

**ZHEN DING TECHNOLOGY HOLDING  
LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**REVIEW REPORT OF INDEPENDENT ACCOUNTANTS**  
**FOR THE THREE-MONTH PERIOD ENDED**  
**MARCH 31, 2022 AND 2021**

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

## REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Zhen Ding Technology Holding Limited

### Introduction

We have reviewed the accompanying consolidated balance sheets of Zhen Ding Technology Holding Limited and its subsidiaries as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting”, as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Zhen Ding Technology Holding Limited and its subsidiaries as at March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three-month period then ended in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Hsu, Sheng-Chung

Hsu, Chieh-Ju

For and on behalf of PricewaterhouseCoopers, Taiwan  
May 11, 2022

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2022; DECEMBER 31, 2021 AND MARCH 31, 2021

(CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2022 AND 2021 HAVE ONLY BEEN REVIEWED, NOT AUDITED)  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			March 31, 2022		December 31, 2021		March 31, 2021	
			Amount	%	Amount	%	Amount	%
Assets			Notes					
Current assets								
1100	Cash and cash equivalents	6(1) and 8	\$ 39,985,719	20	\$ 33,789,530	17	\$ 46,758,770	27
1136	Current financial assets at amortised cost	6(3) and 8	2,619,393	1	1,389,177	1	1,998,219	1
1170	Accounts receivable, net	6(4)	23,504,493	12	35,002,337	18	17,298,415	10
1180	Accounts receivable due from related parties, net	6(4) and 7	2,429,736	1	2,531,004	1	2,632,030	1
1200	Other receivables	6(5)	634,354	-	1,135,584	1	342,734	-
130X	Inventories	6(6)	19,754,115	10	17,675,165	9	16,856,767	10
1410	Prepayments	6(5)	3,642,328	2	4,297,594	2	4,160,661	2
1470	Other current assets	8	69,198	-	114,643	-	28,465	-
11XX	Total current assets		92,639,336	46	95,935,034	49	90,076,061	51
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,092,952	1	1,114,588	1	929,030	1
1517	Non-current financial assets at fair value through other comprehensive income	6(7)	613,634	-	476,619	-	404,135	-
1535	Non-current financial assets at amortised cost	6(3) and 8	83,406	-	78,408	-	-	-
1550	Investments recognized under the equity method		21,954	-	23,430	-	-	-
1600	Property, plant and equipment	6(8) and 8	93,470,775	47	86,072,884	44	72,387,038	41
1755	Right-of-use assets	6(9)	8,784,699	4	8,545,293	4	8,758,062	5
1780	Intangible assets	6(10)	2,065,544	1	2,079,308	1	2,169,689	1
1840	Deferred income tax assets		1,139,326	1	1,199,753	1	1,328,381	1
1990	Other non-current assets	6(11) and 8	667,383	-	229,977	-	422,325	-
15XX	Total non-current assets		107,939,673	54	99,820,260	51	86,398,660	49
1XXX	Total assets		\$ 200,579,009	100	\$ 195,755,294	100	\$ 176,474,721	100

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**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**MARCH 31, 2022; DECEMBER 31, 2021 AND MARCH 31, 2021**

(CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2022 AND 2021 HAVE ONLY BEEN REVIEWED, NOT AUDITED)

