



Luxshare Precision Industry Co., Ltd.

Third Quarter 2020

2020-071

October 2020

This document is a translated version of the Chinese version . Third Quarter Report 2020 of Luxshare Precision Industry Co., Ltd. (“《立讯精密 2020 年第三季度报告》”), and the published . Third Quarter Report 2020 of Luxshare Precision Industry Co., Ltd. in the Chinese version shall prevail. The complete published Chinese . Third Quarter Report 2020 of Luxshare Precision Industry Co., Ltd. may be obtained at www.cninfo.com.cn.

Section I. Important Note

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

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

WANG Laichun, Principal of the Company, CFO WU Tiansong and Chief Accountant XIAO Na hereby represent that the financial statements contained in this Third Quarter Report are true, accurate and complete.

Section II Company Profile

I. Main accounting data and financial highlights

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

Yes No

	September 30, 2020	December 31, 2019	Y/Y % Change	
Total assets (RMB)	65,776,702,745.24	49,377,910,671.23	33.21%	
Net assets attributable to shareholders of the listed company (RMB)	24,939,009,565.88	20,296,618,968.52	22.87%	
	Three-month period ended September 30, 2020	Y/Y % Change	Nine-month period ended September 30, 2020	Y/Y % Change
Operating income (RMB)	23,076,494,141.40	40.75%	59,528,120,290.26	57.33%
Net profit attributable to shareholders of the listed company (RMB)	2,141,839,306.57	54.54%	4,679,614,065.03	62.06%
Net profit attributable to shareholders of the listed company after deduction of extraordinary gain or loss (RMB)	1,872,789,269.22	42.54%	4,211,102,480.04	53.79%
Net cash flows from operating activities (RMB)	-441,882,109.67	-122.98%	2,740,062,232.78	-55.16%
Basic earnings per share (RMB/share)	0.31	55.00%	0.67	63.41%
Diluted earnings per share (RMB/share)	0.31	55.00%	0.67	63.41%
Weighted average return on net assets	8.90%	1.10%	20.67%	+3.63 percentage points

Items and amounts of extraordinary gain or loss

Applicable N/A

In RMB

Item	Amount for Nine-month period ended September 30, 2020	Remark
Gain or loss on disposal of non-current assets (including allowance for impairment of assets that has been written off)	-6,881,963.69	
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 policies of the country)	342,182,099.42	
Gain or loss on assets under entrusted investment or management	61,408,026.31	
Gain or loss on changes in fair value of held-for-trading financial assets, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and gain on disposal of held-for-trading financial assets, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt instruments, except for effective hedges held in the ordinary course of business	143,933,597.39	
Other non-operating income and expenses	2,855,786.85	
Other items qualified as extraordinary gain or loss	22,840,715.42	
Less: Effect of income tax	87,512,552.84	
Effect of minority interest (exclusive of tax)	10,314,123.87	
Total	468,511,584.99	--

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 recurring 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 recurring profit or loss in the reporting period.

II. Number of shareholders and top 10 shareholders' shareholding structure at the end of the reporting period

1. Total number of ordinary shareholders and preferred shareholders whose voting rights had been restituted and top 10 shareholders' shareholding structure

Unit: Share

Total number of ordinary shareholders at the end of the reporting period		290,594	Total number of preferred shareholders whose voting rights had been restituted at the end of the reporting period (if any)		0	
Shareholding of top 10 shareholders						
Shareholder	Status of shareholder	Shareholding percentage	No. of shares held	No. of non-tradable shares held	Pledge or freeze	
					Status of shares	Number
Luxshare Limited	Foreign corporation	41.02%	2,870,246,069	0	Pledged	1,072,573,363
Hong Kong Securities Clearing Company Limited	Foreign corporation	6.26%	438,222,676	0		
Central Huijin Asset Management Co., Ltd.	Stated owned corporation	1.38%	96,584,014	0		
China Securities Finance Corporation Limited	Domestic non-stated owned corporation	1.21%	84,428,888	0		
Bank of China - China AMC Zhongzheng 5G Communication ETF	Others	0.70%	48,909,263	0		
Protek Shanghai Ltd.	Domestic non-stated owned corporation	0.57%	39,845,105	0		
E Fund - Agricultural Bank of China - E Fund Zhongzheng Financial Asset Management Plan	Others	0.55%	38,656,343	0		
China AMC- Agricultural Bank of China - China AMC Zhongzheng Financial Asset Management Plan	Others	0.55%	38,576,831	0		
Zhong Ou Fund - Agricultural Bank of China - Zhong Ou Zhongzheng Financial Asset Management Plan	Others	0.55%	38,557,184	0		
Yinhua Fund - Agricultural Bank of China - Yinhua Zhongzheng Financial Asset Management Plan	Others	0.55%	38,508,814	0		
Shareholding of top 10 tradable shareholders						
Shareholder	No. of tradable shares held	Type of shares				
		Type of shares	Number			
Luxshare Limited	2,870,246,069	RMB-denominated ordinary share	2,870,246,069			
Hong Kong Securities Clearing Company Limited	438,222,676	RMB-denominated ordinary share	438,222,676			
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			
Bank of China - China AMC Zhongzheng 5G Communication ETF	48,909,263	RMB-denominated ordinary share	48,909,263			
Protek Shanghai 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
Affiliates or concert parties among the shareholders listed above	1. Luxshare Limited 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.		
Margin trading conducted by top 10 shareholders (if any)	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. Total number of holders of preferred shares and shareholding of top 10 preferred shareholders

Applicable N/A

Section III. Significant Matters

I. Changes in main financial data and financial highlights during the reporting period and the reasons

√ Applicable □ N/A

The COVID-19 has been spreading continuously in the world since the beginning of 2020, which has posed a serious threat to people's health and life and resulted in a significant increase in the uncertainty of end devices consumption willingness. The China-US trade friction and technology decoupling are becoming increasingly severe, and the global industrial chain is faced with unprecedented challenges. Under numerous challenges, the Company has unswervingly carried out the development plan and objectives formulated by the core management. When encountering problems, the Company made prudent assessment and flexible response, continued to work with spirit of determination, cooperation and striving for perfection, gave full play to the global layout, automation, resource integration and other related advantages, and achieved the rapid development of various businesses on schedule. During the reporting period, the Company proceeded with the wearable device business smoothly with excellent product quality and yield; the precision systematic packaging process continued to be outstanding, and the product shipment situation progressed smoothly as expected; the high-speed transmission, power supply and other product technical capabilities and advantages were continuously consolidated; the automobile electronic components product line had a steady development. While refining and optimizing the existing products, the Company continues to pay attention to and layout new products and businesses of consumer electronics, striving to lay a solid foundation for the realization of the company's long-term sustainable development.

