67,217,791.93
Revolving materials	15,000.03	-12,625.47	0.00	0.00	0.00	2,374.56
Goods sold	2,690,065.64	-2,529,080.47	0.00	0.00	0.00	160,985.17

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Total	90,063,306.73	60,363,851.75	-143,411.45	20,204,905.97	533,265.36	129,545,575.70
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(3) Descriptions on closing balance of inventories containing capitalized amount of borrowing costs**(4) Descriptions on current amortization amount of contract performance costs****10. Contract assets**

In RMB

Item	Closing Balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

The amount of and reasons for significant changes in the book value of contract assets in the current period:

In RMB

Item	Change amount	Reason for change
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If the bad-debt provision of contract assets is made according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt provision:

Applicable N/A

Provision for impairment of contract assets in the current period

In RMB

Item	Provision	Reversal	Write off/cancellation	Reason
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Other descriptions:

11. Held-for-sale assets

In RMB

Item	Closing book balance	Provision for impairment	Closing book value	Fair value	Estimated disposal costs	Estimated disposal time
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Other descriptions:

12. Current portion of non-current assets

In RMB

Item	Closing Balance	Opening Balance
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Significant debt investments/other debt investments

In RMB

Debt item	Closing Balance				Opening Balance			
	Face value	Coupon rate	Effective interest rate	Mature date	Face value	Coupon rate	Effective interest rate	Mature date

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Other descriptions:

13. Other current assets

In RMB

Item	Closing Balance	Opening Balance
Input tax to be deducted	1,540,111,512.16	1,176,940,503.21
Income tax prepaid	257,446,420.71	286,319,473.87
Other	6,927,712.62	21,191,174.65
Total	1,804,485,645.49	1,484,451,151.73

Other descriptions:

14. Debt investments

In RMB

Item	Closing Balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

Significant debt investments

In RMB

Debt item	Closing Balance				Opening Balance			
	Face value	Coupon rate	Effective interest rate	Mature date	Face value	Coupon rate	Effective interest rate	Mature date

Provision for impairment

In RMB

Bad-debt provision	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (without credit impaired)	Lifetime ECL (with credit unimpaired)	
Balance as at January 1, 2020 in the current period	—	—	—	—

Changes in the book balance of the provision for loss with significant amount of changes in the current period

 Applicable N/A

Other descriptions:

15. Other debt investments

In RMB

Item	Opening balance	Accrued interest	Changes in fair value in the current period	Closing balance	Cost	Cumulative changes in fair value	Cumulative provision for loss recognized in other comprehensive income	Remarks

Other significant debt investments

In RMB

Other debt item	Closing Balance				Opening Balance			
	Face value	Coupon rate	Effective interest rate	Mature date	Face value	Coupon rate	Effective interest rate	Mature date

Provision for impairment

In RMB

Bad-debt provision	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (with credit impaired)	Lifetime ECL (with credit unimpaired)	
Balance as at January 1, 2020 in the current period	---	---	---	---

Changes in the book balance of the provision for loss with significant amount of changes in the current period

 Applicable N/A

Other descriptions:

16. Long-term receivables**(1) Long-term receivables**

In RMB

Item	Closing Balance			Opening Balance			Discount rate range
	Book balance	Bad-debt provision	Book value	Book balance	Bad-debt provision	Book value	

Impairment of bad-debt provision

In RMB

Bad-debt provision	Stage I	Stage II	Stage III	Total

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	12-month ECL	Lifetime ECL (with credit impaired)	Lifetime ECL (with credit unimpaired)	
Balance as at January 1, 2020 in the current period	---	---	---	---

Changes in book balance of provision for loss with significant changes in the current period

Applicable N/A

(2) Long-term receivables derecognized due to transfer of financial assets

(3) Amount of assets and liabilities formed by transferring long-term receivables and continuing involvement

Other descriptions

17. Long-term equity investments

In RMB

Investee	Opening balance (book value)	Increase and decrease in the current period								Closing balance (book value)	Closing balance of provision for impairment
		Additional investment	Reduced investment	Investment profit or loss recognized under equity method	Other comprehensive income adjustment	Other changes in equity	Declared cash dividends or profits	Provision for impairment	Other		
I. Joint venture											
Riyimao Industrial Co., Ltd.	77,160,654.68			18,394,906.69	-374,657.21		-8,758,307.43		-185,657.72	86,236,939.01	
Xuande Energy Co., Ltd.	454,220.23			-453,732.03					-488.20		
Subtotal	77,614,874.91			17,941,174.66	-374,657.21		-8,758,307.43		-186,145.92	86,236,939.01	
II. Associates											
SILICONCH SYSTEMS PRIVATE LIMITED	25,502,902.88			-2,839,396.33						22,663,506.55	
Zhuhai Kinwong Flexible Circuit Co., Ltd.	234,305,410.77			3,291,894.45						237,597,305.22	34,372,608.46
Caldigit Holding Limited		55,510,273.80		5,295,883.15	-679,239.68				-892,336.71	59,234,580.56	

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Assem Technology Co., Ltd.		55,251,818.12		-1,405,798.82	-18,304.30	26,148.20			-57,944.76	53,795,918.44	
Taihan Precision Co., Ltd.		97,442,171.83							-104,844.17	97,337,327.66	
Changshu Lizhen Smart Technology Partnership (Limited Partnership)		600,000,000.00								600,000,000.00	
Vietnam Meilv Luxshare Co., Ltd.		83,531,280.00		2,516,084.31						86,047,364.31	
Subtotal	259,808,313.65	891,735,543.75		6,858,666.76	-697,543.98	26,148.20			-1,055,125.64	1,156,676,002.74	34,372,608.46
Total	337,423,188.56	891,735,543.75		24,799,841.41	-1,072,201.19	26,148.20	-8,758,307.43		-1,241,271.56	1,242,912,941.75	34,372,608.46

Other descriptions

Changshu Lizhen Smart Technology Partnership (Limited Partnership) was jointly established by the Company and its subsidiaries, Changshu Luxshare Industrial Investment Management Co., Ltd., and Changshu Luxshare Corporate Management Services Partnership (Limited Partnership), in which the Company and Changshu Luxshare Corporate Management Services Partnership (Limited Partnership) are limited partners, contributing RMB570 million and RMB5.4 billion respectively; the Company's subsidiary is a general partner, contributing RMB30 million. According to the partnership agreement, the purpose of the partnership is to invest in and acquire targets in the field of system assembly, case assembly, and consumer electronics, or other projects in Changshu; in respect of partnership affair practice, the managing partner shall be responsible for day-to-day affairs of the partnership, and have the right to conclude contracts and other agreements and commitments on behalf of the partnership in order to achieve the partnership purpose. For profit distribution, except for the agreed distribution proportion, all investment income obtained by the partnership may not be reinvested without the consent of all partners, and the operating losses of the partnership shall be borne by all partners in proportion to their capital contributions. For the above reasons, the Company does not actually control over Changshu Lizhen Smart Technology Partnership (Limited Partnership), and therefore does not include it in the scope of consolidation.

18. Other investments in equity instruments

In RMB

Item	Closing Balance	Opening Balance
Beijing Xloong Technologies Co., Ltd.	10,977,900.79	10,752,374.31
Beijing Wiparking Technology Co., Ltd.	9,150,443.30	8,789,652.45

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Jingtuo Liyin Technology (Beijing) Co., Ltd.	3,724,908.43	3,675,044.01
Zhejiang Tony Electronic Co., Ltd	114,221,319.04	170,733,150.00
Total	138,074,571.56	193,950,220.77

Itemized disclosure of non-trading equity instrument investments in the current period

In RMB

Project name	Recognized dividend income	Cumulative gains	Cumulative losses	Amount of other comprehensive income carried over to retained earnings	Reasons for being designated as equity instruments at fair value through other comprehensive income	Reasons for carry-over of other comprehensive income to retained earnings
Beijing Xloong Technologies Co., Ltd.		977,900.79			Not for short-term trading purposes	
Beijing Wiparking Technology Co., Ltd.			-849,556.70		Not for short-term trading purposes	
Jingtuo Liyin Technology (Beijing) Co., Ltd.		724,908.43			Not for short-term trading purposes	
Zhejiang Tony Electronic Co., Ltd		94,854,026.52		22,570,692.52	Not for short-term trading purposes	Disposal of partial equities

Other descriptions:

19. Other non-current financial assets

In RMB

Item	Closing Balance	Opening Balance
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Other descriptions:

20. Investment properties

(1) Investment properties measured at cost

√ Applicable □ N/A

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In RMB

Item	Buildings	Land use right	Construction in progress	Total
I. Original carrying amount				
1. Opening balance	48,092,587.77	16,462,696.47		64,555,284.24
2. Increase in the current period	416,874.16			416,874.16
(1) Purchase				
(2) Transfer from inventories\fixed assets\construction in progress	416,874.16			416,874.16
(3) Increase in business combination				
3. Decrease in the current period	1,657,313.52	2,479,861.45		4,137,174.97
(1) Disposal	1,635,786.91	2,447,106.02		4,082,892.93
(2) Other transfer out	21,526.61	32,755.43		54,282.04
Other decrease				
4. Closing balance	46,852,148.41	13,982,835.02		60,834,983.43
II. Accumulated depreciation and amortization				
1. Opening balance	11,898,806.50			11,898,806.50
2. Increase in the current period	1,937,521.84			1,937,521.84
(1) Provision or amortization	1,937,521.84			1,937,521.84
3. Decrease in the current period	593,455.15			593,455.15
(1) Disposal	586,057.33			586,057.33
(2) Other transfer out	7,397.82			7,397.82
4. Closing balance	13,242,873.19			13,242,873.19

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III. Provision for impairment				
1. Opening Balance				
2. Increase in the current period				
(1) Provision				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer out				
4. Closing balance				
IV. Book value				
1. Closing balance	33,609,275.22	13,982,835.02		47,592,110.24
2. Opening balance	36,193,781.27	16,462,696.47		52,656,477.74

(2) Investment properties measured at fair value

Applicable N/A

(3) Investment properties without title certificate

In RMB

Item	Book value	Reasons for not obtaining the title certificate
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Other notes

21. Fixed assets

In RMB

Item	Closing Balance	Opening Balance
Fixed assets	19,761,012,854.95	13,707,298,535.36
Total	19,761,012,854.95	13,707,298,535.36

(1) Fixed assets

In RMB

Item	Buildings	Office equipment	Machinery equipment	Computer equipment	Auxiliary production	Transportation	Other equipment	Mould equipment	Total
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					equipment	equipment			
I. Original carrying amount									
1. Opening Balance	4,544,013,678.10	156,341,023.99	8,181,591,674.43	125,793,925.18	1,454,366,545.86	43,266,776.57	1,553,202,096.75	1,250,190,928.04	17,308,766,648.92
2. Increase in the current period	2,492,192,167.48	48,347,866.40	4,314,086,470.71	40,443,707.53	569,707,147.67	7,934,264.41	1,406,352,642.72	1,160,993,026.63	10,040,057,293.55
(1) Purchase	1,376,914,445.58	47,371,263.44	3,710,468,499.89	39,983,029.14	504,361,471.28	7,926,608.05	1,402,523,140.31	1,104,246,919.00	8,329,831,867.42
(2) Transfer in from construction in progress	1,104,725,605.43	76,610.52	600,513,202.51	461,794.41	65,394,619.23		2,637,529.78	56,744,583.48	1,694,517,454.63
(3) Increase in business combination							1,192,403.53		1,192,403.53
Other	10,552,116.47	899,992.44	3,104,768.31	-1,116.02	-48,942.84	7,656.36	-430.90	1,524.15	14,515,567.97
3. Decrease in the current period	14,574,834.24	8,129,332.62	1,789,988,570.25	15,504,093.64	207,991,692.00	3,017,838.40	179,030,360.83	187,522,202.07	2,405,758,924.05
(1) Disposal or scrap	4,734,995.24	6,993,109.39	1,287,833,063.55	15,388,508.94	207,846,950.28	2,905,349.27	178,244,446.32	187,451,181.22	1,891,397,604.21
Other	9,839,839.00	1,136,223.23	502,155,506.70	115,584.70	144,741.72	112,489.13	785,914.51	71,020.85	514,361,319.84
4. Closing Balance	7,021,631,011.34	196,559,557.77	10,705,689,574.89	150,733,539.07	1,816,082,001.53	48,183,202.58	2,780,524,378.64	2,223,661,752.60	24,943,065,018.42
II. Accumulated depreciation									
1.	699,447,771	63,593,544.	1,430,353,1	40,297,931.	374,257,195	20,728,806.	473,785,977	431,843,198	3,534,307,5

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Opening balance	.71	06	21.23	56	.19	43	.54	.93	46.65
2. Increase in the current period	259,995,232.86	28,329,216.99	895,638,952.13	20,651,189.65	247,118,761.61	4,987,517.73	378,515,628.73	388,140,993.58	2,223,377,493.28
(1) Provision	253,562,583.58	27,590,506.72	890,016,029.45	20,749,387.24	247,192,980.04	4,979,361.94	378,280,200.82	388,139,528.62	2,210,510,578.41
Other	6,432,649.28	738,710.27	5,622,922.68	-98,197.59	-74,218.43	8,155.79	235,427.91	1,464.96	12,866,914.87
3. Decrease in the current period	3,060,287.77	4,845,104.83	399,134,860.42	5,409,087.04	70,251,075.09	1,624,321.34	79,177,957.74	89,489,851.58	652,992,545.81
(1) Disposal or scrap	1,779,929.69	4,599,344.73	336,142,693.31	5,372,392.83	35,677,962.98	1,607,891.93	79,112,373.52	86,344,097.74	550,636,686.73
Other	1,280,358.08	245,760.10	62,992,167.11	36,694.21	34,573,112.11	16,429.41	65,584.22	3,145,753.84	102,355,859.08
4. Closing Balance	956,382,716.80	87,077,656.22	1,926,857,212.94	55,540,034.17	551,124,881.71	24,092,002.82	773,123,648.53	730,494,340.93	5,104,692,494.12
III. Provision for impairment									
1. Opening Balance		1,832,839.19	23,065,704.76	24,706.94	2,857,463.43	42,534.87	16,267,714.79	23,069,602.93	67,160,566.91
2. Increase in the current period		8,390.80	81,189,350.05	17,490.44	524,635.23	-42,534.87	-4,462,197.74	1,689,925.38	78,925,059.29
(1) Provision		8,390.80	80,987,860.48	17,490.44	524,635.23	-42,534.87	-4,462,197.74	1,689,925.38	78,723,569.72
Other			201,489.57						201,489.57
3. Decrease in the current period		34,548.67	56,283,660.26	11,041.09	818,658.55		11,191,869.73	386,178.55	68,725,956.85
(1) Disposal or		34,548.67	56,283,660.26	11,041.09	818,658.55		11,191,869.73	386,178.55	68,725,956.85

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scrap									
Other									
4. Closing balance		1,806,681.32	47,971,394.55	31,156.29	2,563,440.11		613,647.32	24,373,349.76	77,359,669.35
IV. Book value									
1. Closing balance	6,065,248.29	107,675,220.23	8,730,860.96	95,162,348.61	1,262,393.67	24,091,199.76	2,006,787.08	1,468,794.06	19,761,012.85
2. Opening balance	3,844,565.90	90,914,640.74	6,728,172.84	85,471,286.68	1,077,251.87	22,495,435.27	1,063,148.40	795,278.12	13,707,298.53

(2) Temporarily idle fixed assets

In RMB

Item	Original carrying amount	Accumulated depreciation	Provision for impairment	Book value	Remarks

(3) Fixed assets leased in through finance lease

In RMB

Item	Original carrying amount	Accumulated depreciation	Provision for impairment	book value

(4) Fixed assets leased out through operating lease

Item	Closing book value

(5) Fixed assets without title certificate

In RMB

Item	Book value	Reasons for not obtaining the title certificate
Workshop, office and dormitory buildings of Fujian JK	10,115,951.99	Note 1
Precision machinery workshop of Boshuo Electronics	6,089,484.25	Newly built; the certificate is in process
New houses and buildings of Luxshare Electronic Kunshan	385,256,993.67	Newly built; the certificate is in process
Changshu Luxshare Factory and Auxiliary Building Project	313,734,239.12	Newly built; the certificate is in process

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New Dormitory of Zhejiang Intelligent Manufacture	133,995,943.37	Newly built; the certificate is in process
Cadre Training Center of Meite Technology (Suzhou) Co., Ltd.	1,443,777.51	Newly built; the certificate is in process
Plant and Dormitory for Jiangxi Intelligent Manufacture	427,715,309.33	Newly built; the certificate is in process
Complex Building and Dormitory of Dongguan Luxshare	151,693,631.20	Newly built; the certificate is in process

Other descriptions

Note 1: The land occupied by the staff dormitory is in nature an allotted land, the use right of which was acquired by the Company by means of transfer through agreement in line with relevant regulations at that time. The property title formed based on the allotted land use right is not allowed to be transferred unless the allocated land use right is converted to paid land use right. However, the existing land use right cannot be transferred by agreement, as a result of which the property title to the staff dormitory building has not been transferred to Fujian JK.