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity		Notes	March 31, 2022		December 31, 2021		March 31, 2021	
			Amount	%	Amount	%	Amount	%
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 17,103,444	9	\$ 19,636,568	10	\$ 14,776,111	9
2110	Short-term notes and bills payable	6(13)	-	-	-	-	499,450	-
2170	Accounts payable		15,915,867	8	19,030,051	10	17,184,647	10
2180	Accounts payable to related parties	7	840,963	-	1,066,691	-	634,746	-
2200	Other payables	6(14)	19,655,963	10	14,820,927	8	18,216,378	10
2230	Current income tax liabilities		966,104	-	1,029,989	-	934,897	1
2280	Current lease liabilities		127,109	-	133,689	-	133,060	-
2320	Long-term liabilities, current portion	6(16)	-	-	-	-	8,670,452	5
2399	Other current liabilities		1,283,270	1	1,161,811	1	141,332	-
21XX	Total current liabilities		55,892,010	28	56,879,726	29	61,191,073	35
Non-current liabilities								
2530	Bonds payable	6(15)	10,788,518	5	10,383,152	5	10,553,554	6
2540	Long-term borrowings	6(16)	8,177,978	4	7,599,023	4	458,067	-
2570	Deferred income tax liabilities		2,903,636	2	2,750,027	2	2,124,678	1
2580	Non-current lease liabilities		380,340	-	383,627	-	491,722	-
2600	Other non-current liabilities		4,401,751	2	4,239,800	2	578,279	1
25XX	Total non-current liabilities		26,652,223	13	25,355,629	13	14,206,300	8
2XXX	Total liabilities		82,544,233	41	82,235,355	42	75,397,373	43
Equity								
Equity attributable to owners of parent								
	Share capital	6(19)						
3110	Ordinary share		9,470,492	5	9,470,492	5	9,470,492	5
	Capital surplus	6(20)						
3200	Capital surplus		37,876,395	19	36,937,742	19	35,682,502	20
	Retained earnings	6(21)						
3310	Legal reserve		6,029,763	3	6,029,763	3	5,219,158	3
3320	Special reserve		4,130,316	2	4,130,316	2	5,014,697	3
3350	Unappropriated retained earnings		30,036,020	15	32,898,629	17	24,115,569	14
	Other equity interest	6(22)						
3400	Other equity interest		( 1,630,448 )	( 1 )	( 4,848,301 )	( 3 )	( 4,652,672 )	( 3 )
3500	Treasury shares	6(19)	( 257,489 )	-	( 257,489 )	-	( 257,489 )	-
31XX	Total equity attributable to owners of parent		85,655,049	43	84,361,152	43	74,592,257	42
36XX	Non-controlling interests	6(32)	32,379,727	16	29,158,787	15	26,485,091	15
3XXX	Total equity		118,034,776	59	113,519,939	28	101,077,348	57
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	Total liabilities and equity		\$ 200,579,009	100	\$ 195,755,294	100	\$ 176,474,721	100

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

**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021**  
**(REVIEWED, NOT AUDITED)**

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

Item	Notes	January 1 to March 31, 2022		January 1 to March 31, 2021	
		Amount	%	Amount	%
4000 Operating revenue	6(23), 7 and 14	\$ 33,915,240	100	\$ 27,193,100	100
5000 Operating costs	6(6) and 7	( 27,528,376)	( 81)	( 22,441,128)	( 82)
5950 Gross profit from operations		<u>6,386,864</u>	<u>19</u>	<u>4,751,972</u>	<u>18</u>
Operating expenses	6(24)				
6100 Selling expenses		( 379,502)	( 1)	( 380,568)	( 2)
6200 Administrative expenses		( 1,475,285)	( 4)	( 1,443,265)	( 5)
6300 Research and development expenses		( 1,634,085)	( 5)	( 1,627,896)	( 6)
6450 Expected credit (loss) gain in accordance with IFRS 9	12	( 2,104)	-	( 30,587)	-
6000 Total operating expenses		<u>( 3,490,976)</u>	<u>( 10)</u>	<u>( 3,421,142)</u>	<u>( 13)</u>
6900 Net operating income		<u>2,895,888</u>	<u>9</u>	<u>1,330,830</u>	<u>5</u>
Non-operating income and expenses					
7100 Interest income	6(26)	66,994	-	93,935	-
7010 Other income	6(27)	87,825	-	587,594	2
7020 Other gains and losses	6(28)	413,778	1	23,361	-
7050 Finance costs	6(29)	( 137,505)	-	( 125,067)	-
7060 Share of gain or loss from affiliates and joint ventures recognized under the equity method		( 5,515)	-	-	-
7000 Total non-operating income and expenses		<u>425,577</u>	<u>1</u>	<u>579,823</u>	<u>2</u>
7900 Profit before income tax		<u>3,321,465</u>	<u>10</u>	<u>1,910,653</u>	<u>7</u>
7950 Income tax expense	6(30)	( 545,972)	( 2)	( 519,880)	( 2)
8200 Profit for the period		<u>\$ 2,775,493</u>	<u>8</u>	<u>\$ 1,390,773</u>	<u>5</u>