During the reporting period, due to the Company's mass production of new products and expansion of overseas production capacity, the Company's inventory increased to a certain extent compared with the normal targeted level, including the increase in material preparation of new products by about 2.7 billion yuan, the increase in inventory of new finished products by about 2.4 billion yuan, and the increase in overseas production capacity by about 1.7 billion yuan. According to the Company's sales plan, the new material preparation and finished product inventory beyond the above targeted level are expected to be sold in the period from October to November this year, the increased inventory due to the expansion of overseas production capacity is expected to be gradually improving and reduced in the fourth quarter of this year with the continuous development of production and operation, and after those the inventory will return to the normal targeted level.

From the beginning of the year to the end of the reporting period, the Company realized operating revenues of 59.528 billion yuan, a 57.33% increase year over year, and the net profit attributable to shareholders of the listed company totalled 4.680 billion yuan, a 62.06% increase year over year. The changes in major accounting accounts and financial highlights and the reasons are as follows:

1. The held-for-trading financial assets increased by 82.37% as compared with that on December 31, 2019, an increase of 1,255.6341 million yuan, mainly due to the increase of financial management business and the impact of changes in forward foreign exchange business;
2. Notes receivable increased by 165.81% as compared with that on December 31, 2019, an increase of 110.883 million yuan, mainly due to the increase of note business of subsidiaries;
3. The prepayments increased by 160.37% as compared with that on December 31, 2019, with an increase of 340,017 million yuan, mainly due to the payment of trade account receivable;
4. Other receivables increased by 48.86% as compared with that on December 31, 2019, an increase of 165.2672 million yuan,

mainly due to other current accounts and equity accounts receivable from customers;

5. The inventory increased by 120.66% as compared with that on December 31, 2019, an increase of 9,291.5738 million yuan, mainly due to the increase of orders in the second half of this year, the expansion of mass production of new products and overseas production capacity, and material preparation;

6. The long-term equity investment increased by 61.88% as compared with that on December 31, 2019, an increase of 187.5287 million yuan, mainly due to the increase of investment companies;

7. The construction in progress increased by 65.81% as compared with that on December 31, 2019, an increase of 569.589 million yuan, mainly due to the increase of engineering construction and equipment transformation of the subsidiaries;

8. Other non-current assets increased by 71.17% as compared with that on December 31, 2019, an increase of 1,019.6147 million yuan, mainly due to the Company's prepayment for equipment, engineering and land;

9. The short-term borrowings increased by 96.08% as compared with that on December 31, 2019, an increase of 4,003.0401 million yuan, mainly due to the Company's security funds reserved for the Company's growth rate;

10. Notes payable decreased by 48.87% as compared with that on December 31, 2019, a decrease of 100.9177 million yuan, mainly due to the decrease of note business of subsidiaries;

11. The tax payable increased by 86.86% as compared with that on December 31, 2019, an increase of 284.5866 million yuan, mainly due to the rapid growth of business volume and various taxes;

12. Other accounts payable increased by 77.20% as compared with that on December 31, 2019, an increase of 272.049 million yuan, mainly due to the other payment of trade account receivable;

13. The current portion of non-current liabilities decreased by 80.23% as compared with that on December 31, 2019, a decrease of 294.0904 million yuan, mainly due to the repayment of long-term borrowings due within one year;

14. Other current liabilities increased by 152.24% as compared with that on December 31, 2019, an increase of 983.654 million yuan, mainly due to the increase of short-term financing funds;

15. The operating income increased by 57.33% year over year, an increase of 21,691.9819 yuan, mainly due to the Company's year over year performance growth;

16. The operating costs increased by 58.65% year over year, an increase of 17,649.2247 yuan, mainly due to the Company's performance growth;

17. The selling expenses increased by 37.99% year over year, an increase of 122.4666 million yuan, mainly due to the increase of expenses related the performance growth;

18. The administrative expenses increased by 66.68% year over year, an increase of 533.1585 million yuan, mainly due to the increase of expenses related the performance growth;

19. The R&D expenses increased by 54.82% year over year, an increase of 1,581.4963 million yuan, mainly due to an increase of R&D expenditure;

20. Other income increased by 123.19% year over year, an increase of 188.773 million yuan, mainly due to the increase of government subsidies;

21. The investment income increased by 47.34% year over year, an increase of 48.0359 million yuan, mainly due to the income of wealth management;

22. The net cash flows from operating activities decreased by 55.16% year over year, a decrease of 3,370.9155 million yuan, mainly due to the increase of order quantity, material preparation and related expenses;

23. The net cash flow from investment activities decreased by 83.19% year over year, a decrease of 3,132.1727 million yuan, mainly due to the increase of investment activities in purchasing financial products;

24. The net cash flow from financing activities increased by 46.58% year over year, an increase of 6,115.6475 million yuan, mainly due to the increase of financing loans.

II. Analysis and explanation of the progress of key matters and their impacts and solutions

√ Applicable □ N/A

1. 2018 stock option incentive plan

On the authority of the 2nd shareholders' meeting in 2018, the 13th session of the 4th Board of Directors and the 13th session of the 4th Board of Supervisors determined that the vesting conditions for the first vesting period of the 2018 stock option incentive plan have been satisfied. 1,762 awardees who have satisfied the vesting conditions may exercise up to 24,465,506 stock options in the first vesting period at the exercise price of RMB13.48 per share at their sole discretion.