(6) Disposal of fixed assets

In RMB

Item	Closing Balance	Opening Balance
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Other descriptions

22. Construction in progress

In RMB

Item	Closing Balance	Opening Balance
Construction in progress	1,596,064,894.58	865,549,438.56
Total	1,596,064,894.58	865,549,438.56

(1) Construction in progress

In RMB

Item	Closing Balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Workshop construction	1,311,923,496.51		1,311,923,496.51	646,783,362.29		646,783,362.29
Mould improvement	4,759,515.63		4,759,515.63	32,471,966.51		32,471,966.51
Equipment	145,475,258.95		145,475,258.95	184,343,732.88		184,343,732.88

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installation engineering						
Other	133,906,623.49		133,906,623.49	1,950,376.88		1,950,376.88
Total	1,596,064,894.58		1,596,064,894.58	865,549,438.56		865,549,438.56

(2) Changes in significant constructions in progress for the current period

In RMB

Project name	Budget	Opening balance	Increase in the current period	Amount transferred to fixed assets in the current period	Other decrease in the current period	Closing balance	Proportion of accumulated project investment in budget	Project progress	Amount of accumulated capitalized interest	Including: Amount of current capitalized interest	Current interest capitalization rate	Source of funds
Changshu Luxshare workshop construction	786,917,140.87		643,399,268.56	277,048,598.87	2,175,096.00	364,175,573.69	81.76%	81.76				
Dongguan Luxshare workshop construction	1,000,000,000.00	168,993,660.03	101,006,322.64	197,298,704.82		72,701,277.85	95.00%	95.00				Funds from equity financing
Workshop Project	500,000,000.00	83,849,433.44	207,418,190.22	5,615,836.45	5,807,816.60	279,843,970.61	58.25%	58.25				
Intelligent Manufacture Jiangxi workshop construction	1,082,665,773.12	189,572,791.91	1,204,150.95	101,233,151.33		89,543,791.53	75.00%	80.00				Funds from equity financing
Zhejiang intelligent manufacturing workshop construction	144,730,000.00	15,602,124.80	226,829,927.62	242,432,052.42			100.00%	100.00				
Yunzhong phase I	1,700,000,000.00	87,679,914.12	28,170,000.00	87,679,914.12		28,170,000.00	80.00%	80.00				

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and phase												
II												
workshop												
constructio												
n												
Yi'an												
project	660,786,	80,220,4	424,517,	138,057,	5,193,55	361,487,						
constructio	440.65	57.42	985.48	144.69	5.51	742.70	76.38%	76.38				
n												
Total	5,875,09	625,918,	1,632,54	1,049,36	13,176,4	1,195,92	--	--				--
	9,354.64	381.72	5,845.47	5,402.70	68.11	2,356.38						

(3) Provision for impairment of construction in progress for the current period

In RMB

Item	Current provision amount	Reasons for provision
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Other descriptions

(4) Engineering materials

In RMB

Item	Closing Balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

Other descriptions:

23. Bearer biological assets**(1) Bearer biological assets measured at cost** Applicable N/A**(2) Bearer biological assets measured at fair value** Applicable N/A**24. Oil and gas assets** Applicable N/A**25. Right-of-use assets**

In RMB

Item	Total
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Other notes:

26. Intangible assets**(1) Intangible assets**

In RMB

Item	Land use right	Patent right	Non-patent technology	Software	Other	Total
I. Original carrying amount						
1. Opening balance	1,022,608,330.65	1,771,459.90	71,902,729.82	16,318,959.18	42,059,231.19	1,154,660,710.74
2. Increase in the current period	257,568,074.66	77,940.05	17,144,353.16	109,894,112.81		384,684,480.68
(1) Purchase	257,442,863.77	66,981.13	17,073,890.16	109,889,559.91		384,473,294.97
(2) Internal R&D						
(3) Increase in business combination						
Other	125,210.89	10,958.92	70,463.00	4,552.90		211,185.71
3. Decrease in the current period	101,574,187.62	921,331.82	2,140,160.48	-341,853.96	21,388.19	104,315,214.15
(1) Disposal	14,198,228.54	486,066.04	1,276,656.56	60,344.86		16,021,296.00
Decrease in business combination	62,418,000.00					62,418,000.00
Other	24,957,959.08	435,265.78	863,503.92	-402,198.82	21,388.19	25,875,918.15
4. Closing Balance	1,178,602,217.69	928,068.13	86,906,922.50	126,554,925.95	42,037,843.00	1,435,029,977.27
II. Accumulated amortization						
1. Opening Balance	66,801,559.21	717,432.77	31,090,251.01	6,196,585.34	2,129,036.88	106,934,865.21

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2. Increase in the current period	22,720,572.80	84,456.51	18,392,710.88	22,013,583.55	3,645,854.39	66,857,178.13
(1) Provision	22,720,572.80	74,790.68	18,328,216.88	22,011,767.67	3,645,854.39	66,781,202.42
Other		9,665.83	64,494.00	1,815.88		75,975.71
3. Decrease in the current period	2,073,254.46	203,138.67	1,764,307.81	-125,490.23	8,065.01	3,923,275.72
(1) Disposal	287,912.59	20,252.80	1,241,156.17	10,057.49		1,559,379.05
Decrease in business combination	1,456,420.00					1,456,420.00
Other	328,921.87	182,885.87	523,151.64	-135,547.72	8,065.01	907,476.67
4. Closing Balance	87,448,877.55	598,750.61	47,718,654.08	28,335,659.12	5,766,826.26	169,868,767.62
III. Provision for impairment						
1. Opening Balance						
2. Increase in the current period						
(1) Provision						
Other						
3. Decrease in the current period						
(1) Disposal						
Other						
4. Closing Balance						
IV. Book value						
1. Closing balance	1,091,153,340.14	329,317.52	39,188,268.42	98,219,266.83	36,271,016.74	1,265,161,209.65
2. Opening	955,806,771.44	1,054,027.13	40,812,478.81	10,122,373.84	39,930,194.31	1,047,725,845.53

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balance						
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The proportion of intangible assets formed through internal R&D in the balance of intangible assets at the end of this period.

(2) Land use right without title certificate

In RMB

Item	Book value	Reasons for not obtaining the title certificate
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Other descriptions:

27. Development expenditure

In RMB

Item	Opening Balance	Increase in the current period			Decrease in the current period			Closing Balance
		Internal development expenditure	Other		Recognized as intangible assets	Converted to current profit or loss		
Total								

Other descriptions

28. Goodwill

(1) Original carrying amount of goodwill

In RMB

Investee name or event forming goodwill	Opening Balance	Increase in the current period		Decrease in the current period		Closing Balance
		Formed by business combination	Other	Disposal	Other	
ASAP Technology (Jiangxi) Co., Ltd.	42,325,745.85					42,325,745.85
Lanto Electronic Limited	376,682,429.24					376,682,429.24
Bozhou Lanto Electronic Limited	9,564,372.61					9,564,372.61
M&A of	53,174,339.31					53,174,339.31

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KERTONG goodwill						
Fujian JK Wiring Systems Co., Ltd.	17,717,209.29					17,717,209.29
Huzhou Jiuding Electronic Co., Ltd.	1,730,318.45					1,730,318.45
SpeedTech Corp.	26,656,146.69					26,656,146.69
Luxshare Electronic Technology (Kunshan) Co., Ltd.	4,582,880.91					4,582,880.91
Suk kunststofftechnik GmbH	9,552,894.63					9,552,894.63
Meite Technology (Suzhou) Co., Ltd.	8,570,588.06					8,570,588.06
Meilv Electronic (Huizhou) Co., Ltd.	6,575,713.14					6,575,713.14
Meilv Electronics (Shanghai) Co., Ltd.	454,304.97					454,304.97
Wuxi Huihong Electronic Co., Ltd.	3,102,735.14					3,102,735.14
Castle Rock, Inc.	8,303,254.98					8,303,254.98
Taiqiao Investment Co., Ltd.		441,595.93				441,595.93
Total	568,992,933.27	441,595.93				569,434,529.20

(2) Provision for impairment of goodwill

In RMB

Investee name or event forming	Opening Balance	Increase in the current period		Decrease in the current period		Closing Balance
		Provision	Other	Disposal	Other	

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goodwill					
Meite Technology (Suzhou) Co., Ltd.	8,570,588.06				8,570,588.06
Suk kunststofftechnik GmbH	9,552,894.63				9,552,894.63
Meilv Electronics (Shanghai) Co., Ltd.	454,304.97				454,304.97
Fujian JK Wiring Systems Co., Ltd.	17,717,209.29				17,717,209.29
Total	36,294,996.95				36,294,996.95

Relevant information on asset group or set of asset groups to which the goodwill belongs

Descriptions on the goodwill impairment test process, key parameters (such as the growth rate in the forecast period, the growth rate in the stable period, the profit rate, the discount rate, the forecast period, etc., when forecasting the present value of future cash flow) and the recognition method of goodwill impairment loss

The goodwill of the Company is formed by business combinations not involving enterprises under common control in previous years and this year. On the balance sheet date, the Company conducted impairment tests on goodwill. The recoverable amount of the asset group involved in goodwill is determined according to the present value of the future cash flow of the asset group and the net realizable value. The management determines the growth rate and gross margin based on the macro market environment, historical experience and the development stage forecast of product segments involved in different asset groups. Depending on the different asset groups involved, the growth rate used in the forecast for the current year is 1.00% - 25.00%, the gross margin is 13.00% - 23.81%, and the discount rate is 10.75% - 12.01%. The parameters used in goodwill impairment test of major asset groups are as follows:

Asset group name	Gross margin	Growth rate	Discount rate
ASAP Technology (Jiangxi) Co., Ltd.	18%-19.48%	1.4%-1.6%	10.75%
Lanto Electronic Limited	22.00%-23.81%	10.00%-10.82%	11.25%
Shenzhen Kertong Industrial Co., Ltd.	22%-23%	23.00%-24.9%	12.01%

Influence of goodwill impairment test

Other descriptions

29. Long-term prepaid expenses

In RMB

Item	Opening Balance	Increase in the current period	Amortization amount in the current period	Other reduced amount	Closing Balance
House repair fee	301,886,866.87	228,173,592.60	105,277,059.74		424,783,399.73
Other	50,155,584.53	45,458,799.06	32,310,738.35		63,303,645.24
Total	352,042,451.40	273,632,391.66	137,587,798.09		488,087,044.97

Other descriptions

30. Deferred income tax assets / deferred income tax liabilities

(1) Deferred income tax assets that are not offset

In RMB

Item	Closing Balance		Opening Balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets	178,973,738.82	27,259,356.59	106,187,235.36	16,759,791.66
Deductible losses	1,093,128,995.53	151,850,386.35	157,932,162.92	15,959,512.69
Exchange differences of foreign operations	27,288,912.60	5,457,782.50	26,415,900.11	5,283,180.10
Unrealized profit of internal transaction	197,095,777.59	29,564,366.64	170,180,940.60	25,527,141.08
Non-leave bonus	1,773,724.21	354,744.89	1,749,973.08	349,994.62
Valuation of derivative financial instruments			960,650.06	144,097.51
Government grants	396,003,023.27	70,194,455.38	232,487,846.06	35,768,155.06
Share-based payment	390,170,003.29	67,974,211.12	241,604,404.52	38,422,671.30
Other	15,122,457.21	3,179,130.74	5,732,001.17	1,260,646.35
Total	2,299,556,632.52	355,834,434.21	943,251,113.88	139,475,190.37

(2) Deferred income tax liabilities that are not offset

In RMB

Item	Closing Balance		Opening Balance	
	Taxable temporary difference	Deferred tax income liabilities	Taxable temporary difference	Deferred tax income liabilities
Assets valuation appreciation of business	93,903,990.20	16,054,921.33	99,810,634.68	16,786,151.78

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combination not involving enterprises under common control				
Changes in fair value of other investments in equity instruments	95,831,927.34	14,374,789.10	148,985,524.31	22,234,972.50
Accelerated depreciation of fixed assets	5,363,997,971.61	806,120,054.47	3,405,624,697.88	511,670,187.93
Support funds allocated by the government	15,046,630.73	2,256,994.61	15,434,326.67	2,315,149.00
Accumulative recognition of overseas investment interests by equity method	342,518,297.34	68,503,659.35	205,334,910.98	41,066,982.12
Prepaid pension	4,849,056.41	969,811.28	4,606,433.66	921,286.73
Allowance for bad debt overrun	682,946.59	136,589.23	663,432.19	132,686.44
Valuation of derivative financial instruments	320,117,316.21	48,017,597.53	14,537,134.42	2,311,933.44
Other	51,621,287.35	9,657,796.05	3,129,960.92	745,043.06
Total	6,288,569,423.78	966,092,212.95	3,898,127,055.71	598,184,393.00

(3) Deferred income tax assets or liabilities presented in net amount after offsetting

In RMB

Item	Offset amount between deferred tax assets and liabilities at the end of the period	Closing balance of deferred tax assets or liabilities after offset	Offset amount between deferred tax assets and liabilities at the beginning of the period	Opening balance of deferred tax assets or liabilities after offset
Deferred tax assets		355,834,434.21		139,475,190.37
Deferred tax liabilities		966,092,212.95		598,184,393.00

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Closing Balance	Opening Balance
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(5) The deductible losses of unrecognized deferred income tax assets will be due in the following years

In RMB

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Particular year	Closing amount	Opening amount	Remarks
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Other descriptions:

31. Other non-current assets

In RMB

Item	Closing Balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepayments for equipment, project and land	1,212,186.29 0.84		1,212,186.29 0.84	1,422,892.63 8.91		1,422,892.63 8.91
Prepaid pension	4,849,056.41		4,849,056.41	4,606,433.66		4,606,433.66
Other	6,164,295.36		6,164,295.36	5,067,455.80		5,067,455.80
Total	1,223,199.64 2.61		1,223,199.64 2.61	1,432,566.52 8.37		1,432,566.52 8.37

Other descriptions:

32. Short-term borrowings

(1) Classification of Short-term borrowings

In RMB

Item	Closing Balance	Opening Balance
Pledge loans	5,382,006,847.47	2,231,288,461.26
Mortgage loans	80,950,818.66	41,868,000.00
Guaranteed loans	871,234,184.03	844,714,453.79
Credit loans	1,242,876,948.33	1,048,431,308.12
Total	7,577,068,798.49	4,166,302,223.17

Descriptions on classification of short-term borrowings:

(2) Overdue but unpaid short-term borrowings

The total amount of overdue but unpaid short-term borrowings at the end of the period is RMB , of which the significant overdue and outstanding short-term borrowings are as follows:

In RMB

Borrower	Closing Balance	Loan interest rate	Overdue time	Overdue interest rate
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Other descriptions:

33. Held-for-trading financial liabilities

In RMB

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Item	Closing Balance	Opening Balance
Held-for-trading financial liabilities		1,001,553.00
Including:		
Derivative financial liabilities		1,001,553.00
Including:		
Total		1,001,553.00

Other descriptions:

34. Derivative financial liabilities

In RMB

Item	Closing Balance	Opening Balance
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Other descriptions:

35. Notes payable

In RMB

Category	Closing Balance	Opening Balance
Commercial acceptance bill	280,012.21	
Bank acceptance bill	128,292,099.33	206,496,660.20
Total	128,572,111.54	206,496,660.20

The total amount of notes payable due but unpaid at the end of this period is RMB.

36. Accounts payable

(1) Presentation of accounts payable

In RMB

Item	Closing Balance	Opening Balance
Within one year	23,001,670,496.95	17,254,624,115.62
One to two years	48,074,585.64	6,716,724.96
Two to three years	777,315.18	5,634,282.62
More than three years	1,035,206.06	1,248,056.96
Total	23,051,557,603.83	17,268,223,180.16

(2) Significant accounts payable with aging over 1 year

In RMB

Item	Closing Balance	Reasons for non-payment or carrying forward
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Entity 1	7,060,756.36	Unsettled
Entity 2	5,047,010.15	Unsettled
Entity 3	3,607,807.50	Unsettled
Entity 4	3,262,450.00	Unsettled
Entity 5	1,213,928.00	Unsettled
Total	20,191,952.01	--

Other descriptions:

37. Receipts in advance

(1) Presentation of receipts in advance

In RMB

Item	Closing Balance	Opening Balance
Within one year		100,037,449.20
One to two years		1,511,930.01
Two to three years		60,000.00
Total		101,609,379.21

(2) Significant receipts in advance with aging over 1 year

In RMB

Item	Closing Balance	Reasons for non-payment or carrying forward

38 Contract liabilities

In RMB

Item	Closing Balance	Opening Balance
Goods payments received in advance	152,512,971.36	0.00
Total	152,512,971.36	

Amount of and reason for significant changes in book value during the reporting period

In RMB

Item	Change amount	Reason for change

39. Employee benefits payable

(1) Presentation of employee benefits payable

In RMB

Item	Opening Balance	Increase	Decrease	Closing Balance

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I. Short-term compensation	1,390,049,933.20	11,477,740,914.72	11,505,531,953.21	1,362,258,894.71
II. Post employment benefits - defined contribution plan	33,268,964.54	485,266,194.82	483,260,369.76	35,274,789.60
III. Termination benefits	98,454.92	591,254.58	591,254.58	98,454.92
Total	1,423,417,352.66	11,963,598,364.12	11,989,383,577.55	1,397,632,139.23

(2) Presentation of short-term compensation

In RMB

Item	Opening Balance	Increase	Decrease	Closing Balance
1. Salary, bonus, allowance and subsidy	1,365,911,504.54	10,958,962,160.01	10,994,429,770.55	1,330,443,894.00
2. Employee welfare	3,907,968.78	34,061,821.66	34,340,075.18	3,629,715.26
3. Social insurance premium	17,649,747.03	282,229,522.08	276,586,215.52	23,293,053.59
Including: Medical insurance premium	14,227,803.13	248,781,884.09	243,271,856.50	19,737,830.72
Employment injury insurance premium	2,199,252.97	14,298,209.61	14,300,381.86	2,197,080.72
Maternity insurance premium	1,222,690.93	19,149,428.38	19,013,977.16	1,358,142.15
4. Housing provident fund	653,763.92	195,028,615.11	194,709,518.91	972,860.12
5. Trade union funds and staff education funds	914,416.01	5,858,895.26	5,225,816.10	1,547,495.17
6. Other short-term compensation	1,012,532.92	1,599,900.60	240,556.95	2,371,876.57
Total	1,390,049,933.20	11,477,740,914.72	11,505,531,953.21	1,362,258,894.71

(3) Presentation of defined contribution plan

In RMB

Item	Opening Balance	Increase	Decrease	Closing Balance
1. Basic endowment insurance premium	32,460,745.49	459,483,031.72	457,500,084.73	34,443,692.48
2. Unemployment	808,219.05	25,783,163.10	25,760,285.03	831,097.12

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insurance premium				
Total	33,268,964.54	485,266,194.82	483,260,369.76	35,274,789.60

Other descriptions:

40. Taxes payable

In RMB

Item	Closing Balance	Opening Balance
Value added tax	51,405,224.41	22,190,181.00
Enterprise income tax	61,775,887.49	123,745,112.07
Individual income tax	21,229,322.95	70,495,128.22
Urban maintenance and construction tax	39,628,090.50	49,444,922.13
Property tax	9,463,498.94	6,764,746.33
Education surcharges	24,409,566.22	29,750,942.00
Land use tax	2,197,387.91	1,632,262.33
Local education surcharges	15,752,322.98	19,851,689.12
Stamp duty	6,904,466.32	2,724,640.80
Other	4,655,723.91	1,033,698.68
Total	237,421,491.63	327,633,322.68

Other descriptions:

41. Other payables

In RMB

Item	Closing Balance	Opening Balance
Interest payable		6,097,484.73
Other payables	146,162,097.14	346,292,787.04
Total	146,162,097.14	352,390,271.77

(1) Interest payable

In RMB

Item	Closing Balance	Opening Balance
Interest on long-term borrowings with interest paid in installments and principal repayable at maturity		624,916.67
Corporate bond interest		290,958.90
Interest payable on short-term borrowings		5,181,609.16

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Total		6,097,484.73
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Significant overdue but unpaid interest:

In RMB

Borrower	Overdue amount	Reasons for delay
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Other descriptions:

(2) Dividends payable

In RMB

Item	Closing Balance	Opening Balance
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Other descriptions: it is required to disclose the reasons if there are key dividends payable that have not been paid for more than 1 year.