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ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021  
(REVIEWED, NOT AUDITED)  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

Item	Notes	January 1 to March 31, 2022		January 1 to March 31, 2021	
		Amount	%	Amount	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(7)(22)	( \$ 57,807)	- ( \$ 24,897)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	3,820	- 3,221	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		( 53,987)	- 21,676	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements	6(22)	4,306,788	13 ( 684,567)	( 2)
8300	Other comprehensive (loss) income		\$ 4,252,801	13 ( \$ 706,243)	( 2)
8500	Total comprehensive income		\$ 7,028,294	21 \$ 684,530	3
Profit attributable to:					
8610	Owners of the parent		\$ 1,872,637	2 \$ 947,814	3
8620	Non-controlling interests		902,856	3 442,959	2
			\$ 2,775,493	8 \$ 1,390,773	5
Comprehensive income attributable to:					
8710	Owners of the parent		\$ 5,090,490	15 \$ 425,458	2
8720	Non-controlling interests		1,937,804	6 259,072	1
			\$ 7,028,294	21 \$ 684,530	3
Basic earnings per share					
9750	Basic earnings per share	6(31)	\$ 1.98	\$ 1.00	
Diluted earnings per share					
9850	Diluted earnings per share	6(31)	\$ 1.87	\$ 0.98	

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

**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021**  
**(REVIEWED, NOT AUDITED)**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

Equity attributable to owners of parent												
		Retained earnings					Other equity interest					
	Notes	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interests	Total equity
<b>January 1 to March 31, 2021</b>												
Balance at January 1, 2021		\$ 9,470,492	\$ 35,671,212	\$ 5,219,158	\$ 5,014,697	\$ 27,429,476	( \$ 4,136,945)	\$ 6,629	( \$ 257,489)	\$ 78,417,230	\$ 25,620,646	\$ 104,037,876
Profit for the period		-	-	-	-	947,814	-	-	-	947,814	442,959	1,390,773
Other comprehensive income (loss) for the period	6(22)	-	-	-	-	-	( 505,769)	( 16,587)	-	( 522,356)	( 183,887)	( 706,243)
Total comprehensive income		-	-	-	-	947,814	( 505,769)	( 16,587)	-	425,458	259,072	684,530
Appropriation and distribution of 2020 earnings:												
Cash dividends		-	-	-	-	( 4,261,721)	-	-	-	( 4,261,721)	-	( 4,261,721)
Compensation cost of employee restricted stock	6(20)	-	11,290	-	-	-	-	-	-	11,290	4,214	15,504
Change in non-controlling interests - issuance of common stock by subsidiaries		-	-	-	-	-	-	-	-	-	601,159	601,159
Balance at March 31, 2021		\$ 9,470,492	\$ 35,682,502	\$ 5,219,158	\$ 5,014,697	\$ 24,115,569	( \$ 4,642,714)	( \$ 9,958)	( \$ 257,489)	\$ 74,592,257	\$ 25,485,091	\$ 101,077,348
<b>January 1 to March 31, 2022</b>												
Balance at January 1, 2022		\$ 9,470,492	\$ 36,937,742	\$ 6,029,763	\$ 4,130,316	\$ 32,898,629	( \$ 4,886,372)	\$ 38,071	( \$ 257,489)	\$ 84,361,152	\$ 29,158,787	113,519,939
Profit for the period		-	-	-	-	1,872,637	-	-	-	1,872,637	902,856	2,775,493
Other comprehensive income (loss) for the period	6(22)	-	-	-	-	-	3,262,625	( 44,772)	-	3,217,853	1,034,948	4,252,801
Total comprehensive income		-	-	-	-	1,872,637	3,262,625	( 44,772)	-	5,090,490	1,937,804	7,028,294
Appropriation and distribution of 2021 earnings:												
Cash dividends		-	-	-	-	( 4,735,246)	-	-	-	( 4,735,246)	-	( 4,735,246)
Compensation cost of employee restricted stock	6(20)	-	40,350	-	-	-	-	-	-	40,350	15,611	55,961
Difference between consideration and the carrying amount of subsidiaries disposed of	6(32)	-	755,262	-	-	-	-	-	-	755,262	547,116	1,302,378
Change in non-controlling interests - issuance of common stock by subsidiaries	6(32)	-	143,041	-	-	-	-	-	-	143,041	720,409	863,450
Balance at March 31, 2022		\$ 9,470,492	\$ 37,876,395	\$ 6,029,763	\$ 4,130,316	\$ 30,036,020	( \$ 1,623,747)	( \$ 6,701)	\$ 257,489	\$ 85,655,047	\$ 32,379,727	\$ 118,034,776