On June 17, 2020, we implemented the equity distribution proposal for the year of 2019, pursuant to which, on the basis of the total share capital of 5,372,327,958 shares, 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 2.999711 bonus shares per 10 shares issued through capitalization of the capital reserve, as a result of which, our total share capital was increased to 6,983,871,085 shares. Accordingly, we adjusted the exercise price and number of stock options under the 2018 stock option incentive plan. After such adjustment, the number of outstanding stock options was increased from 99,001,310 stock options to 128,698,841 stock options, and their exercise price was adjusted from RMB13.48 per share to RMB10.28 per share.

On September 25, 2020, the first vesting period of the 2018 stock option incentive plan ended. There were an additional 24,807,258 shares issued in total after the 1762 incentive awardees exercised their stock options during the vesting period at their sole discretion, with a total of 1,481,038 additional shares during the reporting period.

2. 2019 stock option incentive plan

We adopted the 2019 stock option incentive plan upon approval by the 7th session of the 4th Board of Directors and the 1st extraordinary shareholders' meeting in 2019.

The first grant of share options under the plan was completed on April 22, 2019 and registered on June 12, 2019, wherein 50,076,000 stock options in total, representing 1.22% of our total share capital, were granted to 348 awardees, at the exercise price of RMB23.36 per share (option short name: Luxshare JLC2; option code: 037825).

On July 5, 2019, we implemented the equity distribution proposal for the year of 2018, pursuant to which, on the basis of the total share capital of 4,114,616,722 shares, we distributed to all shareholders a cash dividend of RMB0.5 (inclusive of tax) per 10 shares, or RMB205,730,836.10 in total, and 3 bonus shares per 10 shares issued through capitalization of the capital reserve, as a result of which, our total share capital was increased to 5,349,001,738 shares. Accordingly, we adjusted the number and exercise price of stock options under the 2019 stock option incentive plan. After such adjustment, the exercise price of the stock options granted for the first time was adjusted from RMB23.36 per share to RMB17.93 per share, and the number of such stock options was increased from 50,076,000 stock options to 65,098,800 stock options, and the number of the reserved stock options thereunder was adjusted from 12,519,000 stock options to 16,274,700 stock options.

The reserved stock options under the 2019 stock option incentive plan granted 263 awardees to 16,274,700 stock options on

November 27, 2019, and registered on January 21, 2020, at the exercise price of RMB17.93 per share.

On June 17, 2020, we implemented the equity distribution proposal for the year of 2019, pursuant to which, on the basis of the total share capital of 5,372,327,958 shares, 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 2.999711 bonus shares per 10 shares issued through capitalization of the capital reserve, as a result of which, our total share capital was increased to 6,983,871,085 shares; At the same time, 8 awardees under the incentive plan resigned from June 12, 2019 to June 17, 2020. Accordingly, we adjusted the number of awardees and the number and exercise price of stock options under the 2019 stock option incentive plan. After such adjustment, the number of awardees receiving the first grant of share options was adjusted from 348 to 340, the number of such stock options granted for the first time was increased from 65,098,800 stock options to 84,626,558 stock options, the exercise price of such stock options was adjusted from RMB17.93 per share to RMB13.70 per share, and the number of the reserved stock options thereunder was adjusted from 16,241,700 stock options to 21,113,740 stock options, and the exercise price of such stock options was adjusted from RMB17.93 per share to RMB13.70 per share.

On the authority of the 1st extraordinary shareholders' meeting in 2019, the 19th session of the 4th Board of Directors and the 19th session of the 4th Board of Supervisors determined that the vesting conditions for the first vesting period of the 2019 stock option incentive plan have been satisfied. 339 awardees who have satisfied the vesting conditions may exercise up to 16,456,708 stock options in the first vesting period at the exercise price of RMB13.70 per share at their sole discretion.

As of September 30, 2020, there were additional 11,435,118 shares issued with respect to the stock options granted for the first time under the 2019 stock option incentive plan.

3. Convertible corporate bonds

On July 11, 2019, the 13th session of the 4th Board of Directors of the Company deliberated and adopted the Proposal on the Company's Plan for Public Issuance of Convertible Corporate Bonds and other relevant proposals. For details, please refer to the Luxshare Precision: Plan for Public Issuance of Convertible Corporate Bonds and other announcement documents disclosed on the Company's designated information disclosure media, i.e. Cninfo, at <http://www.cninfo.com.cn>. The types of securities to be issued this time are convertible corporate bonds that can be converted into A shares of the Company. The convertible bonds and the A shares to be converted in the future will be listed on the Shenzhen Stock Exchange. According to the requirements of relevant laws and regulations and normative documents, and in combination with the Company's financial condition and investment plan, the total amount of funds raised by the issuance of convertible bonds does not exceed RMB 3 billion (inclusive). The relevant proposals have been deliberated and passed by the Company's second extraordinary general meeting of shareholders in 2019 on August 2, 2019.

On September 18, 2019, the Company received the Acceptance Request for Administrative License of China Securities Regulatory Commission (Acceptance No.: 192436) issued by China Securities Regulatory Commission, and CSRC reviewed the administrative license application materials of Approval for Listed Companies to Issue Convertible Corporate Bonds submitted by the Company in accordance with the law. The Company's application materials are complete and has obtained the Acceptance Request for Administrative License of China Securities Regulatory Commission.

On October 24, 2019, the Company received the First Review of the Application for Administrative Licensing from China Securities Regulatory Commission (No. 192436) issued by China Securities Regulatory Commission. The CSRC has reviewed the administrative license application materials of Approval for Listed Companies to Issue Convertible Corporate Bonds submitted by the Company in accordance with the law, which requires the Company and the sponsor to make written statements and explanations on relevant issues. The Company and relevant intermediaries have implemented, checked and responded to the relevant issues in the feedback one by one in accordance with the requirements of the above feedback, and made public disclosure of the reply to the feedback according to the relevant requirements. For details, please refer to the Luxshare Precision: Announcement on Reply to Feedback on Application Documents for Public Issuance of Convertible Corporate Bonds disclosed on the Company's designated

information disclosure media, i.e. Cninfo, at <http://www.cninfo.com.cn>.

On January 9, 2020, the Issuance Examination Committee of the China Securities Regulatory Commission (“CSRC”) examined and approved the application from Luxshare Precision Industry Co., Ltd. for issuance of convertible corporate bonds.

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 CSRC, which approved us publicly issuing convertible corporate bonds in an aggregate amount of RMB3 billion with a term of six years.