(3) Other payables

1) Presentation of other payables by nature

In RMB

Item	Closing Balance	Opening Balance
Within 1 year	144,334,594.60	324,372,366.62
1-2 years	622,251.94	20,753,622.69
2-3 years	410,000.00	966,797.73
Over 3 years	795,250.60	200,000.00
Total	146,162,097.14	346,292,787.04

2) Other significant accounts payable aged over 1 year

In RMB

Item	Closing Balance	Reasons for non-payment or carrying forward
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Other descriptions

42. Held-for-sale liabilities

In RMB

Item	Closing Balance	Opening Balance
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Other descriptions:

43. Non-current liabilities due within one year

In RMB

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Item	Closing Balance	Opening Balance
Long-term borrowings due within one year	278,527,714.63	366,537,115.41
Total	278,527,714.63	366,537,115.41

Other descriptions:

44. Other current liabilities

In RMB

Item	Closing Balance	Opening Balance
Short-term bonds payable	508,715,277.78	500,000,000.00
Government-backed fund	57,000,000.00	115,000,000.00
Output VAT to be levied	17,673,149.75	
Other	39,869,128.36	31,115,152.49
Total	623,257,555.89	646,115,152.49

Increase and decrease in short-term bonds payable:

In RMB

Bond name	Face value	Issue date	Bond maturity	Amount of issue	Opening balance	Current issue	Interest accrued at face value	Amortization of premium and discount	Current repayment		Closing Balance
Short-term bonds payable	100.00	December 26, 2019	270 days	500,000,000.00	500,000,000.00		13,057,377.05		513,057,377.05		
Short-term bonds payable	100.00	March 05, 2020	270 days	1,000,000,000.00		1,000,000,000.00	21,452,054.79		1,021,452,054.79		
Short-term bonds payable	100.00	April 24, 2020	270 days	500,000,000.00		500,000,000.00	8,715,277.78				508,715,277.78
Total	--	--	--	2,000,000,000.00	500,000,000.00	1,500,000,000.00	43,224,709.62		1,534,509,431.84		508,715,277.78

Other descriptions:

45. Long-term borrowings

(1) Classification of long-term borrowings

In RMB

Item	Closing Balance	Opening Balance
Pledge loans	1,878,341.29	1,949,694.88

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Mortgage loans	1,301,034,722.05	1,527,173,950.10
Credit loans	192,286,175.07	33,785,179.32
Total	1,495,199,238.41	1,562,908,824.30

Descriptions on classification of long-term borrowings:

Other descriptions, including interest rate range:

46. Bonds payable

(1) Bonds payable

In RMB

Item	Closing Balance	Opening Balance
Convertible bonds	2,475,423,249.98	
Total	2,475,423,249.98	

(2) Increase and decrease in bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

In RMB

Bond name	Face value	Issue date	Bond maturity	Amount of issue	Opening balance	Current issue	Interest accrued at face value	Amortization of premium and discount	Current repayment	Closing Balance
Convertible bonds of Luxshare	3,000,000,000.00	November 3, 2020	6 years	3,000,000,000.00		3,000,000,000.00	500,000.00	-17,629,052.02		2,475,423,249.98
Total	--	--	--	3,000,000,000.00		3,000,000,000.00	500,000.00	-17,629,052.02		2,475,423,249.98

(3) Descriptions on conditions and time for conversion of convertible bonds

1. Description on conditions and time of the convertible bonds

The conversion period of the convertible bonds issued this time commences on the first trading day six months after the end of the issue of the convertible bonds (November 9, 2020, i.e. the date when the proceeds are transferred to the issuer's account) and ends on the maturity date of the convertible bonds. (i.e. from May 10, 2021 (as the date of May 09, 2021 is a non-trading day, it defers to May 10, 2021) to November 2, 2026 (it defers to the first trading day thereafter in case of legal holidays or rest days; no additional interest will be charged to the payment during the deferred period)).

(4) Descriptions on other financial instruments classified as financial liabilities

Basic information on preferred shares, perpetual bonds and other financial instruments outstanding at the end of the period

Changes in preferred shares, perpetual bonds and other financial instruments outstanding at the end of the period

In RMB

Outstanding financial instruments	Opening		Increase in the current period		Decrease in the current period		Closing	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value

Descriptions on the basis for classifying other financial instruments into financial liabilities

Other descriptions

47. Lease liabilities

In RMB

Item	Closing Balance	Opening Balance
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Other descriptions

48. Long-term payables

In RMB

Item	Closing Balance	Opening Balance
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(1) Presentation of long-term payables by nature

In RMB

Item	Closing Balance	Opening Balance
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Other descriptions:

(2) Special accounts payable

In RMB

Item	Opening Balance	Increase	Decrease	Closing Balance	Reason
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Other descriptions:

49. Long-term employee benefits payable**(1) Breakdown of Long-term employee benefits payable**

In RMB

Item	Closing Balance	Opening Balance
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(2) Changes in defined benefit plans

Present value of obligations in defined benefit plans:

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In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
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Plan assets:

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
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Net liabilities (net assets) of defined benefit plans

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
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Descriptions on the content of the defined benefit plans, the related risks, and the impact on the Company's future cash flow, time and uncertainty:

Descriptions on the major actuarial assumptions and sensitivity analysis results concerning the defined benefit plans:

Other descriptions:

50. Provisions

In RMB

Item	Closing Balance	Opening Balance	Reason
Product quality warranty	1,360,598.63	1,317,263.45	
Total	1,360,598.63	1,317,263.45	--

Other descriptions, including major assumptions and estimation descriptions related to significant provisions

51. Deferred income

In RMB

Item	Opening Balance	Increase	Decrease	Closing Balance	Reason
Government grants	256,059,554.91	212,686,653.09	43,400,225.36	425,345,982.64	
Total	256,059,554.91	212,686,653.09	43,400,225.36	425,345,982.64	--

Projects involving government grants:

In RMB

Liabilities	Opening balance	New subsidy amount in the current period	Amount included in non-operating income in the current period	Amount included in other incomes in the current period	Amount of cost offset in the current period	Other changes	Closing balance	Related to asset/income
Special funds for technological transformation	244,004,302.41	212,686,653.09		42,856,630.76			413,834,324.74	Related to asset

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and industrial upgrading								
Land-related refund	12,055,252.50			543,594.60			11,511,657.90	Related to asset

Other descriptions:

52. Other non-current liabilities

In RMB

Item	Closing Balance	Opening Balance
Deposit for lease of plant buildings	19,923.33	11,130.10
Government-backed fund	150,000,000.00	350,000,000.00
Total	150,019,923.33	350,011,130.10

Other descriptions:

On May 7, 2016, Jiangxi Luxshare Intelligent Manufacture Co., Ltd.(formally named as Ji' an City Luxshare Radio Frequency Technology Co., Ltd., "Ji' an RF"), a subsidiary of the Company, entered into an investment agreement with the Management Committee of Jiangxi Ji' an High-tech Industrial Park, whereby it is agreed that Ji' an RF will set up a Luxshare-based RF project in the high-tech park, mainly planning the production of base stations, high-frequency antennas, cordless charging modules and other electronic products. In order to promote the pace of project construction, Ji' an RF was granted a loan fund support of up to RMB500 million for civil engineering. The specific fund payment shall be made depending on the project progress and project fund demand. As of December 31, 2020, the balance of funds actually disbursed is RMB150 million.

53. Share capital

In RMB

	Opening Balance	Increase and decrease (+, -)					Closing Balance
		New shares issued	Stock dividend	Shares converted from capital reserve	Other	Subtotal	
Total shares	5,349,001,738.00	39,223,321.00		1,611,543,127.00		1,650,766,448.00	6,999,768,186.00

Other descriptions:

The Company's share capital increased by RMB1,650,766,448.00 in the current period. In details, after 22,810,292 shares were exercised independently by the stock option incentive recipients in 2018, the Company's shares increased to 5,371,812,030 shares; according to the 17th session of its 4th board of directors held on April 20, 2020, the Company made profit distribution by distributing cash dividends of RMB644,617,443.60 in total based on the general share capital of 5,371,812,030 shares to all shareholders according to RMB1.2 (tax-inclusive) per 10 shares, and

at the same time, the capital reserve was capitalized by converting per 10 shares into 3 shares, after which, the general share capital of the Company has been changed to 6,983,355,157 shares; after the capitalization of capital reserve, 16,413,029 shares were exercised independently by the stock option incentive recipients, after which the Company's shares increased to 6,999,768,186 shares.

54. Other equity instruments

(1) Basic information on preferred shares, perpetual bonds and other financial instruments outstanding at the end of the period

(2) Changes in preferred shares, perpetual bonds and other financial instruments outstanding at the end of the period

In RMB

Outstanding financial instruments	Opening		Increase in the current period		Decrease in the current period		Closing	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Convertible bonds				527,449,226. 56				527,449,226. 56
Total				527,449,226. 56				527,449,226. 56

Descriptions on the increase and decrease in other equity instruments in the current period, the reasons for the changes, and the basis for relevant accounting treatment:

According to the Proposal on the *Specific Plan for the Public Issue of Convertible Bond* deliberated and approved at the tenth secession of the fourth Board of Directors of the Company, and the *Reply for Approval of Public Issue of Convertible Bonds by Luxshare Precision Industry Co.Ltd. received by the Company from China Securities Regulatory Commission*(Zheng Jian Xu Ke [2020] No.247) on February 19, 2020, the Company was approved to publicly issue convertible bonds with a total face value of RMB3 billion and a term of 6 years. The Company's convertible bonds of RMB 3 billion were listed for trading on Shenzhen Stock Exchange on November 3, 2020, with an abbreviation name of "Luxshare Convertible Bonds" and the bond code of "128136". The equity amount of convertible bonds was increased by RMB527,449,226.56 in the current period.

Other descriptions:

55. Capital reserve

In RMB

Item	Opening Balance	Increase	Decrease	Closing Balance
Capital premium (share capital premium)	2,350,369,599.00	628,237,652.74	1,611,543,127.00	1,367,064,124.74

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Other capital reserve	304,323,275.21	347,403,580.73	128,691,411.08	523,035,444.86
Total	2,654,692,874.21	975,641,233.47	1,740,234,538.08	1,890,099,569.60

Other descriptions including those on the increase and decrease for the current period and the reasons for the change:

Capital surplus - equity premium increased by RMB628,237,652.74 in the current period, including an increase of RMB487,939,258.34 from stock option exercise, a transfer of RMB128,691,411.08 from other capital reserve through stock option exercise, and an increase of RMB11,606,983.32 by other ways; capital reserve - equity premium decreased by RMB1,611,543,127.00 in the current period, which was due to the capitalization of capital reserve.

Capital reserve -the increase in other capital reserve in the current period is due to the cost of share-based payment increased by RMB347,403,580.73, and the decrease therein is due to the transfer of other capital reserve to equity premium.

56. Treasury stock

In RMB

Item	Opening Balance	Increase	Decrease	Closing Balance
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Other descriptions, including those on the increase and decrease for the current period and the reasons for the change:

57. Other comprehensive income

In RMB

Item	Opening Balance	Amount recognized in the current period						Closing Balance
		Amount of income before tax in the current period	Less: amount previously included in other comprehensive income and transferred to profit or loss for the current period	Less: amount previously included in other comprehensive income and transferred to retained earnings for the current period	Less: income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that cannot be reclassified into profit or loss	126,283,944.26	-30,172,249.21		22,570,692.52	-7,918,920.92	-44,824,020.81		81,459,923.45
Changes in fair value of other investments in equity instruments	126,283,944.26	-30,172,249.21		22,570,692.52	-7,918,920.92	-44,824,020.81		81,459,923.45

II. Other comprehensive income to be reclassified into profit or loss	39,318,208.48	-169,542,554.65				-165,495,934.99	-4,046,619.66	-126,177,726.51
Translation difference of foreign currency financial statements	39,318,208.48	-169,542,554.65				-165,495,934.99	-4,046,619.66	-126,177,726.51
Total other comprehensive income	165,602,152.74	-199,714,803.86	22,570,692.52	-7,918,920.92	-210,319,955.80	-4,046,619.66	-44,717,803.06	

Other descriptions, including those on the adjustment for conversion of the effective part of profit or loss of cash flow hedging into the initial recognition amount of the hedged item:

58. Special reserve

In RMB

Item	Opening Balance	Increase	Decrease	Closing Balance
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Other descriptions, including those on the increase and decrease for the current period and the reasons for the change:

59. Surplus reserve

In RMB

Item	Opening Balance	Increase	Decrease	Closing Balance
Statutory surplus reserve	362,335,031.18	370,732,766.55		733,067,797.73
Total	362,335,031.18	370,732,766.55		733,067,797.73

Description of surplus reserve, including those on increase and decrease for the current period and the reasons for the change:

60. Undistributed profits

In RMB

Item	Current Period	Prior Period
Undistributed profits at the end of last year before adjustment	11,764,987,172.39	7,336,096,836.36
Total adjustment of the undistributed profits at the beginning of the period (increase +, decrease -)		-5,571,942.46
Undistributed profits at the beginning of the period after adjustment	11,764,987,172.39	7,330,524,893.90
Add: Net profits attributable to the owners of the parent company in the current period	7,225,462,752.58	4,713,820,644.90
Less: Apportion to statutory surplus reserve	370,732,766.55	73,446,284.67
Common stock dividends payable	644,615,942.06	205,730,836.10
Other	-21,048,041.37	181,245.64

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Undistributed profits at the end of the period	17,996,149,257.73	11,764,987,172.39
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Details of adjustment of undistributed profits at the beginning of the period:

- 1) The undistributed profits at the beginning of the period affected by the retroactive adjustment as stipulated in the *Accounting Standards for Business Enterprises* and new regulations newly promulgated relating thereto amount to RMB.
- 2) The undistributed profits at the beginning of the period affected by the changes in accounting policies amount to RMB.
- 3) The undistributed profits at the beginning of the period affected by the correction of major accounting errors amount to RMB.
- 4) The undistributed profits at the beginning of the period affected by changes in the scope of consolidation due to business combination involving enterprises under control amount to RMB.
- 5) The undistributed profits at the beginning of the period affected by other adjustments amount to RMB.

61. Operating income and operating costs

In RMB

Item	Amount recognized in the current period		Amount recognized in the prior period	
	Income	Cost	Income	Cost
Principal business	91,793,434,304.26	75,153,299,514.88	62,099,166,625.21	49,775,493,325.62
Other business	707,824,907.28	616,707,534.70	417,147,963.21	292,336,628.34
Total	92,501,259,211.54	75,770,007,049.58	62,516,314,588.42	50,067,829,953.96

If the lower of audited nets profits including and excluding non-recurring profit or loss is negative

Yes No

Income-related information:

In RMB

Contract classification	Division 1	Division 2		Total
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				

Information related to performance obligations:

Performance obligations specified in the Company's contracts include: to deliver products to customers, to deliver products to customers according to the delivery dates agreed in contract orders, and make payments by customers according to the payment dates agreed in the orders after the control has been transferred to the customers upon inspection and acceptance. The Company is obligated to deliver to customers products which can be accepted by the customers. The

Company purchases raw materials from suppliers, and combines the raw materials into certain products for delivery to the customers through significant production and processing activities. Considering it assumes the major responsibilities for delivering products to the customers, the Company is deemed as the primary responsible party. The Company is not obligated to return the received customers' goods payments in anticipation, but it has a quality warranty responsibility for the products delivered to the customers. Since this responsibility is an affirmative warranty which is required to ensure that the Company's products shall meet the technical parameters, quality, appearance and other requirements of the customers, rather than a service warranty, this quality warranty does not constitute a separate performance obligation.

Information relating to the transaction price allocated to the remaining performance obligations:

At the end of the reporting period, the incomes corresponding to the contracts signed whose performance has not been commenced or completed amount to RMB0.00, of which RMB is expected to be recognized in , RMB is expected to be recognized in, and RMB is expected to be recognized in.