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021  
(REVIEWED, NOT AUDITED)  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	January 1 to March 31, 2022	January 1 to March 31, 2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 3,321,465	\$ 1,910,653
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	3,303,062	2,674,620
Amortisation expense	6(24)	109,599	102,560
Net losses (gains) on financial assets measured at fair value through profit or loss	6(2)	60,202 (	65,671 )
Impairment losses	6(8)	-	27,422
Expected credit (loss) gain in accordance with IFRS 9	12	2,104 (	30,587 )
Losses (gains) on disposal of property, plant and equipment	6(28)	( 18,647 )	14,644
Interest income	6(26)	( 66,994 ) (	93,935 )
Interest expenses	6(29)	137,505	125,067
Share of loss from affiliates and joint ventures recognized under the equity method		5,515	-
Share-based payment	6(18)	55,961	15,504
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		-	19,674
Accounts receivable		12,402,761	13,718,387
Accounts receivable due from related parties		157,860	66,651
Other receivables		547,302	680,752
Inventories		( 1,440,240 ) (	3,915,871 )
Prepayments		598,317	590,255
Other current assets		91 (	14,361 )
Changes in operating liabilities			
Accounts payable		( 3,677,448 ) (	5,558,530 )
Accounts payable to related parties		( 260,440 ) (	343,252 )
Other payables		( 646,999 ) (	1,651,589 )
Other current liabilities		( 76,773 ) (	721 )
Cash inflow generated from operations		14,514,203	8,271,672
Income tax paid		( 321,943 ) (	295,187 )
Net cash from operating activities		14,192,260	7,976,485

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**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021**  
**(REVIEWED, NOT AUDITED)**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	Notes	January 1 to March 31, 2022	January 1 to March 31, 2021
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through profit or loss		\$ -	( \$ 116,641 )
Decrease (Increase) in financial assets at amortised cost		( 1,168,487 )	542,838
Proceeds from repayment of financial assets at amortised cost		( 180,981 )	-
Acquisition of property, plant and equipment	6(33)	( 7,660,954 )	( 7,589,467 )
Proceeds from disposal of property, plant and equipment		150,436	106,487
Acquisition of right-of-use assets		-	( 307,957 )
Decrease in restricted assets		49,296	-
Increase of other non-current assets		( 232,781 )	( 144,636 )
Increase in other non-current liabilities		37,976	19,786
Interest received		47,746	87,755
Net cash used in investing activities		( 8,957,749 )	( 7,401,835 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase (decrease) in short-term loans	6(33)	( 3,050,032 )	1,998,557
Decrease in short-term notes and bills payable	6(33)	-	( 449,416 )
Proceeds from long-term borrowings	6(33)	314,495	428,110
Repayments of long-term borrowings	6(33)	-	( 229,678 )
Increase (decrease) in guarantee deposits received	6(33)	133,765	( 43,394 )
Repayments of lease liabilities		( 31,499 )	( 33,620 )
Interest paid		( 114,582 )	( 66,748 )
Change in non-controlling interests - issuance of common stock by subsidiaries	6(32)	863,450	601,159
Change in non-controlling interests - disposal of shares from subsidiaries	6(32)	1,302,378	-
Net cash flows from financing activities		( 582,025 )	2,204,970
Effect of exchange rate changes on cash and cash equivalents		1,543,703	( 243,737 )
Net increase (decrease) in cash and cash equivalents		6,196,189	2,535,883
Cash and cash equivalents at beginning of period		33,789,530	44,222,887
Cash and cash equivalents at end of period		\$ 39,985,719	\$ 46,758,770