In July 2020, the 20th session of the 4th Board of Directors and the first general meeting of shareholders in 2020 deliberated and adopted the Proposal on Extending the Term of the Resolution of the General Meeting of Shareholders on the Public Issuance of Convertible Corporate Bonds and other relevant proposals. For details, please refer to the Luxshare Precision: Announcement on extending Term of the Resolution and Authorization of the General Meeting of Shareholders on the Public Issuance of Convertible Corporate Bonds disclosed on the Company's designated information disclosure media, i.e. Cninfo, at <http://www.cninfo.com.cn>. The Company will extend the term of the resolution and authorization of the general meeting of shareholders for 12 months from the date of expiration.

Progress of share repurchase:

Applicable N/A

Progress of sale of repurchased shares through call auction:

Applicable N/A

III. Commitments made by the actual controller, shareholders, affiliates and acquirer of the Company, the Company itself and other related parties that failed to be fulfilled as at the end of the reporting period

Applicable N/A

There wasn't any commitment made by us or any of our actual controller, shareholders, affiliates or acquirer, or other related parties that failed to be fulfilled at the end of the reporting period.

IV. 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	Opening 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	Closing 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	-35,587,400.00	109,132,853.44	0.00	25,749,472.10	22,013,608.73	147,758,884.80	Investment in other equity instruments	Self-owned funds
Total			22,500,000.00	--	170,733,150.00	-35,587,400.00	109,132,853.44	0.00	25,749,472.10	22,013,608.73	147,758,884.80	--	--
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 RMB

Counterparty	Affiliation	Whether or not a related-party transaction	Type of derivative	Initial investment cost	Date of commencement	Date of termination	Opening balance	Amount acquired in the reporting period	Amount sold in the reporting period	Allowance for impairment loss (if any)	Closing balance	Ratio of closing 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 contract	2,263,776,900			2,263,776,900	11,570,097,919.95	12,956,733,939.95		877,140,880	3.52%	166,383,972.68
Bank	Non-affiliate	No	Option	1,203,394,500			1,203,394,500	9,769,088,450	7,441,446,100		3,531,036,850	14.16%	50,365,850
Total				3,467,171,400	--	--	3,467,171,400	21,339,186,369.95	20,398,180,039.95		4,408,177,730	17.68%	216,749,822.68
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				<p>1. 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.</p> <p>2. 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.</p> <p>3. We carefully examine the terms of contracts entered into with the relevant banks, and strictly implement the risk management policy to prevent legal risks.</p> <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 fluctuation of the foreign exchange rate 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.

V. Progress of projects invested with offering proceeds

Applicable N/A

In 2016, with the approval from China Securities Regulatory Commission through Reply on the Approval for Issuance of Non-public Shares by Luxshare Precision Industry Co., Ltd. (Zheng Jian Xu Ke [2016] No. 1323), Luxshare Precision issued 234,096,692 RMB-denominated ordinary shares (A shares) to specific objects in the form of non-public offering at the price of RMB19.65 per share, and raised a total amount of RMB 4,599,999,997.80 yuan and the net amount of raised funds is RMB 4,589,446,035.54 yuan after deducting the issuance-related expenses of 10,553,962.26 yuan. The above raised funds have been verified and confirmed by BDO China Shu Lun Pan CPAs (special general partnership), and issued the capital verification report (Xin Kuai Shi Bao Zi [2016] No. 211754) on September 30, 2016.

As of December 31, 2019, the actual total investment out of the Company's raised funds is 4,594.31 million yuan, all the investment from the funds raising projects have been completed and the remaining funds of all the funds raising projects are 154.49 million yuan which has been permanently used to supplement the working capital.

VI. Forecast of the results of operation in 2020

Whether the estimated net profit for the period from the beginning of the current year to the end of the next reporting period will be negative or vary greatly from the corresponding period in the preceding year and the reasons thereof:

Applicable N/A

Result forecast: Continue to increase.

Type of result forecast: Data of the relevant period

	January 1-December 31, 2020			January 1- December 31, 2019		Y/Y % Change		
Estimated aggregate net profit (RMB0'000)	707,073.1	--	730,642.2	471,382.06	Increase	50.00%	--	55.00%
Basic earnings per share (yuan/share)	1.01	--	1.05	0.67	Increase	50.75%	--	56.72%
Explanation	Under the comprehensive forward-looking planning of the core management and the efficient execution of all the employees, the Company's consumer electronics, communications and automobile businesses are progressing smoothly, and it is expected to continue to achieve high-speed growth during the forecast period.							

VII. Major contract of daily operation

Applicable N/A

VIII. Entrusted wealth management

Applicable N/A

In RMB0'000

Type	Source of funds	Total amount	Outstanding amount	Overdue amount
Bank wealth management amount	Self-owned funds	265,817.16	265,817.16	0
Total		265,817.16	265,817.16	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

IX. 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.

X. 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.

XI. Registration form of receiving research, communication, interview and other activities during the reporting period

Applicable N/A

Reception time	Reception location	Reception method	Reception object type	Reception object	Main contents in discussion and offered materials	Basic information index of survey
August 25, 2020	Meeting room, 313 Beihuan Road, Qingxi Town, Dongguan, Guangdong	Telephone	Institution	Institutional investor	Company performance in the first half of 2020 and company profile	For details, please refer to 002475 Luxshare Precision: Survey Information 20200827 disclosed on Cninfo. on August 27, 2020
September 16, 2020	Meeting room, 399 Baisheng Road, Jinxi Town, Kunshan, Jiangsu	Site survey	Institution	Institutional investor	Company profile and future development layout	For details, please refer to 002475 Luxshare Precision: Investor Relations Management Archives 20200919 disclosed on Cninfo. on September 19, 2020

Section IV. Financial Report

I. Financial Statements

1. Consolidated balance sheet

Prepared by: Luxshare Precision Industry Co., Ltd.