Other descriptions

62. Taxes and surcharges

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Urban maintenance and construction tax	81,906,708.52	121,700,496.38
Education surcharges	75,957,575.51	117,804,967.10
Property tax	39,872,407.36	29,065,746.96
Land use tax	6,222,537.93	6,418,612.42
Vehicle and vessel use tax	1,594,540.33	56,029.89
Stamp duty	38,224,811.62	21,969,936.43
Other	6,997,157.54	6,177,170.34
Total	250,775,738.81	303,192,959.52

Other descriptions:

63. Selling expenses

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Employee benefits	299,604,855.35	275,535,165.34
Storage, freight and lease expenses	25,954,501.83	84,047,142.56
Travel expenses	10,523,347.33	23,191,081.26
Business entertainment expenses	20,355,079.41	18,139,485.77
Material expenditure	1,095,021.52	17,833,112.34
Transportation expenses	3,366,341.74	4,340,175.59
Consumables and miscellaneous purchases	5,583,719.60	2,113,323.15

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Depreciation and amortization	5,752,130.91	4,215,792.99
Consulting fees	2,383,695.21	1,513,311.78
Office expenses	322,246.46	2,495,149.63
Other	102,106,936.22	64,851,097.64
Total	477,047,875.58	498,274,838.05

Other descriptions:

64. General expenses

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Personnel benefits	1,460,800,684.09	986,091,683.77
Depreciation and amortization	251,028,760.61	212,114,923.53
Lease fee	62,104,694.48	43,856,074.86
Repair cost, miscellaneous purchase	125,433,880.08	55,785,837.56
Water and electricity	36,346,709.92	20,450,376.73
Travel and transportation expenses	26,568,577.76	20,501,589.95
Office expenses	115,440,868.62	82,546,812.45
Materials and consumption	164,759,105.43	20,562,087.63
Other expenses	221,469,927.64	82,925,674.90
Total	2,463,953,208.63	1,524,835,061.38

Other descriptions:

65. R&D expenses

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Personnel benefits	2,908,511,305.08	2,134,314,807.66
Mould and material cost	1,412,859,366.51	954,586,000.29
Consumables and miscellaneous	427,092,914.15	565,667,039.05
Depreciation and amortization	434,765,917.47	283,777,931.21
Repair and inspection	171,099,556.49	63,104,300.74
Service fees	73,318,711.87	65,564,310.79
Water and electricity	72,911,702.75	57,562,150.17
Transportation and travel expenses	29,788,220.49	43,929,904.57
Commercial insurance	4,911,888.67	14,371,174.40

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Lease fee	47,239,062.80	28,253,209.91
Other expenses	162,306,490.05	164,839,817.68
Total	5,744,805,136.33	4,375,970,646.47

Other descriptions:

66. Financial expenses

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Interest expenses	394,589,818.16	364,595,633.11
Less: Interest income	144,116,091.77	100,065,571.29
Foreign exchange gains or losses	614,733,760.74	37,682,810.65
Other	39,620,655.76	27,860,572.98
Total	904,828,142.89	330,073,445.45

Other descriptions:

67. Other incomes

In RMB

Sources of other incomes	Amount recognized in the current period	Amount recognized in the prior period
Special funds for technological transformation and industrial upgrading	42,856,630.76	35,692,547.35
Financial incentives, grants and support funds	209,265,296.05	129,859,190.43
Patent grants	1,196,950.00	1,358,580.00
R&D grants	8,816,360.00	4,904,499.67
Enterprise development support funds	20,325,926.50	4,522,500.00
Job security grants	8,612,979.89	24,049,601.68
Export incentives	83,961,688.97	7,801,607.77
Land-related refund	543,594.60	543,594.60
Tax rebate	62,702,274.58	16,848,851.19
Other	12,467,094.54	6,730,455.66

68. Investment income

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
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Long-term equity investment income accounted for using the equity method	24,799,841.42	-36,548,318.18
Investment income from disposal of long-term equity investment	1,723,373.00	-11,293,177.89
Investment income from held-for-trading financial assets during holding period	508,055,516.99	129,978,951.36
Investment income from disposal of held-for-trading financial assets		956,475.00
Income from wealth management	113,778,334.95	89,722,710.32
Total	648,357,066.36	172,816,640.61

Other descriptions:

69. Net exposure hedging income

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
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Other descriptions:

70. Income from changes in fair value

In RMB

Sources of income from changes in fair value	Amount recognized in the current period	Amount recognized in the prior period
Held-for-trading financial assets	329,044,852.43	801,205.01
Including: Income from changes in fair value of derivative financial instruments	329,044,852.43	801,205.01
Total	329,044,852.43	801,205.01

Other descriptions:

71. Impairment losses of credit

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Bad debt loss of other receivables	-852,545.23	176,788.76
Bad debt loss of accounts receivable	-7,737,455.44	-6,629,761.72
Total	-8,590,000.67	-6,452,972.96

Other descriptions:

72. Impairment losses of assets

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
II. Loss of inventory depreciation and impairment loss of contract performance cost	-60,363,851.75	-23,067,157.13
V. Impairment loss of fixed assets	-78,925,059.30	-57,575,936.71
Total	-139,288,911.05	-80,643,093.84

Other descriptions:

73. Income from disposal of assets

In RMB

Sources of income from asset disposal	Amount recognized in the current period	Amount recognized in the prior period
Loss on disposal of fixed assets	-2,309,694.02	9,716,496.38

74. Non-operating income

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period	Amount included in non-recurring profit or loss for the period
Income from compensation for breach of contract	4,109,194.81	121,971.25	4,109,194.81
Income from asset retirement	7,173,590.23	1,161,945.28	7,173,590.23
Other	10,649,503.20	16,831,856.05	10,649,503.20
Total	21,932,288.24	18,115,772.58	21,932,288.24

Government grants included in current profit or loss:

In RMB

Grant item	Granter	Reasons for grant	Nature and type	Whether the subsidy affect the profit or loss of the current year	Whether it is a special grant	Amount in the current period	Amount in the prior period	Related to asset/income

Other descriptions:

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75. Non-operating expenses

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period	Amount included in non-recurring profit or loss for the period
External donation	8,826,883.90	1,290,000.00	8,826,883.90
Asset retirement loss	42,346,561.68	119,223,122.31	42,346,561.68
Compensation, liquidated damages and fines	368,635.63	1,007,227.02	368,635.63
Other	2,414,711.57	6,104,008.54	2,414,711.57
Total	53,956,792.78	127,624,357.87	53,956,792.78

Other descriptions:

76. Income tax expenses**(1) Income tax expenses**

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Current income tax expense	486,267,875.03	603,245,275.25
Deferred income tax expense	158,497,053.67	104,508,599.40
Total	644,764,928.70	707,753,874.65

(2) Reconciliation of income tax expenses to the accounting profit

In RMB

Item	Amount recognized in the current period
Total profit	8,135,779,664.12
Income tax expense calculated based on statutory/applicable tax rate	1,220,366,949.59
Effect of different tax rates of subsidiaries operating in other jurisdictions	-233,899,728.11
Effect of adjustment on income tax for prior period	-23,616,326.73
Effect of non-taxable income	-4,206,425.06
Effect of non-deductible cost, expense and loss	36,490,531.87
Effect of utilizing deductible loss not recognized for deferred tax assets for prior period	-36,678,455.90
Effect of deductible temporary difference or deductible loss not	130,186,654.90

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recognized for deferred tax assets for the current period	
Changes in the balance of deferred income tax assets / liabilities at the beginning of the period due to tax rate adjustment	-4,851,247.48
Additional deduction of R&D expenses	-252,505,793.73
Other	-186,521,230.65
Income tax expenses	644,764,928.70

Other descriptions

77. Other comprehensive income

See the notes for details.

78. Items in the cash flow statement

(1) Other cash received related to operating activities

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Special subsidies and grants	620,035,223.62	276,807,077.07
Lease income	58,450,087.37	14,527,054.49
Interest income	144,116,091.77	100,065,571.29
Non-operating income	14,757,798.01	16,953,827.30
Recovery of current accounts and disbursements	341,220,838.10	319,848,015.48
Total	1,178,580,038.87	728,201,545.63

Descriptions on other cash received related to operating activities:

(2) Other cash paid related to operating activities

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Selling expenses	171,690,889.32	218,523,879.72
General expenses	812,592,804.46	414,496,105.23
R&D expenses	971,330,641.74	2,032,615,354.97
Non-operating expenses	11,610,231.10	8,401,235.56
Inter-company transactions	70,545,074.10	47,526,059.37
Handling charges	39,620,655.76	27,860,572.98
Other	47,051,077.53	
Total	2,124,441,374.01	2,749,423,207.83

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Descriptions on other cash paid related to operating activities:

(3) Other cash received related to investing activities

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
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Descriptions on other cash received related to investing activities:

(4) Other cash paid related to investing activities

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
------	---	---------------------------------------

Descriptions on other cash paid relating to investing activities:

(5) Other cash received related to financing activities

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Short-term financing bonds	1,500,000,000.00	500,000,000.00
Convertible bonds	2,985,600,000.00	
Total	4,485,600,000.00	500,000,000.00

Descriptions on other cash received related to financing activities:

(6) Other cash paid related to financing activities

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Financing charges	14,511,270.50	12,066,213.47
Total	14,511,270.50	12,066,213.47

Descriptions on other cash paid related to financing activities:

79. Supplementary information to cash flow statement

(1) Supplementary information to cash flow statement

In RMB

Supplementary information	Current period	Prior period
1. Reconciliation of net profit to cash flow from operating activities:	--	--
Net profit	7,491,014,735.42	4,927,424,927.20
Add: Provision for impairment losses of	147,878,911.72	87,096,066.80

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assets		
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of bearer biological assets	2,212,448,100.25	1,485,838,229.86
Depreciation of right of use assets	0.00	0.00
Amortization of intangible assets	66,781,202.42	32,620,359.24
Amortization of long-term prepaid expenses	137,587,798.08	152,561,855.90
Loss from disposal of fixed assets, intangible assets and other long-term assets (“-” means income)	2,309,694.02	-9,716,496.38
Loss from fixed assets retirement (“-” means income)	34,858,852.91	108,508,845.97
Loss from changes in fair value (“-” means income)	-329,044,852.43	-801,205.01
Financial expenses (“-” means income)	394,589,818.16	364,595,633.11
Investment loss (“-” means income)	-648,357,066.36	-172,816,640.61
Decrease in deferred income tax assets (“-” means increase)	-216,359,243.84	-47,784,054.83
Increase in deferred income tax liabilities (“-” means decrease)	367,907,819.95	172,570,861.10
Decrease in inventories (“-” means increase)	-5,549,633,761.96	-2,974,217,328.29
Decrease in operating receivables (“-” means increase)	-1,149,269,162.66	-2,538,757,065.48
Increase in operating accounts payable (“-” means decrease)	3,910,498,640.37	5,878,864,185.75
Other		
Net cash flow from operating activities	6,873,211,486.05	7,465,988,174.33
2. Significant investing and financing activities that do not involve cash receipts and payments:	--	--
Conversion of debt into capital		
Convertible bonds due within one year		

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Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:	--	--
Closing balance of cash	10,464,804,451.34	6,147,339,924.26
Less: Opening balance of cash	6,147,339,924.26	3,809,520,108.33
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	4,317,464,527.08	2,337,819,815.93

(2) Net cash paid to acquire subsidiaries for the period

In RMB

	Amount
Cash or cash equivalents paid in current period for business combination incurred in current period	92,936,975.09
Including:	--
Cyber Acoustics, LLC(USA)	29,259,430.49
Taiqiao Investment Co., Ltd.	63,677,544.60
Less: Cash and cash equivalents held by subsidiaries at the date of purchase	9,039,441.34
Including:	--
Cyber Acoustics, LLC(USA)	8,202,381.74
Taiqiao Investment Co., Ltd.	837,059.60
Including:	--
Net cash paid to acquire subsidiaries	83,897,533.75

Other descriptions:

(3) Net cash received from disposal of subsidiaries in the current period

In RMB

	Amount
Cash or cash equivalents received from disposal of subsidiaries in the current period	63,942,000.00
Including:	--
Luxshare Precision Industry (Xi'an) Co., Ltd.	63,942,000.00
Less: Cash and cash equivalents held by subsidiaries on the date of loss of control	1,260,376.76

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Including:	--
Luxshare Precision Industry (Xi'an) Co., Ltd.	1,260,376.76
Including:	--
Luxshare Precision Industry (Xi'an) Co., Ltd.	62,681,623.24

Other descriptions:

(4) Composition of cash and cash equivalents

Item	In RMB	
	Closing Balance	Opening Balance
I. Cash	10,464,804,451.34	6,147,339,924.26
Including: Cash on hand	9,919,560.76	594,825.70
Bank deposits available for payment at any time	10,454,884,890.58	6,146,745,098.56
III. Closing balance of cash and cash equivalents	10,464,804,451.34	6,147,339,924.26

Other descriptions:

80. Notes to items in statement of changes in owners' equity

Descriptions on the name of "other" items and the amount of adjustment for closing balance in the previous year

81. Assets with restricted ownership or right of use

Item	In RMB	
	Closing book value	Reasons for restriction
Cash and bank balances	63,441,314.59	Issue of notes and letter of credit
Notes receivable	22,490,383.01	Financing from Pledge of accounts receivable
Fixed assets	1,290,093,659.89	Financing from mortgage of fixed assets
Intangible assets	472,877,041.20	Financing from mortgage of land
Accounts receivable	786,934,477.55	Financing from mortgage of accounts receivable
Total	2,635,836,876.24	--

Other descriptions:

82. Foreign currency monetary items

(1) Foreign currency monetary items

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In RMB

Item	Closing balance in foreign currency	Exchange rate	Closing balance in RMB
Cash and bank balances	--	--	3,592,636,569.44
Including: USD	523,048,082.79	6.5249	3,412,836,335.19
EUR	351,596.39	8.025	2,821,561.04
HKD	205,300.65	0.8416	172,781.03
JPY	112,221,068.01	0.0632	7,096,411.50
TWD	554,351,920.00	0.2321	128,665,080.63
VND	113,027,017,856.68	0.0003	31,839,710.93
KRW	1,495,890,687.00	0.006	8,970,856.45
GBP	26,302.00	8.8903	233,832.67
Accounts receivable	--	--	10,818,877,593.73
Including: USD	1,646,938,579.60	6.5249	10,746,109,538.03
EUR	2,516,946.45	8.025	20,198,495.26
HKD			
JPY	45,994,723.00	0.0632	2,908,522.30
TWD	178,612,530.00	0.2321	41,455,968.21
VND	27,988,067,376.64	0.0003	7,884,238.58
KRW	10,368,010.00	0.006	62,176.96
GBP	29,094.00	8.8903	258,654.39
Long-term borrowings	--	--	76,010,982.77
Including: USD	9,474,331.41	6.5249	61,819,065.00
EUR			
HKD			
JPY	224,427,822.00	0.0632	14,191,917.77
Other receivables			143,903,073.15
Including: USD	20,485,851.57	6.5249	133,668,132.91
EUR	86,092.19	8.025	690,889.82
JPY	48,484,617.00	0.0632	3,065,973.24
TWD	11,488,729.00	0.2321	2,666,534.00
VND	113,380,803,265.88	0.0003	2,012,287.54
KRW	167,218,480.00	0.006	1,002,809.22
GBP	89,586.00	8.8903	796,446.42

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Accounts payable			12,177,427,079.61
Including: USD	1,778,736,848.60	6.5249	11,606,080,063.63
EUR	4,005,846.60	8.025	32,146,919.00
HKD	435,732.59	0.8416	366,729.44
JPY	347,175,945.00	0.0632	21,955,392.12
TWD	45,361,741.00	0.2321	10,528,460.07
VND	1,793,945,485,481.00	0.0003	505,354,443.26
KRW	164,450,302.00	0.006	986,208.46
GBP	997.00	8.8903	8,863.63
Other payables			9,156,091.02
Including: USD	460,290.32	6.5249	3,003,348.32
EUR	37,645.77	8.025	302,107.30
JPY	18,338,046.00	0.0632	1,159,624.68
TWD	17,543,598.00	0.2321	4,071,869.10
VND	1,969,478,558.75	0.0003	554,802.11
KRW	10,728,616.00	0.006	64,339.51
Short-term borrowings			2,278,637,441.95
Including: USD	342,815,372.39	6.5249	2,236,836,023.29
TWD	180,100,899.00	0.2321	41,801,418.66

Other descriptions:

(2) Descriptions on overseas business entities, including, with respect to significant overseas business entities, disclosure of their overseas main business place, functional currency and selection basis, and the reasons for changes in functional currency (if any).