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022 AND 2021  
 (REVIEWED, NOT AUDITED)  
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE  
 INDICATED)

1. HISTORY AND ORGANIZATION

Zhen Ding Technology Holding Limited (the 'Company', formerly named as Foxconn Advanced Technology Limited) was incorporated in the Cayman Islands in June 2006. According to the resolution of the Board of Directors in May 2011, the Company was renamed to Zhen Ding Technology Holding Limited and related registration was completed in July 2011. The registration address is Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands. The Company and its subsidiaries (collectively referred herein as the 'Group') are engaged in manufacturing, processing and selling printed circuit boards (PCBs). The Company has been listed on the Taiwan Stock Exchange since December 26, 2011.

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

The consolidated financial statements were authorized for issuance by the Board of Directors on May 11, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission ('FSC') (collectively referred herein as the 'IFRSs').

New, revised or amended standards and interpretations endorsed by the FSC effective from 2022 are as follows

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, 'Reference to the Conceptual Framework'	January 1, 2022
Amendments to IFRS 16 'Property, Plant and Equipment - Proceeds before Intended Use'	January 1, 2022
Amendments to IFRS 37 'Onerous Contracts - Cost of Fulfilling a Contract'	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022

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

- (2) Effects of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

- (3) IFRSs issued by International Accounting Standards Board ('IASB') but not yet endorsed by the FSC

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

New, Revised or Amended Standards and Interpretations	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17 'Initial Application of IFRS 17 and IFRS 9 - Comparative Information'	January 1, 2023
Amendments to IFRS 1 'Classification of Liabilities as Current or Non-current'	January 1, 2023
Amendment to IAS 1, 'Disclosure of Accounting Policies'	January 1, 2023
Amendment to IAS 8, 'Definition of Accounting Estimates'	January 1, 2023
Amendments to IAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as stated otherwise, the principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all the periods presented.

##### (1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the 'Regulations Governing the Preparation of Financial Reports by Securities Issuers' and the IAS 34 'Interim Financial Reporting' as endorsed by the FSC.

##### (2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets minus present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC)(collectively, "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The items involving a higher degree of judgement or complexity, or items where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

##### (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. 'Subsidiaries' are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) The profit or loss and each component of other comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, and total comprehensive income shall also be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are equity transactions (i.e., transactions among owners in their capacity as owners). Difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity.
- (e) When the Group loses control in a subsidiary, remaining investments in the former subsidiary shall be re-measured at fair value and serve as fair value of the initially recognized financial asset or the cost of initially recognized investment in associated company or joint venture. The difference between the fair value and book value of the investment is recognized in current profit or loss. All amounts previously recognized in other comprehensive income related to the subsidiary shall be accounted on the same basis as if the Group had directly disposed of such assets or liabilities. In other words, gains or losses previously recognized in other comprehensive income will be reclassified to profit or loss when such assets or liabilities are disposed of, then if the Group loses control in a subsidiary, such gains or losses are reclassified from equity to profit or loss.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
The Company	Zhen Ding Technology Co., Ltd.	Trading company	100	100	100	
The Company	Monterey Park Finance Limited (B.V.I.)	Holding company	100	100	100	
The Company	Zhen Ding Technology Singapore Private Limited (Singapore)	Holding company	100	100	100	
The Company	BoardTek Electronics Corp.	Manufacturing company	100	100	100	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited (Cayman)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Coppertone Enterprises Limited (B.V.I.)	Holding company	100	100	100	

Name of Investor	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
Monterey Park Finance Limited (B.V.I.)	Pacific Fair International Limited (Hongkong)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Leading Interconnect International Limited (formerly: Henley International Limited (Hongkong))	Trading company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Qi Ding Technology Qinhuangdao Co., Ltd.	Manufacturing company	-	-	100	(7)
Monterey Park Finance Limited (B.V.I.)	Huaian Jia Wei Industrial Development Co., Ltd.	Trading company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Manufacturing company	69.65	70.39	70.39	(2)
Coppertone Enterprises Limited (B.V.I.)	Mayco Industrial Limited (Hongkong)	Holding company	100	100	100	
Mayco Industrial Limited (Hongkong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	66.09	66.09	66.38	(6)
Pacific Fair International Limited (Hongkong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	5.70	6.01	6.44	(6)
Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Manufacturing company	100	100	100	