In RMB

Item	September 30, 2020	December 31, 2019
Current Assets:		
Cash and bank balances	6,697,855,882.25	6,180,466,259.01
Balances with clearing agencies		
Placements with banks and other financial institutions		
Held-for-trading financial assets	2,780,000,199.18	1,524,366,132.75
Derivative financial assets		
Notes receivable	177,756,894.42	66,873,926.97
Accounts receivable	13,607,333,340.50	13,243,625,572.22
Receivables financing		
Prepayments	552,035,692.11	212,018,611.91
Premiums receivable		
Amounts receivable under reinsurance contracts		
Reinsurer's share of insurance contract reserves		
Other receivables	503,505,143.28	338,237,923.96
Including: Interest receivable	4,868,753.56	
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	16,992,431,692.81	7,700,857,888.16
Contract assets		
Held-for-sale assets		
Current portion of non-current assets		
Other current assets	1,565,173,455.52	1,484,451,151.73
Total current assets	42,876,092,300.07	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	490,579,233.07	303,050,580.10
Other investments in equity instruments	172,087,681.71	193,950,220.77
Other non-current financial assets		

Investment properties	47,847,824.12	52,656,477.74
Fixed assets	15,975,768,217.42	13,707,298,535.36
Construction in progress	1,435,138,430.80	865,549,438.56
Bearer biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	1,233,991,800.92	1,047,725,845.53
Development expenditure		
Goodwill	532,697,936.32	532,697,936.32
Long-term prepaid expenses	407,787,901.18	352,042,451.40
Deferred income tax assets	152,530,215.62	139,475,190.37
Other non-current assets:	2,452,181,204.01	1,432,566,528.37
Total non-current assets	22,900,610,445.17	18,627,013,204.52
Total assets	65,776,702,745.24	49,377,910,671.23
Current liabilities:		
Short-term borrowings	8,169,342,308.24	4,166,302,223.17
Loans from the central bank		
Taking from banks and other financial institutions		
Held-for-trading financial liabilities	1,245,622.80	1,001,553.00
Derivative financial liabilities		
Notes payable	105,578,999.01	206,496,660.20
Accounts payable	23,558,808,452.78	17,268,223,180.16
Receipts in advance	91,849.45	101,609,379.21
Contract liabilities	349,704,823.33	
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	1,402,140,571.35	1,423,417,352.66
Taxes payable	612,219,900.73	327,633,322.68
Other payables	624,439,317.68	352,390,271.77
Including: Interest payable	21,960,352.13	6,097,484.73
Dividends payable	12,150,000.00	
Fees and commissions payable		
Amounts payable under reinsurance contracts		
Held-for-sale liabilities		
Current portion of non-current liabilities	72,446,728.48	366,537,115.41
Other current liabilities	1,629,769,124.03	646,115,152.49
Total current liabilities	36,525,787,697.88	24,859,726,210.75
Non-current liabilities:		

Insurance contract reserves		
Long-term borrowings	1,586,930,532.12	1,562,908,824.30
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Estimated Liabilities	1,447,363.78	1,317,263.45
Deferred income	292,964,209.26	256,059,554.91
Deferred income tax liabilities	503,117,573.11	598,184,393.00
Other non-current liabilities	250,000,000.00	350,011,130.10
Total non-current liabilities	2,634,459,678.27	2,768,481,165.76
Total liabilities	39,160,247,376.15	27,628,207,376.51
Owner's equity:		
Share capital	6,996,787,241.00	5,349,001,738.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	1,692,466,121.72	2,654,692,874.21
Less: Treasury stock		
Other comprehensive income	87,435,876.62	165,602,152.74
Special reserve		
Surplus reserve	362,335,031.18	362,335,031.18
General risk reserve		
Undistributed profits	15,799,985,295.36	11,764,987,172.39
Total owners' equity attributable to equity holders of the parent company	24,939,009,565.88	20,296,618,968.52
Minority interest	1,677,445,803.21	1,453,084,326.20
Total owners' equity	26,616,455,369.09	21,749,703,294.72
Total liabilities and owners' equity	65,776,702,745.24	49,377,910,671.23

Legal representative: Wang Laichun

Chief financial officer: Wu Tiansong

Head of accounting department: Xiao Na

2. Balance sheet of the parent company

In RMB

Item	September 30, 2020	December 31, 2019
Current Assets:		
Cash and bank balances	2,042,243,655.13	1,261,246,519.90
Held-for-trading financial assets	1,616,056,115.00	564,979,683.89
Derivative financial assets		
Notes receivable	87,499,027.20	7,452,736.02
Accounts receivable	3,655,164,524.16	1,561,792,817.49
Receivables financing		
Prepayments	303,853,627.21	41,033,974.02

Other receivables	671,780,348.87	524,425,779.85
Including: Interest receivable		
Dividends receivable	16,500,000.00	
Inventories	144,470,902.08	254,966,939.98
Contract assets		
Held-for-sale assets		
Current portion of non-current assets		
Other current assets	34,243,764.26	59,577,562.10
Total current assets	8,555,311,963.91	4,275,476,013.25
Non-current Assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	11,563,642,133.93	10,169,630,940.26
Other investments in equity instruments	167,300,911.56	190,275,176.76
Other non-current financial assets		
Investment properties		
Fixed assets	141,977,324.78	96,298,416.94
Construction in progress	4,314,777.52	2,779,186.32
Bearer biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	44,287,656.26	24,590,128.29
Development expenditure		
Goodwill	53,174,339.31	53,174,339.31
Long-term prepaid expenses	1,000,179.71	1,818,508.31
Deferred income tax assets	13,105,565.14	13,804,913.52
Other non-current assets:	7,149,070.00	6,162,851.80
Total non-current assets	11,995,951,958.21	10,558,534,461.51
Total assets	20,551,263,922.12	14,834,010,474.76
Current liabilities:		
Short-term borrowings	1,124,120,700.00	82,450,000.00
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	1,399,592,381.82	1,210,846,167.41
Accounts payable	2,526,385,714.34	1,190,614,614.64
Receipts in advance		19,692,593.36
Contract liabilities	34,968,619.36	
Employee benefits payable	10,303,111.86	46,817,340.23
Taxes payable	67,752,652.74	15,259,960.69
Other payables	445,140,831.75	509,173,095.52
Including: Interest payable	27,909,252.68	531,438.07
Dividends payable		
Held-for-sale liabilities		