Applicable N/A

83. Hedging

Disclosure of the qualitative and quantitative information of the hedged items, relevant hedging instruments and hedged risks according to the hedging categories:

84. Government grants

(1) Basic information of government grants

In RMB

Category	Amount	Presentation item	Amount included in current profit or loss
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Special funds for technological transformation and industrial upgrading	413,834,324.74	Deferred income	42,856,630.76
Land-related refund	11,511,657.90	Deferred income	543,594.60
Financial incentives, grants and support funds	209,265,296.05	Other income	209,265,296.05
Export incentives	83,961,688.97	Other income	83,961,688.97
Tax rebate	62,702,274.58	Other income	62,702,274.58
Enterprise development support funds	20,325,926.50	Other income	20,325,926.50
R&D grants	8,816,360.00	Other income	8,816,360.00
Job security grants	8,612,979.89	Other income	8,612,979.89
Patent grants	1,196,950.00	Other income	1,196,950.00
Others	12,467,094.54	Other income	12,467,094.54

(2) Return of government grants

Applicable N/A

Other descriptions:

85. Others**VIII. Changes in scope of consolidation****1. Business combination not involving enterprises under common control****(1) Business combination not involving enterprises under common control in the current period**

In RMB

Name of acquiree	Time point of equity acquisition	Cost of equity acquisition	Equity acquisition ratio	Method of equity acquisition	Acquisition date	Basis for determination of acquisition date	Income of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period
Cyber Acoustics, LLC(USA)	Sep.29, 2020	29,259,430.49	70.00%	Business combination not involving enterprises under common	September 29, 2020	Obtainment of control	65,789,078.35	19,672,242.22

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				control				
Taiqiao Investment Co., Ltd.	Dec.28,2020	63,677,544.60	100.00%	Business combination not involving enterprises under common control	December 28,2020	Obtainment of control		

Other descriptions:

(2) Combination costs and goodwill

In RMB

Combination costs	Cyber Acoustics, LLC(USA)	Taiqiao Investment Co., Ltd.
--Cash	29,259,430.49	63,746,133.08
Total of combination cost	29,259,430.49	63,746,133.08
Less: Fair value of identifiable net assets acquired	29,771,405.57	63,304,537.15
Amount of goodwill/combination cost less than the share of fair value of identifiable net assets acquired	-511,975.08	441,595.93

Descriptions on methods for determining the fair value of combination costs, contingent considerations and changes therein:

Main reasons for the formation of large goodwill:

Other descriptions:

(3) Identifiable assets and liabilities of the acquiree on the acquisition date

In RMB

	Cyber Acoustics, LLC(USA)		Taiqiao Investment Co., Ltd.	
	Fair value at acquisition date	Book value at acquisition date	Fair value at acquisition date	Book value at acquisition date
Assets:	60,732,634.74	60,732,634.74	86,376,261.26	52,512,226.02
Cash and bank balances	8,202,381.74	8,202,381.74	837,059.60	837,059.60
Accounts receivable	41,310,619.30	41,310,619.30		
Inventories	9,300,395.08	9,300,395.08		
Fixed assets	704,232.02	704,232.02		
Prepayments	1,215,006.60	1,215,006.60		
Long-term equity investment			85,539,201.66	51,675,166.42

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Liabilities:	18,202,055.36	18,202,055.36	23,071,724.11	23,071,724.11
Borrowings			18,568,000.00	18,568,000.00
Accounts payable	11,801,245.19	11,801,245.19		
Deferred tax liabilities			807,503.29	807,503.29
Notes payable			3,689,302.38	3,689,302.38
Other payables	5,039,783.89	5,039,783.89	6,918.44	6,918.44
Other current liabilities	1,361,026.28	1,361,026.28		
Net assets	42,530,579.38	42,530,579.38	63,304,537.15	29,440,501.91
Less: minority interest	12,759,173.81	12,759,173.81		
Net assets acquired	29,771,405.57	29,771,405.57	63,304,537.15	29,440,501.91

Methods for determining the fair value of identifiable assets and liabilities:

Contingent liabilities of the acquiree in business combination:

Other descriptions:

(4) Gains or losses arising from the re-measurement of equity held before the acquisition date at fair value

Where there is any transaction that realizes business combination step by step through multiple transactions and obtains control right in the reporting period

Yes No

(5) Relevant Descriptions on the combination consideration or the fair value of the identifiable assets and liabilities of the acquiree that cannot be reasonably determined on the acquisition date or at the end of the current period

(6) Other descriptions

2. Business combination involving enterprises under common control

(1) Business combination involving enterprises under common control in the current period

In RMB

Name of combined party	Equity ratio obtained in business combination	Basis for business combination involving enterprises under common control	Combining date	Basis for determining the combination date	Income of the combined party from the beginning of the current period to the combination	Net profit of the combined party from the beginning of the current period to the combination	Income of the combined party during the comparison period	Net profit of the combined party during the comparison period

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					date	date		
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Other descriptions:

(2) Combination costs

In RMB

Combination costs	
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Descriptions on contingent considerations and changes therein:

Other descriptions:

(3) Book value of assets and liabilities of the acquiree at the combination date

In RMB

	Combination date	End of last period

Contingent liabilities assumed by acquiree in business combinations:

Other descriptions:

3. Counter purchase

Basic information of transactions, basis for forming a reverse purchase, if assets and liabilities retained by listed company constitute a business and its basis, determination of combination cost, adjustments on and calculation of equity treated as equity transactions:

4. Disposal of subsidiaries

Single disposal of investments in subsidiaries, i.e. the loss of control

Yes No

In RMB

Name of subsidiary	Equity disposal price	Equity disposal ratio	Equity disposal method	Time point of losing control	Basis for determining the time point of losing control	Difference between the disposal price and the share of net assets of the subsidiary at the consolidated financial statement level corresponding to the disposal	Proportion of residual equity on the date of losing control	Book value of the residual equity on the date of losing control	Fair value of residual equity on the date of losing control	Gain or loss from re-measurement of residual equity at fair value	Determination method and main assumption for fair value of residual equity on the date of losing control	Amount of other comprehensive income related to investment of the subsidiary transferred into investment profit or loss

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						of investment						
Luxshare Precision Industry (Xi'an) Co., Ltd.	63,942,000.00	100%	Sold	May 1, 2020	Re-election of the board of directors	-58,000.00						

Other descriptions:

Whether there is any situation where the investment in subsidiaries is disposed step by step through multiple transactions and the control is lost in the current period

Yes No

5. Changes in consolidation scope for other reasons

Descriptions on changes in the scope of consolidation for other reasons (such as the establishment of new subsidiaries, liquidation of subsidiaries, etc.) and related situations:

The Company's scope of consolidation which is changed due to newly established subsidiaries in 2020 is as follows:

Company	Date of establishment
Luxshare Liantao (India) Co., Ltd.	August 31, 2020
Luxshare Precision Industry (Jiangsu) Co., Ltd.	April 29, 2020
Suzhou Liantao Electronic Co., Ltd.	March 24, 2020
Xingning Luxshare Electronic Co., Ltd.	May 13, 2020
Changshu Luxshare Industrial Investment Management Co., Ltd.	September 30, 2020
Kunshan Luxshare Enterprise Management Development Co., Ltd.	November 4, 2020
Kunshan Luxshare Corporate Management Services Partnership (Limited Partnership)	November 25, 2020
Luxshare Intelligent Equipment (Kunshan) Co., Ltd.	December 29, 2020
Luxshare Smart Technology (Rugao) Co., Ltd.	December 1, 2020

6. Others

IX. Equity in Other Entities

1. Equity in subsidiaries

(1) Composition of the enterprise group

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Name of subsidiary	Main place of business	Place of registration	Nature of business	Shareholding ratio		Method of acquisition
				Direct	Indirect	
Luxshare Precision Technology Co., Ltd.	Hong Kong	Hong Kong	Investment consulting	100%		Establishment
Taiwan Luxshare Precision Limited	Taiwan	Taiwan	Marketing business		100%	Establishment
Luxshare ICT, Inc.	USA	USA	Marketing business		100%	Establishment
Luxshare-ICT Europe Limited	UK	UK	Marketing business		100%	Establishment
LUXSHAREICT INTERNATIONAL B.V.	Netherlands	Netherlands	Marketing business		100%	Establishment
Luxshare Precision Limited	Hong Kong	Hong Kong	Trade	100%		Establishment
Yunding Technology Co., Ltd.	Hong Kong	Hong Kong	Investment consulting		100%	Establishment
Huzhou Jiuding Electronic Co., Ltd.	Huzhou	Huzhou	Processing and manufacturing		100%	Business combination not involving enterprises under common control
Luxshare-ICT (Japan)	Japan	Japan	Marketing business		80%	Establishment
Korea LuxshareICT Co., Ltd	Korea	Korea	Marketing business		100%	Establishment
Luxshare-ICT (India)	India	Chennai	Processing and manufacturing		100%	Establishment
ICT-LANTO LIMITED(HK)	Hong Kong	Hong Kong	Trade	100%		Business combination not involving enterprises under common control
SpeedTech Corp.	Taiwan	Taiwan	Processing and		30.65%	Business

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			manufacturing			combination not involving enterprises under common control
Castle Rock, Inc.	Taiwan	Xinbei City	Processing and manufacturing		12.26%	Business combination not involving enterprises under common control
Cyber Acoustics, LLC(USA)	Taiwan	Taiwan	Processing and manufacturing		21.46%	Business combination not involving enterprises under common control
Taiqiao Investment Co., Ltd.	Taiwan	Taiwan	Investment consulting		30.65%	Business combination not involving enterprises under common control
Luxshare-ICT (Vietnam) Limited	Vietnam	Vietnam	Processing and manufacturing		100%	Establishment
Luxshare Precision (Yunzhong) Co., Ltd.	Vietnam	Vietnam	Processing and manufacturing		100%	Establishment
Luxshare Precision (Yi'an) Co., Ltd.	Vietnam	Vietnam	Processing and manufacturing	100%		Establishment
Kunshan Luxshare Precision Industry Co., Ltd.	Kunshan	Kunshan	Processing and manufacturing		100%	Establishment
Kunshan Luxshare Precision Mould Co., Ltd.	Kunshan	Kunshan	Processing and manufacturing		100%	Establishment
Luxshare Precision Industry	Baoding	Baoding	Processing and manufacturing		100%	Establishment

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(Baoding) Co., Ltd.						
Dongguan Luxshare Smart-Link Electronic Technology Co., Ltd.	Dongguan	Dongguan	Processing and manufacturing		100%	Establishment
Xuancheng Luxshare Precision Industry Co., Ltd.	Anhui	Xuancheng	Processing and manufacturing		100%	Establishment
Luxshare Electronic (Shanghai) Co., Ltd.	Shanghai	Shanghai	Processing and manufacturing		88%	Establishment
Kunshan Lanto Electronic Limited	Kunshan	Kunshan	Processing and manufacturing	100%		Business combination not involving enterprises under common control
Bozhou Lanto Electronic Limited	Bozhou	Bozhou	Processing and manufacturing		100%	Business combination not involving enterprises under common control
Bozhou Xuntao Electronic Limited	Bozhou	Bozhou	Processing and manufacturing		100%	Establishment
Suining Luxshare Precision Industry Co., Ltd.	Suining	Suining	Processing and manufacturing		100%	Establishment
Meite Technology (Suzhou) Co., Ltd.	Suzhou	Suzhou	Processing and manufacturing		51%	Business combination not involving enterprises under common control
Beijing Luxshare Acoustic	Beijing	Beijing	Processing and manufacturing		100%	Establishment

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Technology Co., Ltd.						
Luxshare Precision Industry (Shanxi) Co., Ltd.	Changzhi	Changzhi	Processing and manufacturing		100%	Establishment
Wan' an Xiexun Electronic Co., Ltd.	Wan'an	Wan'an	Processing and manufacturing		100%	Establishment
Ji' an Jizhou district Luxshare Electronic Co., Ltd.	Ji'an	Ji'an	Processing and manufacturing		100%	Establishment
Xiexun Electronic (Ji' an) Co., Ltd.	Ji'an	Ji'an	Processing and manufacturing		100%	Business combination involving enterprises under common control
ASAP Technology (Jiangxi) Co., Ltd.	Ji'an	Ji'an	Processing and manufacturing		100%	Establishment
Yongxin County Boshuo Electronics Co., Ltd.	Yongxin County	Yongxin County	Processing and manufacturing		100%	Business combination not involving enterprises under common control
Xinyu Xiexun Electronic Co., Ltd.	Xinyu	Xinyu	Processing and manufacturing		100%	Establishment
Jiangxi ASAP Electronic Co., Ltd.	Ji'an	Ji'an	Processing and manufacturing		100%	Establishment
Fujian JK Wiring Systems Co., Ltd.	Fuzhou	Fuzhou	Processing and manufacturing		55%	Business combination not involving enterprises under common control
Jianou JK Wiring Systems Co., Ltd.	Jian'ou	Jian'ou	Processing and manufacturing		55%	Establishment

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Xingning Luxshare Technology Co., Ltd.	Xingning	Xingning	Processing and manufacturing		90.00%	Establishment
Luxshare Electronic Technology (Kunshan) Co., Ltd.	Kunshan	Kunshan	Processing and manufacturing		100%	Business combination not involving enterprises under common control
Shenzhen Luxshare Acoustics Technology Ltd.	Shenzhen	Shenzhen	Processing and manufacturing		100%	Establishment
Fengshun Luxshare Precision Industry Co., Ltd.	Fengshun	Fengshun	Processing and manufacturing		100%	Establishment
Luxshare Precision Industry (Chuzhou), Ltd.	Chuzhou	Chuzhou	Processing and manufacturing		100%	Establishment
SuK Kunststofftechnik GmbH	Germany	Germany	Processing and manufacturing		100%	Business combination not involving enterprises under common control
SUK PLASTICS	Romania	Romania	Processing and manufacturing		100%	Establishment
Luxshare Automation (Jiangsu) Ltd.	Kunshan	Kunshan	Processing and manufacturing		70.00%	Business combination not involving enterprises under common control
Dongguan Luxshare Precision Industry Co., Ltd.	Dongguan	Dongguan	Processing and manufacturing		100%	Establishment
Guangdong Luxshare Merry Electronic Co.,	Dongguan	Dongguan	Processing and manufacturing		51%	Establishment

Ltd.						
Meilv Electronic (Huizhou) Co., Ltd.	Huizhou	Huizhou	Processing and manufacturing		51%	Business combination not involving enterprises under common control
Meilv Electronics (Shanghai) Co., Ltd.	Shanghai	Shanghai	Trade		51%	Business combination not involving enterprises under common control
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	Ji'an	Ji'an	Processing and manufacturing	100.00%		Establishment
Luxshare Technologies Limited	Hong Kong	Hong Kong	Processing and manufacturing		90.00%	Establishment
Shenzhen Luxshare Standard Co., Ltd.	Shenzhen	Shenzhen	Processing and manufacturing	70%		Establishment
Luxshare Standard Limited (HK)	Hong Kong	Hong Kong	Processing and manufacturing		70%	Establishment
Luxshare Precision Industry (Enshi) Co., Ltd.	Enshi	Enshi	Processing and manufacturing	100%		Establishment
Luxshare Precision Industry (Suzhou) Co., Ltd.	Suzhou	Suzhou	Processing and manufacturing	100%		Establishment
Luxshare Intelligent Manufacture (Zhejiang) Co., Ltd.	Jiashan	Jiashan	Processing and manufacturing	100%		Establishment
Luxshare Intelligent	Changshu	Changshu	Processing and manufacturing	100%		Establishment

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Manufacture Technology (Changshu) Co., Ltd.						
Dongguan Luxshare Technology Co., Ltd.	Dongguan	Dongguan	Processing and manufacturing		90%	Establishment
Dongguan Xuntao Electronic Co., Ltd.	Dongguan	Dongguan	Processing and manufacturing		90.00%	Business combination not involving enterprises under common control
Luxshare-ICT International Cable, Inc. (USA)	USA	USA	Processing and manufacturing		90.00%	Establishment
Kunshan-Luxshare RF Technology Co., Ltd.	Kunshan	Kunshan	Processing and manufacturing		90.00%	Establishment
Wuxi Huihong Electronic Co., Ltd.	Wuxi	Wuxi	Processing and manufacturing		62.07%	Business combination not involving enterprises under common control
Luxshare Liantao (India) Co., Ltd.	India	India	Processing and manufacturing		100.00%	Establishment
Luxshare Precision Industry (Jiangsu) Co., Ltd.	Liyang	Liyang	Processing and manufacturing		100.00%	Establishment
Suzhou Liantao Electronic Co., Ltd.	Suzhou	Suzhou	Processing and manufacturing		100%	Establishment
Xingning Luxshare Technology Co., Ltd.	Xingning	Xingning	Processing and manufacturing		100%	Establishment
Changshu Luxshare	Changshu	Changshu	Investment consulting		100.00%	Establishment

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Industrial Investment Management Co., Ltd.						
Kunshan Luxshare Enterprise Management Development Co., Ltd.	Kunshan	Kunshan	Investment consulting	100.00%		Establishment
Kunshan Luxshare Corporate Management Services Partnership (Limited Partnership)	Kunshan	Kunshan	Investment consulting		9.09%	Establishment
Luxshare Intelligent Equipment (Kunshan) Co., Ltd.	Kunshan	Kunshan	Processing and manufacturing		9.46%	Establishment
Luxshare Smart Technology (Rugao) Co., Ltd.	Rugao	Rugao	Processing and manufacturing	100.00%		Establishment

Descriptions on the difference between the shareholding ratio and the voting right ratio in the subsidiary:

(1) Kunshan Luxshare Corporate Management Services Partnership (Limited Partnership) was jointly established by Kunshan Luxshare Enterprise Management Development Co., Ltd., a subsidiary of the Company, and Kunshan Jinhong Urban-Rural Integration Construction Co., Ltd. According to the partnership agreement, Kunshan Luxshare Enterprise Management Development Co., Ltd. acted as the general partner, subscribing a capital of RMB200 million while Kunshan Jinhong Urban-Rural Integration Construction Co., Ltd. acted as the limited partner, subscribing a capital of RMB2 billion. The general partner is the managing partner of the partnership. In respect of partnership affair practice, the managing partner has the exclusive right to manage and control the partnership's operation, investment business and other affairs. For profit distribution, the subsidiary of the Company is entitled to enjoy 80% of the income distribution while the limited partner has the right to enjoy the remaining proportion. Since the subsidiary of the Company can control the partnership, Kunshan Luxshare Corporate Management Services Partnership (Limited Partnership) is included in the scope of consolidation.

(2) Luxshare Intelligent Equipment (Kunshan) Co., Ltd. was established on December 29, 2020, whose shares were directly held by Kunshan Luxshare Corporate Management Services Partnership (Limited Partnership) at a proportion of 99.59% and Kunshan Luxshare Enterprise Management Development Co., Ltd. At a proportion of 0.41%. Therefore, as the Company indirectly controls Luxshare Intelligent Equipment (Kunshan) Co., Ltd. through its subsidiary, Luxshare Intelligent Equipment is included in the scope of consolidation.