Name of Investor	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Fu Bo Industrial (Shenzhen) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Kui Sheng Technology (Shenzhen) Limited	Trading company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Holding Investment (Shenzhen) Co., Ltd.	Name of Investor	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited (Hongkong)	Trading company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Singapore Private Limited (Singapore)	Holding company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Logistics Services (Shenzhen) Co., Ltd.	Property management company	100	-	-	(8)
Fu Bo Industrial (Shenzhen) Co., Ltd.	Guangdong Zhan Yang Intelligent Equipment Co., Ltd. (formerly: Zhan Yang Automation (Dongguan) Co., Ltd.)	Trading company	-	-	60	(1)
Garuda International Limited (Hongkong)	Garuda Technology Co., Ltd.	Trading company	100	100	100	
Garuda International Limited (Hongkong)	Avary Japan Co., Ltd. (Japan)	Trading company	100	100	100	

Name of Investor	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
Avary Singapore Private Limited (Singapore)	Avary Technology (India) Private Limited (India)	Manufacturing company	100	100	100	
BoardTek Electronics Corp.	BoardTek Investment Co., Ltd.	Name of Investor	100	100	100	
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Manufacturing company	100	100	-	(3)
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Qi Ding Technology Qinhuangdao Co., Ltd.	Manufacturing company	100	100	-	(7)
Zhen Ding Technology Singapore Private Limited (Singapore)	Zhen Ding Technology India Private Limited (India)	Manufacturing company	37.50	37.50	-	(4)
Zhen Ding Technology Singapore Private Limited (Singapore)	Zhen Ding Developer India Private Limited (India)	Property management company	100	100	-	(5)
FAT Holding Limited (Cayman)	Zhen Ding Technology India Private Limited (India)	Manufacturing company	62.50	62.50	-	(4)
FAT Holding Limited (Cayman)	Zhen Ding Developer India Private Limited (India)	Property management company	-	-	-	(5)

- (a) The Group invested in Guangdong Zhan Yang Intelligent Equipment Co., Ltd. (formerly: Zhan Yang Automation (Dongguan) Co., Ltd.) in Dongguan and included the entity in the consolidated financial statement on February 3, 2020. The entity mainly engages in ATMs manufacturing business. The Group did not subscribe in percentage of their ownership ratios on September 15, 2021, which changed its ownership ratio to 44%, and did not include the entity in the consolidated financial statements as of the day it lost control. In accordance with the Articles of Incorporation of Guangdong Zhan Yang Intelligent Equipment Co., Ltd., the Group distributed earnings according to paid-in capital.
- (b) The Group invested in Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. in Shenzhen and included the entity in the consolidated financial statement on September 4, 2020. The entity mainly engages in electronics processing and manufacturing business. Monterey Park Finance Limited did not subscribe for the issuance of common stock by Leading

Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. in percentage of their ownership ratios in Q1 of 2022 and 2021, thus its ownership ratios became 69.65% and 70.39%, respectively.