Current portion of non-current liabilities		
Other current liabilities	1,500,000,000.00	500,000,000.00
Total Current Liabilities	7,108,264,011.87	3,574,853,771.85
Non-current liabilities:		
Long-term borrowings	200,000,000.00	
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Estimated Liabilities		
Deferred income	9,001,540.61	10,941,542.77
Deferred income tax liabilities	20,430,012.28	22,367,576.60
Other non-current liabilities		
Total non-current liabilities	229,431,552.89	33,309,119.37
Total liabilities	7,337,695,564.76	3,608,162,891.22
Owner's equity:		
Share capital	6,996,787,241.00	5,349,001,738.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	2,121,516,082.92	3,070,397,725.31
Less: Treasury stock		
Other comprehensive income	108,743,576.18	125,608,900.24
Special reserve		
Surplus reserve	362,335,031.18	362,335,031.18
Undistributed profits	3,624,186,426.08	2,318,504,188.81
Total owners' equity	13,213,568,357.36	11,225,847,583.54
Total liabilities and owners' equity	20,551,263,922.12	14,834,010,474.76

3. Consolidated income statement of this reporting period

In RMB

Item	2020 third quarter	2019 third quarter
I. Total operating income	23,076,494,141.40	16,395,399,396.48
Including: Operating income	23,076,494,141.40	16,395,399,396.48
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating costs	20,735,792,055.01	14,706,315,220.38
Including: Operating costs	17,918,627,343.37	12,777,330,169.50
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		
Taxes and surcharges	75,380,649.14	109,815,415.52
Selling expenses	202,214,578.63	128,330,343.36
Administrative expenses	568,215,792.00	381,240,343.87
Research and development expenses	1,897,719,077.89	1,306,437,611.04
Financial expenses	73,634,613.98	3,161,337.09
Including: Interest expenses	92,416,823.79	93,761,338.47
Interest income	39,636,030.15	28,609,532.04
Add: Other income	215,537,654.39	71,421,873.24
Investment income (loss is indicated by "-")	15,092,165.47	21,068,043.54
Including: Income from investments in associates and joint ventures	5,053,767.98	-14,037,842.34
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 "-")	92,078,754.63	-43,190,665.93
Impairment losses of credit (loss is indicated by "-")	-4,638,791.53	
Impairment losses of assets (loss is indicated by "-")	-40,706,803.28	11,441,266.34
Income from disposal of assets (loss is indicated by "-")	16,905,030.25	295,303.28
III. Operating profit (loss is indicated by "-")	2,634,970,096.32	1,750,119,996.57
Add: Non-operating income	5,351,597.80	5,170,956.46
Less: Non-operating expenses	19,519,205.76	13,090,803.22
IV. Total profit (total losses are indicated by "-")	2,620,802,488.36	1,742,200,149.81
Less: Income tax expenses	415,251,941.62	270,486,074.81
V. Net profit (net loss is indicated by "-")	2,205,550,546.74	1,471,714,075.00
(I) Categorized by the nature of continuing operation		
1. Net profit from continuing operations (net loss is indicated by "-")	2,205,550,546.74	1,471,714,075.00
2. Net profit from discontinued		

operations (net loss is indicated by “-”)		
(II) Categorized by ownership		
1. Net profit attributable to owners of the parent company	2,141,839,306.57	1,385,982,967.86
2. Profit or loss attributable to minority interest	63,711,240.17	85,731,107.14
VI. Other comprehensive income, net of tax	-252,471,123.98	52,537,163.62
Other comprehensive income attributable to owners of the parent company, net of tax	-243,162,657.01	46,150,108.79
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss	-64,355,532.80	25,302,375.00
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	-64,355,532.80	25,302,375.00
4. Changes in fair value of enterprises' own credit risks		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss	-178,807,124.21	20,847,733.79
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	-178,807,124.21	20,847,733.79
7. Others		
Other comprehensive income attributable to minority interest, net of tax	-9,308,466.97	6,387,054.83
VII. Total comprehensive income	1,953,079,422.76	1,524,251,238.62
Total comprehensive income attributable to owners of the parent company	1,898,676,649.56	1,432,133,076.65
Total comprehensive income attributable to minority interest	54,402,773.20	92,118,161.97
VIII. Earnings per share		
(I) Basic earnings per share	0.31	0.20
(II) Diluted earnings per share	0.31	0.20

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 Chief financial officer: Wu Tiansong Head of accounting department: Xiao Na

4. Income statement of the parent company of this reporting period

In RMB

Item	2020 third quarter	2019 third quarter
I. Operating income	3,464,376,138.57	1,252,794,502.63
Less: Operating costs	3,192,508,710.83	1,108,900,514.95
Taxes and surcharges	5,890,134.00	1,842,836.72
Selling expenses	10,623,298.66	13,137,319.14
Administrative expenses	30,222,228.26	37,027,386.54
Research and development expenses	37,841,713.41	44,801,983.70
Financial expenses	30,280,306.07	25,785.15
Including: Interest expenses	19,103,097.06	2,890,760.79
Interest income	6,947,320.35	541,681.30
Add: Other income	13,864,775.62	6,924,153.91
Investment income (loss is indicated by “-”)	1,663,888,442.16	245,798,904.31
Including: Income from investments in associates and joint ventures	-626,090.72	
Income from derecognition of financial assets measured at amortized cost		
Net exposure hedging income (loss is indicated by “-”)		
Income from changes in fair value (loss is indicated by “-”)	7,026,313.00	-1,482,646.00
Impairment losses of credit (loss is indicated by “-”)	264,232.96	
Impairment losses of assets (loss is indicated by “-”)		25,211.26
Income from disposal of assets (loss is indicated by “-”)	0.23	
II. Operating profit (loss is indicated by “-”)	1,842,053,511.31	298,324,299.91
Add: Non-operating income	9,931.41	29,313.21
Less: Non-operating expenses	715,241.05	670,094.18
III. Total profit (total losses are indicated by “-”)	1,841,348,201.67	297,683,518.94
Less: Income tax expenses	37,893,412.08	13,213,086.73
IV. Net profit (net loss is indicated by “-”)	1,803,454,789.59	284,470,432.21
(I) Net profit from continuing operation (net loss is indicated by “-”)	1,803,454,789.59	284,470,432.21
(II) Net profit from discontinued operations (net loss is indicated by “-”)		