Basis for holding half or less voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

Basis for the control of significant structured entities included in the consolidation scope:

Basis for determining whether a company is an agent or a principal:

Other descriptions:

(2) Significant non-wholly-owned subsidiaries

In RMB

Name of subsidiary	Shareholding ratio of minority shareholders	Profit or loss attributable to minority shareholders in the current period	Dividends declared and distributed to minority shareholders in the current period	Balance of minority interest at the end of the period
Fujian JK Wiring Systems Co., Ltd.	45.00%	1,310,180.65		64,904,247.88
Luxshare Automation (Jiangsu) Ltd.	30.00%	24,661,723.62		97,100,366.71
Meilv Electronic (Huizhou) Co., Ltd.	49.00%	56,336,040.40		208,696,572.30
Meite Technology (Suzhou) Co., Ltd.	49.00%	51,217,417.28		718,973,436.87
SpeedTech Corp.	69.35%	114,917,157.75		503,825,923.38

Descriptions on the difference between the shareholding ratio of minority shareholders and their voting right ratio in the subsidiary:

Other descriptions:

(3) Main financial information of significant non-wholly-owned subsidiaries

In RMB

Name of subsidiary	Closing Balance						Opening Balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities

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Fujian JK Wiring Systems Co., Ltd.	163,428,973.90	37,881,649.81	201,310,623.71	56,639,528.54	439,433.25	57,078,961.79	195,911,115.77	45,070,000.83	240,981,116.60	69,373,435.60	421,469.85	69,794,905.45
Luxshare Automation (Jiangsu) Ltd.	632,811,583.17	25,327,104.17	658,138,687.34	334,035,875.87	434,922.47	334,470,798.34	365,699,394.70	20,156,759.83	385,856,154.53	147,209,913.17	512,243.75	147,722,156.92
Meilv Electronic (Huizhou) Co., Ltd.	922,468,906.46	91,289,271.11	1,013,758,177.57	580,109,436.01	7,737,369.47	587,846,805.48	555,228,066.65	101,357,640.18	656,585,706.83	339,621,169.30	5,870,256.47	345,491,425.77
Meite Technology (Suzhou) Co., Ltd.	1,181,697,694.14	1,409,645,063.39	2,591,342,757.53	1,092,806,110.91	31,243,918.32	1,124,050,029.23	1,039,072,803.07	1,467,179,953.72	2,506,252,756.79	1,082,678,769.48	61,727,275.55	1,144,406,045.03
SpeedTech Corp.	2,162,130,004.28	1,160,247,787.78	3,322,377,792.06	1,950,655,927.00	145,273,694.52	2,095,929,621.52	1,420,474,318.85	808,337,644.36	2,228,811,963.21	1,255,943,210.02	111,971,150.25	1,367,914,360.27

In RMB

Name of subsidiary	Amount recognized in the current period				Amount recognized in the prior period			
	Operating income	Net profits	Total comprehensive incomes	Cash flow from operating activities	Operating income	Net profits	Total comprehensive incomes	Cash flow from operating activities
Fujian JK Wiring Systems Co., Ltd.	250,073,562.76	2,911,512.54	-26,954,549.23	16,729,734.42	435,843,684.40	14,072,412.76	15,066,877.44	11,309,541.52
Luxshare Automation (Jiangsu) Ltd.	766,700,321.47	82,205,745.40	85,533,891.39	-31,470,651.03	427,622,084.75	21,901,190.33	30,898,872.88	39,812,300.80
Meilv Electronic (Huizhou) Co., Ltd.	1,352,111,265.87	114,971,511.03	114,817,091.01	196,105,592.33	904,734,269.95	73,548,747.03	74,051,973.77	166,955,738.11
Meite Technology (Suzhou) Co., Ltd.	2,510,006,534.54	104,525,341.39	105,446,016.56	413,323,812.87	2,794,200,149.66	239,415,414.34	240,169,329.08	118,033,727.51

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SpeedTech Corp.	3,463,332,781.62	327,841,387.24	365,550,567.60	437,331,860.62	2,585,053,555.74	150,745,551.92	115,397,822.61	165,028,772.02
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Other descriptions:

(4) Major restrictions on the use of enterprise group assets and repayment of enterprise group debts

(5) Financial support or other support provided to structured entities included in the scope of consolidated financial statements

Other descriptions:

2. Transactions in which the share of owners' equity in the subsidiary changes and still controls the subsidiary

(1) Descriptions on changes in the shares of owners' equity in subsidiaries

(2) Impact of transactions on minority interest and owners' equity attributable to the parent company

In RMB

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Other descriptions

3. Equity in joint ventures or associates

(1) Significant joint ventures or associates

Name of joint venture or associate	Main place of business	Place of registration	Nature of business	Shareholding ratio		Accounting treatment of investment in joint venture or associate
				Direct	Indirect	

Descriptions on the difference between the shareholding ratio and the voting right ratio in the joint venture or associate:

Basis for holding less than 20% of the voting rights but having significant influence, or holding 20% or more of the voting rights but without significant influence:

(2) Main financial information of significant joint ventures

In RMB

	Closing Balance/Amount recognized in the current period	Opening Balance/Amount recognized in the prior period

Other descriptions

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(3) Main financial information of significant associates

In RMB

	Closing Balance/Amount recognized in the current period	Opening Balance/Amount recognized in the prior period
Other descriptions		

(4) Summary financial information of insignificant joint ventures and associates

In RMB

	Closing Balance/Amount recognized in the current period	Opening Balance/Amount recognized in the prior period
Joint ventures:	--	--
Total book value of investment	86,236,939.01	77,614,874.91
Total amount of the following items calculated according to shareholding ratio	--	--
--Net profits	17,941,174.66	22,544,135.76
--Other comprehensive income	-374,657.21	-2,266,528.48
--Total comprehensive incomes	17,566,517.45	20,277,607.28
Associates:	--	--
Total book value of investment	1,122,303,394.28	225,435,705.19
Total amount of the following items calculated according to shareholding ratio	--	--
--Net profits	6,858,666.76	-59,092,453.94
--Other comprehensive income	-697,543.98	
--Total comprehensive incomes	6,161,122.78	-59,092,453.94

Other descriptions

(5) Descriptions on significant restrictions on the ability of joint ventures or associates to transfer funds to the Company**(6) Excess loss of joint ventures or associates**

In RMB

Name of joint venture or associate	Cumulative unrecognized losses accumulated in previous period	Unrecognized losses in the current period (or net profit shared in the current period)	Cumulative unrecognized losses at the end of the period
Other descriptions			

Other descriptions

(7) Unconfirmed commitments related to investment in joint ventures**(8) Contingent liabilities related to investment in joint ventures or associates****4. Significant joint operations**

Name of joint operation	Main place of business	Place of registration	Nature of business	Shareholding ratio / share	
				Direct	Indirect

Descriptions on the difference between the shareholding ratio or share and the voting rights ratio in the joint operation:

Basis for classifying a separate entity into joint operation:

Other descriptions

5. Equity in structured entities not included in the consolidated financial statements

Descriptions on structured entities not included in the consolidated financial statements:

6. Others**X. Risks Associated with Financial Instruments****1. Credit risks**

Credit risks refer to the risks that one party to a financial instrument suffers financial losses due to the failure of the other party to perform its obligations. The customer credit risks mainly faced by the Company come from credit sale. Before signing a new contract, the Company will assess the credit risks generated by new customers from perspectives such as external credit rating and, in some cases, bank credit certification (when the same is available). The Company has a credit limit, which is the maximum amount without additional approval, for each customer.

The Company ensures that its overall credit risk is within the controllable range through quarterly monitoring of credit rating of existing customers and monthly review of aging analysis of accounts receivable. Customers are grouped according to their credit characteristics when the credit risks from them are monitored. Customers rated as “high risk” will be placed on the restricted customer list, and only with additional approval can the Company sell them on credit in the future period, otherwise they must be required to pay the corresponding amount in advance.

2. Market risks

Market risks of financial instruments refer to the risks that the fair value or future cash flow of financial instruments will fluctuate due to market price changes, including exchange rate risk, interest rate risk and other price risks.

(1) Interest rate risk

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Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to the change in market interest rate. The interest rate risk faced by the Company mainly comes from the long-term and short-term borrowings from banks. The Company, under its current policy, seeks to borrow in USD with a lower loan interest rate. In order to obtain loans, the Company has provided guarantee for its wholly-owned overseas subsidiaries ICT-Lanto Limited and ICT-Lanto Limited for overseas financing.

(2) Exchange rate risk

Exchange rate risk refers to the risk that the fair value of financial instruments or future cash flow will fluctuate due to the change in foreign exchange rate. The Company tries to match foreign currency income with foreign currency expenditure to reduce exchange rate risk. In addition, the Company has signed forward foreign exchange contracts to avoid exchange rate risk.

(3) Other price risks

The Company holds equity investments of other listed companies, and the management believes that the market price risks faced by these investment activities is acceptable.

The equity investments of listed companies held by the Company are presented as follows:

Item	Closing balance	Balance at the end of last year
Other investments in equity instruments	114,221,319.04	170,733,150.00
Total	114,221,319.04	170,733,150.00

3. Liquidity risks

Liquidity risks refer to, with respect to an enterprise, the risks of capital shortage to the enterprise when it fulfills its obligation of settlement by cash or other financial assets. It is the Company's policy to ensure that there is sufficient cash to pay its debts as they fall due. The liquidity risks are controlled by the financial department of the Company in a unified manner. By monitoring the cash balance, marketable securities that can be realized at any time and rolling forecast of cash flow in the next 12 months, the financial department ensures that the Company has sufficient funds to repay debts under all reasonable forecasts.

XI. Disclosure of Fair Value

1. Closing fair value of assets and liabilities measured at fair value

In RMB

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Item	Closing balance of fair value			
	Level I	Level II	Level III	Total
I. Continuous fair value measurement	--	--	--	--
(I) Held-for-trading financial assets		305,388,419.95	2,854,676,050.46	3,160,064,470.41
1. Financial assets at fair value through profit or loss		305,388,419.95	2,854,676,050.46	3,160,064,470.41
(3) Derivative financial assets		305,388,419.95		305,388,419.95
(III) Other equity instrument investments	114,221,319.04		23,853,252.52	138,074,571.56
Wealth management products			2,854,676,050.46	2,854,676,050.46
Total assets continuously measured at fair value	114,221,319.04	305,388,419.95	2,878,529,302.98	3,298,139,041.97
II. Non-continuous fair value measurement	--	--	--	--

2. Basis for determining the market price of the items continuously and not continuously measured at fair value at level I

Level I inputs are quoted market price (unadjusted) in an active market for an identical asset or liability available at the date of measurement.

3. Valuation technology and qualitative and quantitative information of important parameters used in the items continuously and not continuously measured at fair value at level II.

Level II inputs are inputs, other than inputs within Level I, that are observable for the asset or liability.

4. Valuation technology and qualitative and quantitative information of important parameters used in the items continuously and not continuously measured at fair value at the third level

Level III inputs are unobservable inputs for the asset or liability.

5. Adjustment information between the opening book value and the closing book value, and the sensitivity analysis of unobservable parameters for items continuously measured at fair value at the third level

6. For items continuously measured at fair value, if there is conversion between different levels in the current period, the reasons for the conversion and the policy for determining the conversion time point

The fair value level for the measurement results is determined by the lowest level of the inputs that are significant to the fair value measurement as a whole.

7. Changes in valuation technology in the current period and reasons for changes

8. Fair value of financial assets and financial liabilities not measured at fair value

9. Others

XII. Related Parties and Related-party Transactions

1. The parent company of the Company

Name of parent company	Place of registration	Nature of business	Registered capital	Shareholding ratio of the parent company in the Company	Voting rights ratio of the parent company in the Company
Luxshare Precision Limited	Hong Kong	Industry	HKD10,000	40.90%	40.90%

Descriptions on the parent company of the Company

The ultimate controller of the Company is WANG Laichun and WANG Laisheng.

Other descriptions:

2. Subsidiaries of the Company

For details of the Company's subsidiaries, please refer to Note VII. Equity in Other Entities.

3. Joint ventures and associates of the Company

For details of the significant joint ventures or associates of the Company, please refer to Note VII. Equity in Other Entities.

Other joint ventures or associates that have related-party transactions with the Company in the current period or formed a balance due to related-party transactions with the Company in the prior period are as follows:

Name of joint venture or associate	Relationship with the Company
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Riyimao Industrial Co., Ltd.	Joint-stock company of a majority-owned sub-subsidiary of the Company
Xuande Energy Co., Ltd.	Joint-stock company of a majority-owned sub-subsidiary of the Company
Ayala Design Co., Ltd.(Japan)	Subsidiary of joint-stock company of a majority-owned sub-subsidiary of the Company
Caldigit (UK) Limited	Subsidiary of joint-stock company of a majority-owned sub-subsidiary of the Company
Caldigit American Inc.	Subsidiary of joint-stock company of a majority-owned sub-subsidiary of the Company
Assem Technology Co., Ltd.	Joint-stock company of a majority-owned sub-subsidiary of the Company
Zhuhai Kinwong Flexible Circuit Co., Ltd.	Associates of the Company
Shangrao City Lijing Innovation Technology Co., Ltd.	Other related party of the Company
Guangzhou Luxvisions Innovation Technology Limited	Other related party of the Company
Bisaisi Automotive Technology (Suzhou) Co., Ltd.	An enterprise controlled by the Company' s parent company

Other descriptions

4. Other related parties

Name of other related parties	Relationship between other related parties and the Company
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Other descriptions

5. Related-party transactions

(1) Related-party transactions of purchasing and selling goods, rendering and accepting services

Purchasing goods/accepting services

In RMB

Related parties	Related-party transactions	Amount recognized in the current period	Approved transaction limit	Whether the transaction limit is exceeded	Amount recognized in the prior period
Riyimao Industrial Co., Ltd.	Purchasing goods	8,030,338.04		No	6,497,433.42
Assem Technology Co., Ltd.	Purchasing fixed assets	1,742,625.00		No	
Assem Technology Co., Ltd.	Other services	7,133.15		No	
Zhuhai Kinwong	Purchasing goods	40,830,964.42		No	125,594,269.72

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Flexible Circuit Co., Ltd.					
Bisaisi Automotive Technology (Suzhou) Co., Ltd.	Purchasing goods	676,913.53		No	183,291.36
Guangzhou Luxvisions Innovation Technology Limited	Purchasing goods	11,134.40		No	

Selling goods/rendering services

In RMB

Related parties	Related-party transactions	Amount recognized in the current period	Amount recognized in the prior period
Riyimao Industrial Co., Ltd.	Processing goods purchased	6,691.91	13,312.01
Riyimao Industrial Co., Ltd.	Other services	1,842.54	39,133.92
Ayala Design Co., Ltd.(Japan)	Selling products	4,495,492.93	
Caldigit (UK) Limited	Selling products	31,496,213.08	
Caldigit American Inc.	Selling products	135,401,289.61	
Assem Technology Co., Ltd.	Other services	7,133.15	
Zhuhai Kinwong Flexible Circuit Co., Ltd.	Selling products	20,714.40	84,292.81
Shangrao City Lijing Innovation Technology Co., Ltd.	Selling products	1,383,434.92	49,473.00
Guangzhou Luxvisions Innovation Technology Limited	Equipment and apparatus	43,045,170.20	62,286,745.18
Bisaisi Automotive Technology (Suzhou) Co., Ltd.	Selling products	106,918,653.51	496,575.04

Descriptions on related-party transactions of purchasing and selling goods, and providing and accepting services

(2) Related-party entrusted management/contracting and entrusted management/outsourcing

Entrusted management/contracting of the Company:

In RMB

Name of principal/owner	Name of trustee/contractor	Types of entrusted / contracted assets	Commencement date of entrustment/contract	Termination date of entrustment / contract	Pricing basis of trusteeship income/contract income	Trusteeship income/contract income recognized in the current period
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Descriptions on related-party trusteeship/contract

Statement of entrusted management/outsourcing of the Company:

In RMB

Name of principal/owner	Name of trustee/contractor	Types of entrusted / contracted assets	Commencement date of entrustment/contract	Termination date of entrustment / contract	Pricing basis of trusteeship income/contract income	Trusteeship income/contract income recognized in the current period

Descriptions on related-party management/outsourcing

(3) Related-party lease

The Company acts as the lessor:

In RMB

Name of lessee	Types of leased assets	Lease income recognized in the current period	Lease income recognized in the previous period
Riyimao Industrial Co., Ltd.	Fixed assets	21,117.59	
Xuande Energy Co., Ltd.	Fixed assets	108,412.88	544,555.20

The Company acts as the lessee:

In RMB

Name of lessor	Types of leased assets	Lease income recognized in the current period	Lease income recognized in the previous period

Descriptions on related-party leases

(4) Related-party guarantee

The Company acts as the guarantor

In RMB

Guaranteed party	Amount of guarantee	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been fulfilled
ICT-LANTO LIMITED	189,222,100.00	June 23, 2020	June 22, 2021	No
ICT-LANTO LIMITED	195,747,000.00	August 1, 2019	July 31, 2020	No
Luxshare Precision Co., Ltd	71,773,900.00	June 23, 2020	June 22, 2021	No
Luxshare Precision Co., Ltd	5,219,920,000.00	July 20, 2020	July 19, 2025	No
Luxshare Precision Co., Ltd	326,245,000.00	December 15, 2019	June 1, 2021	No
Luxshare Precision Co., Ltd	326,245,000.00	March 9, 2020	March 24, 2023	No

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Ltd				
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The Company acts as the guaranteed party