V. Other comprehensive income, net of tax	-52,794,696.56	25,302,375.00
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss	-52,794,696.56	25,302,375.00
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	-52,794,696.56	25,302,375.00
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	1,750,660,093.03	309,772,807.21
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated income statement from the beginning of the year to the end of the reporting report

Item	2020 first three quarters	2019 first three quarters
I. Total operating income	59,528,120,290.26	37,836,138,416.35
Including: Operating income	59,528,120,290.26	37,836,138,416.35
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating costs	54,338,902,679.23	34,476,493,369.69
Including: Operating costs	47,741,922,113.72	30,092,697,366.58
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		
Taxes and surcharges	165,986,772.39	210,642,215.47
Selling expenses	444,793,564.06	322,326,979.02
Administrative expenses	1,332,741,024.29	799,582,534.59
Research and development expenses	4,466,227,599.35	2,884,731,309.01
Financial expenses	187,231,605.42	166,512,965.02
Including: Interest expenses	295,027,580.09	273,987,207.80
Interest income	126,293,612.10	85,100,933.40
Add: Other income	342,012,449.71	153,239,408.50
Investment income (loss is indicated by "-")	149,507,684.91	101,471,800.28
Including: Income from investments in associates and joint ventures	12,352,183.83	-32,740,232.98
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 "-")	91,026,838.04	-48,793,575.03
Impairment losses of credit (loss is indicated by "-")	-8,021,239.33	
Impairment losses of assets (loss is indicated by "-")	-51,255,442.21	69,532,340.20
Income from disposal of assets (loss is indicated by "-")	29,425,924.23	3,511,540.00
III. Operating profit (loss is indicated by "-")	5,741,913,826.38	3,638,606,560.61
Add: Non-operating income	16,613,608.70	8,100,761.27
Less: Non-operating expenses	49,896,060.06	88,713,260.40
IV. Total profit (total losses are indicated by "-")	5,708,631,375.02	3,557,994,061.48
Less: Income tax expenses	881,239,830.63	533,013,060.82
V. Net profit (net loss is indicated by "-")	4,827,391,544.39	3,024,981,000.66
(I) Categorized by the nature of continuing operation		
1. Net profit from continuing operations (net loss is indicated by "-")	4,827,391,544.39	3,024,981,000.66
2. Net profit from discontinued operations (net loss is indicated by "-")		

(II) Categorized by ownership		
1. Net profit attributable to owners of the parent company	4,679,614,065.03	2,887,521,926.70
2. Profit or loss attributable to minority interest	147,777,479.36	137,459,073.96
VI. Other comprehensive income, net of tax	-79,721,998.94	24,148,715.55
Other comprehensive income attributable to owners of the parent company, net of tax	-78,166,276.12	17,506,582.96
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss	-16,865,324.07	21,904,627.50
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	-16,865,324.07	21,904,627.50
4. Changes in fair value of enterprises' own credit risks		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss	-61,300,952.05	-4,398,044.54
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	-61,300,952.05	-4,398,044.54
7. Others		
Other comprehensive income attributable to minority interest, net of tax	-1,555,722.82	6,642,132.59
VII. Total comprehensive income	4,747,669,545.45	3,049,129,716.21
Total comprehensive income attributable to owners of the parent company	4,601,447,788.91	2,905,028,509.66
Total comprehensive income attributable to minority interest	146,221,756.54	144,101,206.55
VIII. Earnings per share		
(I) Basic earnings per share	0.67	0.41
(II) Diluted earnings per share	0.67	0.41

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

Chief financial officer: Wu Tiansong

Head of accounting department: Xiao Na

6. Income statement of the parent company from the beginning of the year to the end of the reporting report

In RMB

Item	2020 first three quarters	2019 first three quarters
I. Operating income	6,343,406,810.47	2,958,410,147.04
Less: Operating costs	5,805,838,129.26	2,691,742,136.14
Taxes and surcharges	8,130,165.60	4,293,657.17
Selling expenses	29,994,204.48	26,520,064.28
Administrative expenses	80,358,668.69	80,647,143.97
Research and development expenses	83,249,464.66	73,206,820.33
Financial expenses	56,490,598.36	11,327,000.62
Including: Interest expenses	44,185,916.86	12,697,965.08
Interest income	8,690,477.63	1,046,218.70
Add: Other income	47,392,684.99	17,267,174.88
Investment income (loss is indicated by “-”)	1,684,208,186.60	559,953,686.38
Including: Income from investments in associates and joint ventures	1,662,865.23	
Income from derecognition of financial assets measured at amortized cost		
Net exposure hedging income (loss is indicated by “-”)		
Income from changes in fair value (loss is indicated by “-”)	6,924,462.00	-511,637.50
Impairment losses of credit (loss is indicated by “-”)	108,631.20	
Impairment losses of assets (loss is indicated by “-”)	175,184.09	206,527.54
Income from disposal of assets (loss is indicated by “-”)	-61,460.74	
II. Operating profit (loss is indicated by “-”)	2,018,093,267.56	647,589,075.83
Add: Non-operating income	19,979.68	67,107.37
Less: Non-operating expenses	2,446,959.31	1,135,869.33
III. Total profit (total losses are indicated by “-”)	2,015,666,287.93	646,520,313.87
Less: Income tax expenses	65,368,108.60	20,666,012.39
IV. Net profit (net loss is indicated by “-”)	1,950,298,179.33	625,854,301.48
(I) Net profit from continuing operation (net loss is indicated by “-”)	1,950,298,179.33	625,854,301.48
(II) Net profit from discontinued operations (net loss is indicated by “-”)		
V. Other comprehensive income, net of	-16,865,324.06	21,904,627.50

tax		
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss	-16,865,324.06	21,904,627.50
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	-16,865,324.06	21,904,627.50
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	1,933,432,855.27	647,758,928.98
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