In RMB

Guarantor	Amount of guarantee	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been fulfilled
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Descriptions on related-party guarantee

(5) Related-party loans

In RMB

Related party	Loan amount	Commencement date	Maturity date	Remarks
Borrow				
Lend				

(6) Asset transfer and debt restructuring of related parties

In RMB

Related party	Related-party transactions	Amount recognized in the current period	Amount recognized in the prior period
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(7) Remuneration of key managers

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Compensation of key managers	11,414,640.00	9,765,724.53
Share-based payment of key managers	9,586,952.73	11,682,249.90

(8) Other related-party transactions

6. Accounts receivable and payable of related parties

(1) Receivables

In RMB

Item	Related party	Closing Balance		Opening Balance	
		Book balance	Bad-debt provision	Book balance	Bad-debt provision
Accounts receivable	Xuande Energy Co., Ltd.			107,582.38	53.79
Accounts receivable	Zhuhai Kinwong Flexible Circuit Co.,			38,420.00	19.21

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	Ltd.				
Accounts receivable	Shangrao City Lijing Innovation Technology Co., Ltd.	324,853.80	162.43	13,503.50	6.75
Accounts receivable	Guangzhou Luxvisions Innovation Technology Limited	14,398,489.55	7,199.24	59,986,632.21	29,993.32
Accounts receivable	Bisaisi Automotive Technology (Suzhou) Co., Ltd.	59,654,508.75	29,827.25	542,719.17	271.36
Accounts receivable	Ayala Design Co., Ltd.(Japan)	890,628.97	445.31		
Accounts receivable	Caldigit (UK) Limited	17,773,116.02	8,886.56		
Accounts receivable	Caldigit American Inc.	38,290,629.44	19,145.31		
Other receivables	Guangzhou Luxvisions Innovation Technology Limited	69,933.44	349.67	5,087,557.78	25,437.79
Other receivables	Bisaisi Automotive Technology (Suzhou) Co., Ltd.	4,200.00	21.00		
Other receivables	Xuande Energy Co., Ltd.	168,480.23	842.40		

(2) Payables

In RMB

Item	Related party	期末 Book balance	期初 Book balance
Accounts payable	Riyimao Industrial Co., Ltd.	3,195,766.80	2,788,491.37
Accounts payable	Zhuhai Kinwong Flexible Circuit Co., Ltd.		36,129,173.65
Accounts payable	Guangzhou Luxvisions Innovation Technology Limited	12,581.87	38,157.90
Accounts payable	Bisaisi Automotive Technology (Suzhou) Co., Ltd.	447,157.67	28,406.07

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Receipts in advance	Xuande Energy Co., Ltd.		232,600.00
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7. Commitment of related parties

8. Others

XIII. Share-based payment

1. General situation of share-based payment

Applicable N/A

In RMB

Total amount of the Company's equity instruments granted in the current period	0.00
Total amount of the Company's equity instruments exercised in the current period	42,488,500.00
Total amount of the Company's equity instruments invalid in the current period	4,353,900.00

Other descriptions

Range of exercise prices and remaining contractual terms of the Company's outstanding stock options at the end of the period: (1) On September 25, 2018, the *Proposal on Granting Stock Options to Grantees under the 2018 Stock Option Incentive Plan of Luxshare Precision Industry Co., Ltd.* was approved upon deliberation at the 5th session of the 4th board of directors of the Company. Accordingly, the Company granted 97.50 million of stock options to 1,899 eligible grantees at the exercise price of RMB17.58 per share. After 12 months from the date on which the grant registration is completed, grantees meeting the exercise conditions can exercise the options in five periods, with a proportion of 20% for each period, in the following 60 months; According to the *Proposal on Satisfying the Exercise Conditions for the Second Exercise Period under the 2018 Stock Option Incentive Plan* approved upon deliberation at the 27th session of the 4th board of directors of the Company on December 2, 2020, given that the exercise condition for the second exercise period options under the 2018 Stock Option Incentive Plan had been matured, it was agreed that 1,718 grantees of the 2018 Stock Option Incentive Plan can independently exercise their options at the exercise price of RMB10.28 per share, with the estimated stock options to be exercised numbering 31,212,577 (the actual number of stock options to be exercised shall be subject to registered number by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.) (2) On April 22, 2019, the *Proposal on Granting Stock Options to Initial Grantees under the 2019 Stock Option Incentive Plan of Luxshare Precision Industry Co., Ltd.* was approved after deliberation at the 9th session of the 4th board of directors. Accordingly, the Company granted 50.076 million stock options to 348 eligible grantees at the granted price of the first stock options of RMB23.36 per share, with 12.519 million stock options used as reserve. On November 27, 2019, the 13th session of the 4th board of directors deliberated and passed the *Proposal on Granting Stock Options to Grantees Reserved under the 2019 Stock Option Incentive Plan* on November 27, 2019, as per which the

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Company granted 16,274,700 to 263 eligible grantees at an exercise price of RMB17.93 per share, and after 12 months from the date on which the registration of stock options grant for share-base payment is completed, grantees who meet the exercise conditions can exercise the stock options in five periods, with a proportion of 20% for each period, in the following 60 months. On June 22, 2020, at the 19th session of the 4th board of directors, the *Proposal on Satisfying the Exercise Conditions for the Initial Exercise Period under the 2019 Stock Option Incentive Plan* was approved upon deliberation, pursuant to which the exercise condition for the first exercise period options under the 2019 Stock Option Incentive Plan was matured. Therefore, it was agreed that 339 initial grantees of the 2019 Stock Option Incentive Plan can independently exercise their options at the exercise price of RMB13.17 per share, with the estimated stock options to be exercised numbering 16,456,708 (the actual number of stock options to be exercised is subject to registered number by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.).

2. Share-based payment settled in equity

√ Applicable □ N/A

In RMB

Method of determining the fair value of equity instruments on the grant date	Black-Scholes model
Basis for determining the number of exercisable equity instruments	The determination is made by the Company according to the equity instruments corresponding to the on-the-job grantees and the Company's performance forecast in the future.
Reasons for significant differences between current and prior estimates	None
Cumulative amount of share-based payment settled in equity included in the capital reserve	697,082,140.17
Total amount of share-based payment settled in equity recognized in the current period	347,403,580.73

Other descriptions

(1) On September 25, 2018, the Company held the 5th session of the 4th board of directors and the 5th session of the 4th board of supervisors, deliberating and approving the *Proposal on Granting Stock Options to Grantees under the 2018 Stock Option Incentive Plan of Luxshare Precision Industry Co., Ltd.*, whereby it was determined that 97,500,000 stock options would be granted to 1,899 eligible grantees on September 25, 2018 as the grant date of the incentive plan.

On November 27, 2019, the Company held the 13th session of the 4th board of directors and the 13th session of the 4th board of supervisors, deliberating and approving the *Proposal on Adjusting the Exercise Price and Quantity under the 2018 Stock Option Incentive Plan and Canceling Some Stock Options* as well as the *Proposal on Satisfying the Exercise Conditions for the Initial Exercise Period of the 2018 Stock Option Incentive Plan*. According to relevant provisions of the *Measures for Managing*

Equity Incentives of Listed Companies, the Company's 2018 Stock Option Incentive Plan (Draft) and the *Administrative Measures for the Implementation and Assessment of the 2018 Stock Option Incentive Plan*, and as authorized by the Company's second extraordinary general meeting of shareholders in 2018, the adjustment of the exercise price and quantity under the stock option incentive plan and the cancellation of some options was ratified in response to the implementation by the Company of the annual equity distribution plan in 2018 and the resignation of grantees, etc.. After the adjustment, the number of grantees was changed from 1,870 to 1,762, the quantity of stock options granted was changed from 97,300,000 to 122,327,530, and the exercise price of stock options was changed from RMB17.58 per share to RMB13.48 per share.

On June 22, 2020, the Company held the 19th session of the 4th board of directors and the 19th session of the 4th board of supervisors, deliberating and approving the *Proposal on Adjusting the Exercise Price and Quantity under the Stock Option Incentive Plans in 2018 and 2019, and Canceling Some Stock Options*. After the adjustment, the quantity of stock options that was not exercised was changed from 99,001,310 to 128,698,841, and the exercise price of stock options that was not exercised was changed from RMB13.48 per share to RMB10.28 per share.

(2) On April 22, 2019, the Company held the 9th session of the 4th board of directors and the 9th session of the 4th board of supervisors, at which it deliberated and approved the *Proposal on Granting Stock Options to Subordinated Grantees under the 2019 Stock Option Incentive Plan of Luxshare Precision Industry Co., Ltd.*, determining that 50,076,000 stock options would be granted to 348 eligible initial grantees on April 22, 2019 as the grant date of the incentive plan.

On November 27, 2019, the Company held the 13th session of the 4th board of directors and the 13th session of the 4th board of supervisors, deliberating and approving the *Proposal on Adjusting the Exercise Price and Quantity under the 2019 Stock Option Incentive Plan* and the *Proposal on Granting Stock Options to Grantees Reserved under the 2019 Stock Option Incentive Plan*. Due to the implementation by the Company of the annual equity distribution plan in 2018, the exercise price and quantity under the 2019 stock option incentive plan were adjusted. After adjustment, the exercise price of the stock option initially granted was changed from RMB23.36 per share to RMB17.93 per share, the quantity of stock options initially granted was changed from 50,076,000 to 65,098,800, and the quantity of reserved stock options granted was changed from 12,519,000 to 16,274,700. At the same time, the board of directors considered that the Company and the grantees had met the conditions for the grant of reserved stock options under the Company's 2019 incentive plan, and consented to grant 16,274,700 stock options to 263 grantees on November 27, 2019 as the grant date of reserved stock options at the exercise price of RMB17.93 per share.

On June 22, 2020, the Company held the 19th session of the 4th board of directors and the 19th session of the 4th board of supervisors, deliberating and approving the *Proposal on Adjusting the Exercise Price and Quantity under the Stock Option Incentive Plans in 2018 and 2019, and Canceling Some Stock Options*, and the *Proposal on Satisfying the Exercise Conditions for the Initial Exercise Period of the 2018 Stock Option Incentive Plan*. After this adjustment, the number of initial grantees under the

2019 stock option incentive plan was adjusted from 348 to 340, the quantity of stock options initially granted was adjusted from 65,098,800 to 84,626,558, and the exercise price of the stock options initially granted was adjusted from RMB17.93 per share to RMB13.70 per share; the quantity of reserved stock options granted was adjusted from 16,241,700 to 21,113,740, and the exercise price thereof was adjusted from RMB17.93 per share to RMB13.70 per share.

3. Share-based payment settled in cash

Applicable N/A

4. Modification and termination of share-based payment

5. Others

XIV. Commitments and Contingencies

1. Significant commitments

Significant commitments on the balance sheet date

The Company has no significant commitments to be disclosed.

2. Contingencies

(1) Significant contingencies on the balance sheet date

The Company has no significant contingencies to be disclosed.

(2) Notes shall be made if the Company has no significant contingencies that need to be disclosed

The Company has no significant contingencies to be disclosed.

3. Others

XV. Events after the Balance Sheet Date

1. Significant non-adjusting items

In RMB

Item	Content	Effected quantum on financial status and operating results	Reasons why the effected quantum cannot be estimated

2. Profit distribution

In RMB

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3. Sales return

4. Description on events after the balance sheet date

1. The USA launched the 337 investigation against Luxshare Precision. On January 22, 2021, the Company was informed of two notices regarding this investigation from the United States International Trade Commission (USITC), which told the case number and the designated presiding administrative judge. At present, the Company has been involved in the 337 investigation process, with all treatments subject to procedures and regulations of the 337 investigation.

2. In order to further improve the strategic layout of the Company in the field of computer and precision structural components modules of consumer electronics, and enhance the synergy benefits of vertical integration and simultaneous development in computer and consumer electronics products, the Company and its wholly-owned subsidiary, namely, Luxshare Precision Technology Co., Ltd., entered into the *Capital Increment Agreement of Rikai Computer Accessory Co., Ltd.* and the *Shareholder Agreement* with Casetek Holdings Limited, Rih Li International Limited, Changshu Likai Corporate Management Partnership (Limited Partnership) and Rikai Computer Accessory Co., Ltd. (hereinafter referred to as “Rikai Computer”), pursuant to which the Company and its wholly-owned subsidiary, namely, Luxshare Precision Technology Co., Ltd., together with Changshu Likai Corporate Management Partnership (Limited Partnership), jointly invested in Rikai Computer by their own funds, in which the Company invested RMB5,760,062,200 while its subsidiary invested RMB239,937,800. Upon completion of this investment, the Company, as holding 50.013% equity interest in Rikai Computer, controlled Rikka Computer; Changshu Likka, through the investment of RMB125,967,400, held 3.5% equity interest in Rikai Computer; and Rikka Computer's original shareholder, Rih Li International Limited, held 46.487% equity interest in Rikai Computer.

3. On January 15, 2021, the Company completed its issue of the first ultra-short-term financing bonds for the year of 2021, which was named as the First Ultra-short-term Financing Bonds of Luxshare Precision Industry Co.Ltd. In 2021, with the code of 21011112.IB and a term of 270 days. The value date of such bonds is January 15, 2021 and the payment date is October 12, 2021. The bonds has been issued at an amount of RMB800 million in total with an issue interest rate of 3.3%.

XVI. Other Significant Events

1. Correction of previous accounting errors

(1) Retrospective restatement

In RMB

Accounting error corrected	Processing procedure	Name of the affected item in the statements of the comparison period	Cumulative quantum affected

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(2) Prospective Application

Accounting error corrected	Approval procedure	Reasons for adopting method of prospective application
----------------------------	--------------------	--

2. Debt restructuring**3. Asset replacement****(1) Exchange of non-monetary assets****(2) Replacement of other assets****4. Annuity plan****5. Termination of operation**

						In RMB
Item	Incomes	Costs	Total profits	Income tax expenses	Net profits	Profits from termination of operation attributable to the owners of the parent company
Other descriptions						

6. Segment information**(1) Determination basis and accounting policy of reporting segment****(2) Financial information of reporting segment**

			In RMB
Item		Inter-segment offset	Total

(3) Descriptions on reasons why the Company has no reporting segment or cannot disclose the total assets and liabilities of each reporting segment, if any

(4) Other descriptions

7. Other important transactions and events that have an impact on investors' decision-making

8. Others

XVII. Notes to Key Items in Financial Statements of the Company

1. Accounts receivable

(1) Categorized disclosure of accounts receivable

In RMB

Category	Closing Balance					Opening Balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Accounts receivable for which bad-debt provision is made individually	241,403.36	0.01%	241,403.36	100.00%		241,403.36	0.02%	241,403.36	100.00%	
Including:										
Entity 1	241,403.36	0.01%	241,403.36	100.00%		241,403.36	0.02%	241,403.36	100.00%	
Accounts receivable for which bad-debt provision is made by group	6,927,999,417.25	99.99%	4,846,817.94	0.07%	6,923,152,599.31	1,564,941,516.13	99.98%	3,148,698.64	0.20%	1,561,792,817.49
Including:										
Group by aging	1,023,149,566.63	14.76%	4,846,817.94	0.47%	1,018,302,748.69	1,087,700,095.39	69.49%	3,148,698.64	0.29%	1,084,551,396.75
Related party group in the scope of consolidation	5,904,849,850.62	85.23%			5,904,849,850.62	477,241,420.74	30.49%			477,241,420.74
Total	6,928,240,820.61	100.00%	5,088,221.30		6,923,152,599.31	1,565,182,919.49	100.00%	3,390,102.00		1,561,792,817.49

Provision for bad debts made individually:RMB241,403.36

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In RMB

Description	Closing Balance			
	Book balance	Bad-debt provision	Provision proportion	Reason for provision
Entity 1	241,403.36	241,403.36	100.00%	It cannot be recovered
Total	241,403.36	241,403.36	--	--

Provision for bad debts made individually:

In RMB

Description	Closing Balance			
	Book balance	Bad-debt provision	Provision proportion	Reason for provision

Provision for bad debts made by group: RMB4,846,817.94

In RMB

Description	Closing Balance		
	Book balance	Bad-debt provision	Provision proportion
Undue	1,004,331,583.99	501,763.97	0.05%
1 to 60 days overdue	12,296,156.94	614,807.85	5.00%
61 to 120 days overdue	3,978,537.27	1,193,561.18	30.00%
121 to 180 days overdue	9,948.16	3,979.26	40.00%
181 to 365 days overdue			50.00%
1 to 2 years(excluding 1 year)	6,348.00	5,713.41	90.00%
Over 2 years	2,526,992.27	2,526,992.27	100.00%
Related party group in the scope of consolidation	5,904,849,850.62	0.00	0.00%
Total	6,928,240,820.61	4,846,817.94	--

Description on basis for determining the group:

Provision for bad debts made by group:

In RMB

Description	Closing Balance		
	Book balance	Bad-debt provision	Provision proportion

Descriptions on basis for determining the group:

If the bad-debt provision for accounts receivable is made according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt provision:

Applicable N/A

Disclosure by aging

In RMB

Aging	Book balance
-------	--------------

Within 1 year (including 1 year)	6,925,466,076.98
Undue	1,004,331,583.99
1 to 60 days overdue	12,296,156.94
61 to 120 days overdue	3,978,537.27
121 to 180 days overdue	9,948.16
181 to 365 days overdue	
Related party group in the scope of consolidation	5,904,849,850.62
1 to 2 years	6,348.00
2 to 3 years	2,768,395.63
Total	6,928,240,820.61

(2) Bad-debt provision made, recovered or reversed in the current period

Bad-debt provision made in the current period:

In RMB

Category	Opening Balance	Amount of change in the current period				Closing Balance
		Provision	Recover or reversal	Write off	Other	
Provision on an individual basis	241,403.36					241,403.36
Provision on a group basis	3,148,698.64	1,699,043.64		924.34		4,846,817.94
Total	3,390,102.00	1,699,043.64		924.34		5,088,221.30

Including significant amounts reversed or recovered from the current provision for bad debts:

In RMB

Entity name	Amount recovered or reversed	Recovery method

(3) Accounts receivable actually written off in the current period

In RMB

Item	Write-off amount

Including the write-off of significant accounts receivable:

In RMB

Entity name	Nature of accounts receivable	Write-off amount	Reasons for write off	Procedures for write off	Whether the funds are generated by related party transactions

Descriptions on the write-off of other receivables:

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(4) Accounts receivable with top five closing balance - by debtor

In RMB

Entity name	Closing balance of accounts receivable	Proportion in total closing balance of accounts receivable	Closing balance of bad-debt provision
Entity 1	2,394,402,100.00	34.56%	
Entity 2	2,172,821,630.20	31.36%	
Entity 3	630,415,700.00	9.10%	
Entity 4	354,887,300.48	5.12%	
Entity 5	280,847,249.98	4.05%	140,423.62
Total	5,833,373,980.66	84.19%	

(5) Accounts receivable derecognized due to transfer of financial assets**(6) Amount of assets and liabilities formed by transferring accounts receivable and continuing involvement**

Other descriptions:

2. Other receivables

In RMB

Item	Closing Balance	Opening Balance
Dividends receivable	11,543,626.19	
Other receivables	543,164,102.94	524,425,779.85
Total	554,707,729.13	524,425,779.85

(1) Interest receivable**1) Classification of interest receivable**

In RMB

Item	Closing Balance	Opening Balance

2) Significant overdue interest

Borrower	Closing balance	Overdue time	Reasons for delay	Whether there is impairment and its judgment basis

Other descriptions:

3) Bad-debt provision

Applicable N/A

(2) Dividends receivable**1) Classification of dividends receivable**

In RMB

Item (or Investee)	Closing Balance	Opening Balance
Wan'an Xiexun Electronic Co., Ltd.	11,543,626.19	
Total	11,543,626.19	

2) Significant dividends receivable with aging over 1 year

In RMB

Item (or Investee)	Closing Balance	Aging	Reasons for non-recovery	Whether there is impairment and its judgment basis

3) Bad-debt provision

Applicable N/A

Other descriptions:

(3) Other receivables**1) Classification of other receivables by nature**

In RMB

Nature of receivables	Closing book balance	Opening book balance
Reserve fund	49,663.76	99,209.99
Security deposit		221,000.00
Import tax rebate receivable	20,052,713.03	
Other	191,697,001.27	191,539,338.72
Current account	332,444,406.04	333,529,849.71
Total	544,243,784.10	525,389,398.42

2) Bad-debt provision

In RMB

Bad-debt provision	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (without	Lifetime ECL (with credit	

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		credit impaired)	unimpaired)	
Balance as at January 1, 2020	963,618.57			963,618.57
Balance as at January 1, 2020 in the current period	---	---	---	---
Provision in the current period	116,062.59			116,062.59
Balance as at December 31, 2020	1,079,681.16			1,079,681.16

Changes in book balance of provision for loss with significant changes in the current period

Applicable N/A

Disclosure by aging

In RMB

Aging	Book balance
Within 1 year (including 1 year)	544,241,438.94
Undue	210,503,376.79
1 to 60 days overdue	973,910.51
61 to 120 days overdue	314,440.30
121 to 180 days overdue	5,305.30
181 to 365 days overdue	
Related party group in the scope of consolidation	332,444,406.04
1 to 2 years	2,345.16
Total	544,243,784.10

3) Bad-debt provision made, recovered or reversed in the current period

Bad-debt provision in the current period:

In RMB

Category	Opening Balance	Amount of change in the current period				Closing Balance
		Provision	Recover or reversal	Write off	Other	
Group by aging	963,618.57	116,062.59				1,079,681.16
Total	963,618.57	116,062.59				1,079,681.16

Including significant amounts reversed or recovered from the current provision for bad debts:

In RMB

Entity name	Amount reserved or recovered	Recovery method
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4) Other receivables actually written off in the current period

In RMB

Item	Write-off amount
------	------------------

Including the write-off of significant other receivables:

In RMB

Entity name	Nature of other receivables	Write-off amount	Reasons for write off	Procedures for write off	Whether the funds are generated by related-party transactions
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Descriptions on the write-off of other receivables

5) Other receivables with top five closing balance - by debtor

In RMB

Entity name	Nature of receivables	Closing balance	Aging	Proportion in total closing balance of other receivables	Closing balance of bad-debt provision
Entity 1	Current account	200,000,000.00	Undue	36.75%	
Entity 2	Equity transfer funds	190,000,000.00	Undue	34.91%	950,000.00
Entity 3	Current account	130,498,000.00	Undue	23.98%	
Entity 4	Current account	20,052,713.03	Undue	3.68%	100,263.57
Entity 5	Current account	949,127.17	Undue	0.17%	
Total	--	541,499,840.20	--	99.49%	1,050,263.57

6) Receivables involving government grants

In RMB

Entity name	Name of government grant	Closing balance	Aging at the end of the period	Estimated time, amount and basis of collection
-------------	--------------------------	-----------------	--------------------------------	--

7) Other receivables derecognized due to transfer of financial assets**8) Amount of assets and liabilities formed by transferring other receivables and continuing involvement**

Other descriptions:

3. Long-term equity investments

In RMB

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Item	Closing Balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	13,406,253,703.42	28,560,179.80	13,377,693,523.62	9,972,755,414.87	28,560,179.80	9,944,195,235.07
Investment in joint ventures and associates	260,260,811.77	34,372,608.46	225,888,203.31	259,808,313.65	34,372,608.46	225,435,705.19
Total	13,666,514,515.19	62,932,788.26	13,603,581,726.93	10,232,563,728.52	62,932,788.26	10,169,630,940.26

(1) Investment in subsidiaries

In RMB

Investee	Opening balance (book value)	Increase and decrease in the current period				Closing balance (book value)	Closing balance of provision for impairment
		Additional investment	Reduced investment	Provision for impairment	Other		
ASAP Technology (Jiangxi) Co., Ltd.	269,252,401.16	2,190,371.05				271,442,772.21	
Xiexun Electronic (Ji'an) Co., Ltd.	242,137,662.88	1,651,816.82				243,789,479.70	
Suining Luxshare Precision Industry Co., Ltd.	1,779,965.55	511,479.35				2,291,444.90	
Luxshare Precision Technology Co., Ltd.	58,059,935.32	100,000,000.00				158,059,935.32	
ICT-LANTO LIMITED	534,084,500.26					534,084,500.26	
Luxshare Precision Limited	32,708,137.68	-284,307.78				32,423,829.90	
Lanto Electronic	2,192,820,238.	1,095,998,647.				3,288,818,885.	

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Limited	44	12				56	
Dongguan Leader Precision Industry Co., Ltd.	63,493,794.31	1,200,894.57				64,694,688.88	
Kunshan Luxshare Precision Industry Co., Ltd.	430,091,772.36	92,853,142.31				522,944,914.67	
Wan' an Xiexun Electronic Co., Ltd.	40,164,974.04	83,521.15				40,248,495.19	
Fujian JK Wiring Systems Co., Ltd..	96,964,062.97	133,938.23				97,098,001.20	
Ji' an Jizhou district Luxshare Electronic Co., Ltd.	8,112,772.81	-62,671.86				8,050,100.95	
Xingning Luxshare Technology Co., Ltd.		215,943.92				215,943.92	
Luxshare Precision Industry (Chuzhou), Ltd.	761,318,025.91	7,066,532.95				768,384,558.86	
SuK Kunststofftechni k GmbH	33,746,516.14					33,746,516.14	
Fengshun Luxshare Precision Industry Co., Ltd.	10,076,141.87	38,549.00				10,114,690.87	
Shenzhen Luxshare	4,081,506.28	-156,512.01				3,924,994.27	28,560,179.80

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Acoustics Technology Ltd.							
Dongguan Luxshare Precision Industry Co., Ltd.	1,001,329,142. 07	22,668,525.46				1,023,997,667. 53	
Luxshare Automation (Jiangsu) Ltd.	38,027,834.69	3,328,145.99				41,355,980.68	
Shenzhen Luxshare Standard Co., Ltd.	21,000,000.00					21,000,000.00	
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	995,790,836.4 3	63,489,154.64				1,059,279,991. 07	
Dongguan Xuntao Electronic Co., Ltd.	1,561,134.02	-10,933,958.18				-9,372,824.16	
Luxshare Electronic Technology (Kunshan) Co., Ltd.	1,604,961,044. 49	641,949,758.7 0				2,246,910,803. 19	
Luxshare Precision Components (Kunshan) Co., Ltd.	79,543,166.18	21,848,053.86				101,391,220.04	
Luxshare Precision Industry (Enshi) Co., Ltd.	63,000,000.00	37,975,752.97				100,975,752.97	
Yongxin County Boshuo	263,449.36	349,933.26				613,382.62	

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Electronics Co., Ltd.							
Luxshare-ICT (Japan)	742,801.20	1,491,127.38				2,233,928.58	
Taiwan Luxshare Precision Limited	31,180,665.86	72,432,574.07				103,613,239.93	
Luxshare-ICT, inc.	11,429,601.78	14,722,997.63				26,152,599.41	
Korea Luxshare-ICT Co., Ltd.	2,431,448.58	1,638,515.07				4,069,963.65	
LUXSHARE-ICT EUROPE LIMITED	304,567.47	154,194.82				458,762.29	
Meite Technology (Suzhou) Co., Ltd.	2,576,133.16	920,675.17				3,496,808.33	
Kunshan-Luxshare RF Technology Co., Ltd.	1,730,833.09	20,589,815.84				22,320,648.93	
Meilv Electronic (Huizhou) Co., Ltd.	571,900.00	-154,420.02				417,479.98	
Ji'an County Branch of Luxshare Automation (Jiangsu) Ltd.							
Jiangxi ASAP Electronic Co., Ltd.	1,022,839.08	485,876.34				1,508,715.42	
Luxshare Precision Industry	241,115.91	441,712.25				682,828.16	

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(Baoding) Co., Ltd.							
Luxshare Precision Industry (Shanxi) Co., Ltd.	837,894.93	532,879.24				1,370,774.17	
Guangdong Luxshare Merry Electronic Co., Ltd.							
Guangdong Luxshare Merry Electronic Co., Ltd.	3,199,193.61	-2,141,089.88				1,058,103.73	
Bozhou Lanto Electronic Limited	2,523,662.33	1,399,658.70				3,923,321.03	
Kunshan Luxshare Precision Mould Co., Ltd.	2,555,423.16	-503,108.45				2,052,314.71	
Huzhou Jiuding Electronic Co., Ltd.	626,901.37	317,384.94				944,286.31	
Xinyu Xiexun Electronic Co., Ltd.	212,688.11	7,073,830.88				7,286,518.99	
Luxshare Precision Industry (Xi'an) Co., Ltd.	64,000,000.00		64,000,000.00				
Luxshare Precision Industry (Suzhou) Co., Ltd.	111,000,000.00	19,000,000.00				130,000,000.00	
Luxshare Intelligent	403,156,886.94	344,363,709.71				747,520,596.65	

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Manufacture (Zhejiang) Co., Ltd.							
luxshare Global Cable Inc.							
Bozhou Xuntao Electronic Limited	85,785.00	84,183.40				169,968.40	
Dongguan Luxshare Technology Co., Ltd.	696,027,859.2 4	187,657,696.6 1				883,685,555.85	
Xuancheng Luxshare Precision Industry Co., Ltd.	177,664.36	3,234,157.92				3,411,822.28	
Beijing Luxshare Acoustic Technology Co., Ltd.	190,354.67	3,373,288.87				3,563,643.54	
Luxshare Intelligent Manufacture Technology (Changshu) Co., Ltd.	23,000,000.00	693,342,959.9 7				716,342,959.97	
Xingning Luxshare Electronic Co., Ltd.		143,840.32				143,840.32	
SpeedTech Corp.		906,496.72				906,496.72	
Luxshare Technologies Limited		1,872,619.53				1,872,619.53	
Luxshare Smart Technology (Rugao) Co.,		12,000,000.00				12,000,000.00	

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Ltd.							
Changshu Luxshare Industrial Investment Management Co., Ltd.		30,000,000.00				30,000,000.00	
Total	9,944,195,235.07	3,497,498,288.55	64,000,000.00			13,377,693,523.62	28,560,179.80

(2) Investment in joint ventures and associates

In RMB

Investee	Opening balance (book value)	Increase and decrease in the current period								Closing balance (book value)	Closing balance of provision for impairment
		Additional investment	Reduced investment	Investment profit or loss recognized under equity method	Other comprehensive income adjustment	Other changes in equity	Declared cash dividends or profits	Provision for impairment	Other		
I. Joint ventures											
II. Associates											
Siliconch	25,502,902.88			-2,839,396.33						22,663,506.55	
Zhuhai Kinwong Flexible Circuit Co., Ltd.	199,932,802.31			3,291,894.45						203,224,696.76	34,372,608.46
Subtotal	225,435,705.19			452,498.12						225,888,203.31	34,372,608.46
Total	225,435,705.19			452,498.12						225,888,203.31	34,372,608.46

(3) Other descriptions**4. Operating income and operating costs**

In RMB

Item	Amount recognized in the current period		Amount recognized in the prior period	
	Income	Cost	Income	Cost

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Principal business	11,464,276,490.11	10,754,493,607.05	4,311,003,122.10	3,931,734,512.43
Other business	100,827,039.16	26,703,475.62	62,594,534.16	22,925,428.05
Total	11,565,103,529.27	10,781,197,082.67	4,373,597,656.26	3,954,659,940.48

Income related to information:

In RMB

Contract classification	Segment 1	Segment 2		Total
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				

Information related to performance obligations:

Performance obligations specified in the Company's contracts include: to deliver products to customers, to deliver products to customers according to the delivery dates agreed in contract orders, and make payments by customers according to the payment dates agreed in the orders after the control has been transferred to the customers upon inspection and acceptance. The Company is obligated to deliver to customers products which can be accepted by the customers. The Company purchases raw materials from suppliers, and combines the raw materials into certain products for delivery to the customers through significant production and processing activities. Considering it assumes the major responsibilities for delivering products to the customers, the Company is deemed as the primary responsible party. The Company is not obligated to return the received customers' goods payments in anticipation, but it has a quality warranty responsibility for the products delivered to the customers. Since this responsibility is an affirmative warranty which is required to ensure that the Company's products shall meet the technical parameters, quality, appearance and other requirements of the customers, rather than a service warranty, this quality warranty does not constitute a separate performance obligation.

Information relating to the transaction price allocated to the remaining performance obligations:

At the end of the reporting period, the incomes corresponding to the contracts signed whose performance has not been commenced or completed amount to RMB0.00, of which RMB is expected to be recognized in , RMB is expected to be recognized in , and RMB is expected to be recognized in .

Other descriptions:

5. Investment income

In RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Long-term equity investment income	3,325,246,159.60	792,348,017.08

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accounted for using the cost method		
Long-term equity investment income accounted for using the equity method	452,498.12	-59,092,453.94
Investment income from disposal of long-term equity investment	-58,000.00	-86,909,611.82
Investment income from held-for-trading financial assets during holding period	14,791,876.12	-772,350.00
Dividend income from other equity instrument investments during the holding period		956,475.00
Income from wealth management products	69,496,746.15	44,445,784.15
Total	3,409,929,279.99	690,975,860.47

6. Others

XVIII. Supplementary Information

1. Breakdown of non-recurring profit or loss for the current period

√ Applicable □ N/A

In RMB

Item	Amount	Remarks
Profit or loss from disposal of non-current assets	-35,503,173.93	
Government grants recognized in the current profit or loss (except for the government grants which are closely related to the business of the enterprise and enjoyed in accordance with the national unified standard quota)	450,749,695.89	
Profit or loss on assets under entrusted investment or management	113,778,335.78	
Except for effective hedging business related to the company's normal business operations, profit or loss from changes in fair value arising from the holding of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities, and	837,100,369.42	

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investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments		
Other non-operating income and expenses except the above items	30,554,498.37	
Less: Affected quantum of income tax	214,489,873.68	
Affected quantum of minority interest	45,628,950.13	
Total	1,136,560,901.72	--

It is required to specify the reason for defining items as non-recurring profit or loss items according to *Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1 – Non-recurring Profit or Loss*, and reasons for defining non-recurring profit or loss items illustrated in *Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1 – Non-recurring Profit or Loss* as recurring profit or loss items.

Applicable N/A

2. Return on equity and earnings per share

Profit in the reporting period	Weighted average return on equity	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per (RMB/share)
Net profit attributable to ordinary shareholders of the Company	30.29%	1.03	1.01
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	26.15%	0.87	0.85

3. Accounting data differences under domestic and foreign accounting standards

(1) Differences of net profit and net assets in financial reports disclosed according to overseas accounting standards and Chinese accounting standards at the same time

Applicable N/A

(2) Difference of net profit and net asset in financial reports disclosed according to overseas accounting standards and Chinese accounting standards at the same time

Applicable N/A

(3) Descriptions on the reasons for the differences of accounting data under the accounting standards at home and abroad, and the name of the overseas institution if difference adjustment is made to the data audited by an overseas audit institution

4. Others

Section XIII List of Documents Available for Inspection

1. Financial statements with seals and signatures of legal representative, the chief financial officer and the head of accounting department (the person in charge of accounting).
2. The original auditor's report with seals of the accounting firm and seals and signatures of the certified public accountants.
3. All original documents and announcements of the Company publicly disclosed in the websites designated by the CSRC within the Reporting Period.
4. Other relevant materials.

Luxshare Precision Industry Co., Ltd.

Chairman: WANG Laichun

April 20, 2021