7. Consolidated statement of cash flow from the beginning of the year to the end of the reporting report

In RMB

Item	2020 first three quarters	2019 first three quarters
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	59,820,024,533.88	40,439,975,740.42
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 receipts from premiums 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	2,149,590,962.81	2,125,641,152.55
Other cash receipts relating to operating activities	1,962,403,233.52	1,615,054,427.99
Sub-total of cash inflows from operating activities	63,932,018,730.21	44,180,671,320.96
Cash payments for goods purchased and services received	50,319,737,532.22	30,111,459,573.90
Net increase in loans and advances to customers		
Net increase in balance with the central bank and due from banks and other financial institution		
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	8,597,193,538.01	5,440,603,372.54
Payments of various types of taxes	1,133,748,357.54	851,575,972.98
Other cash payments relating to operating activities	1,141,277,069.66	1,666,054,682.99
Sub-total of cash outflows from operating activities	61,191,956,497.43	38,069,693,602.41
Net cash flow from operating activities	2,740,062,232.78	6,110,977,718.55
II. Cash flows from investing activities:		
Cash receipts from disposals and recovery of investments	47,713,381,777.05	64,136,192,605.27
Cash receipts from investment income	208,419,232.28	81,855,936.30
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	52,104,451.04	111,777,219.26
Net cash receipts from disposals of subsidiaries and other business entities	63,942,000.00	14,566,191.05
Other cash receipts relating to investing activities	499,850.00	30,241,211.75
Sub-total of cash inflows from investing	48,038,347,310.37	64,374,633,163.63

activities		
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	5,495,052,375.92	4,256,657,988.48
Cash payments to acquire investments	49,439,659,774.05	63,833,955,184.31
Net increase in pledged loans receivables		
Net cash payments for acquisitions of subsidiaries and other business units		3,975,934.82
Other cash payments relating to investing activities.	817,923.32	45,054,081.63
Sub-total of cash outflows from investing activities	54,935,530,073.29	68,139,643,189.24
Net cash flow from investing activities	-6,897,182,762.92	-3,765,010,025.61
III. Cash flows from financing activities:		
Cash receipts from capital contributions	286,188,407.24	24,129,428.31
Including: cash receipts from capital contributions from minority interest shareholders of subsidiaries		
Cash receipts from borrowings	23,367,109,132.69	12,098,385,434.57
Other cash receipts relating to financing activities	291,111,225.60	395,796.26
Sub-total of cash inflows from financing activities	23,944,408,765.53	12,122,910,659.14
Cash repayments of amounts borrowed	18,422,612,733.74	12,693,466,778.43
Cash payments for distribution of dividends or profits or settlement of interest expenses	814,253,478.54	433,042,274.14
Including: payments for distribution of dividends or profits to minority interest shareholders of subsidiaries		
Other cash payments relating to financing activities	8,475,758.96	3,185,447.90
Sub-total of cash outflows from financing activities	19,245,341,971.24	13,129,694,500.47
Net cash flow from financing activities	4,699,066,794.29	-1,006,783,841.33
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-37,319,701.36	163,036,108.14
V. Net increase in cash and cash equivalents	504,626,562.79	1,502,219,959.75
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 equivalents	6,651,966,487.05	5,311,740,068.08

8. Statement of cash flow of the parent company from the beginning of the year to the end of the reporting report

In RMB

Item	2020 first three quarters	2019 first three quarters
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	4,802,832,961.17	3,332,180,231.09
Receipts of tax refunds	138,658,293.85	114,182,106.37
Other cash receipts relating to operating activities	234,445,088.93	414,923,445.98
Sub-total of cash inflows from operating activities	5,175,936,343.95	3,861,285,783.44
Cash payments for goods purchased and services received	5,575,242,278.72	2,381,139,581.32
Cash payments to and on behalf of employees	136,704,265.43	87,498,575.17
Payments of various types of taxes	13,246,968.95	60,138,333.78
Other cash payments relating to operating activities	359,350,647.62	274,260,463.75
Sub-total of cash outflows from operating activities	6,084,544,160.72	2,803,036,954.02
Net cash flow from operating activities	-908,607,816.77	1,058,248,829.42
II. Cash flows from investing activities:		
Cash receipts from disposals and recovery of investments	11,815,632,707.48	8,926,500,000.00
Cash receipts from investment income	1,661,501,094.91	608,087,568.46
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	233,296.13	2,797,482.71
Net cash receipts from disposals of subsidiaries and other business entities	252,857,872.93	7,239,163.89
Other cash receipts relating to investing activities		
Sub-total of cash inflows from investing activities	13,730,224,971.45	9,544,624,215.06
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	33,762,958.60	28,141,230.39
Cash payments to acquire investments	14,124,534,000.00	9,756,858,827.28
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	14,158,296,958.60	9,785,000,057.67
Net cash flow from investing activities	-428,071,987.15	-240,375,842.61
III. Cash flows from financing activities:		
Cash receipts from capital contributions	195,212,407.24	
Cash receipts from borrowings	2,842,986,000.00	13,779,200.00
Other cash receipts relating to financing activities	291,111,225.60	
Sub-total of cash inflows from financing activities	3,329,309,632.84	13,779,200.00

Cash repayments of amounts borrowed	600,000,000.00	298,146,776.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	627,687,696.92	218,411,966.76
Other cash payments relating to financing activities	5,883,277.37	
Sub-total of cash outflows from financing activities	1,233,570,974.29	516,558,742.76
Net cash flow from financing activities	2,095,738,658.55	-502,779,542.76
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-2,661,719.40	-1,085,340.29
V. Net increase in cash and cash equivalents	756,397,135.23	314,008,103.76
Add: Opening balance of cash and cash equivalents	1,261,246,519.90	274,756,823.63
VI. Closing balance of cash and cash equivalents	2,017,643,655.13	588,764,927.39

II. Adjustments to Financial Statements

1. Adjustment to relevant items in the financial statements at the beginning of the initial year when the new revenue standards and new lease standards are implemented since 2020

Applicable Not Applicable

2. Notes on data in the prior comparative statements retroactively adjusted after the initial implementation of the new revenue standards and the new lease standards since 2020

Applicable Not Applicable

III. Auditor's Report

If the third quarter report has been audited

Yes No

The Company's third quarter financial report has not been audited.

Luxshare Precision Industry Co., Ltd.

Chairman of Board: Wang Laichun

October 27, 2020