- (c) The Group invested in Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd. in Qinhuangdao and included the entity in the consolidated financial statement on April 16, 2021. The entity mainly engages in electronics processing and manufacturing business.
- (d) The Group invested in Zhen Ding Technology India Private Limited in India and included the entity in the consolidated financial statements on May 27, 2021. The entity mainly engages in electronics processing and manufacturing.
- (e) The Group invested in Zhen Ding Developer India Private Limited in India and included the entity in the consolidated financial statements on April 16, 2021. The entity mainly engages in property leasing. Zhen Ding Technology Singapore Private Limited increased the cash capital of Zhen Ding Developer India Private Limited on July 26 and 27, 2021, causing the ownership ratio of Zhen Ding Technology Singapore Private Limited and FAT Holdings Limited to equal 99.997% and 0.003%.
- (f) Because Avary Holding issued employee restricted stocks, the ownership ratios of Mayco Industrial Limited (Hong Kong) and Pacific Fair International Limited (Hong Kong) became 66.09% and 6.42%, respectively, on June 23, 2021. Pacific Fair International Limited (Hongkong) sold some of the equity of Avary Holding on December 31, 2021 and March 31, 2022, causing its ownership ratio to become 6.01% and 5.70%.
- (g) The Group adjusted its investment framework in 2021, prompting Monterey Park Finance Limited to transfer 100% of the equity of Qi Ding Technology Qinhuangdao Co., Ltd. to Qi Ding Technology Qinhuangdao Co., Ltd. on December 20, 2021.
- (h) The Group invested in vary Logistics Services (Shenzhen) Co., Ltd. in Shenzhen and included the entity in the consolidated financial statement on January 25, 2022. The entity mainly engages in property management business.
- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group:  
As of March 31, 2022, December 31, 2021 and March 31, 2021, the non-controlling interests of the Group amounted to \$32,379,727, \$29,158,787 and \$26,485,091, respectively. The information on subsidiaries and their respective non-controlling interests is as follows:



Name of subsidiary	Principal place of business	Non-controlling interests		Description
		March 31, 2022		
		Amount	Ownership (%)	
Avary Holding (Shenzhen) Co., Limited	China	\$ 30,640,320	28.21%	

Name of subsidiary	Principal place of business	Non-controlling interests		Description
		December 31, 2021		
		Amount	Ownership (%)	
Avary Holding (Shenzhen) Co., Limited	China	\$ 28,511,717	27.90%	

Name of subsidiary	Principal place of business	Non-controlling interests		Description
		March 31, 2021		
		Amount	Ownership (%)	
Avary Holding (Shenzhen) Co., Limited	China	\$ 25,883,938	27.18%	

#### Summary of the financial information of subsidiaries

##### Consolidated balance sheets of Avary Holding (Shenzhen) Co., Limited

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 65,524,385	\$ 70,532,575	\$ 63,916,414
Non-current assets	89,012,552	85,604,868	76,186,613
Current liabilities	( 40,656,268 )	( 48,888,899 )	( 41,920,786 )
Non-current liabilities	( 4,041,017 )	( 3,938,671 )	( 2,517,640 )
Total net assets	\$ 109,839,652	\$ 103,309,873	\$ 95,664,601

##### The consolidated statements of comprehensive income of Avary Holding (Shenzhen) Co., Limited

	January 1 to March 31, 2022	January 1 to March 31, 2021
Revenue	\$ 31,235,364	\$ 24,892,216
Profit before income tax	3,350,531	2,089,951
Income tax expense	( 469,979 )	( 453,628 )
Profit for the period	2,880,552	1,636,323
Other comprehensive income, net of tax	( 135,269 )	58,920
Total comprehensive income	\$ 2,745,283	\$ 1,695,243
Comprehensive income, attributable to non-controlling interests	\$ 765,810	\$ 259,072

The consolidated statements of cash flows of Avary Holding (Shenzhen) Co., Limited

	January 1 to March 31, 2022	January 1 to March 31, 2021
Net cash from operating activities	\$ 14,326,427	\$ 7,616,951
Net cash used in investing activities	( 4,948,744 )	( 7,182,844 )
Net cash from financing activities	( 2,785,273 )	2,006,556
Effect of exchange rate changes on cash and cash equivalents	592,205	( 109,468 )
Net increase (decrease) in cash and cash equivalents	7,184,615	2,331,195
Cash and cash equivalents at beginning of period	13,783,793	24,797,571
Cash and cash equivalents at end of period	\$ 20,968,408	\$ 27,128,766

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Company's functional currency is USD; however, the consolidated financial statements are presented in NTD because of regulatory requirements.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss in the period in which they arise.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the Group's entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

When presenting the Group's functional currency-denominated financial statements in NT dollar, the average exchange rates were US\$1=NT\$27.99 and US\$1=NT\$28.37 for the periods January 1 to March 31, 2022 and 201, respectively. The closing rates were US\$1=NT\$28.63, US\$1=NT\$27.68 and US\$1=NT\$28.54 as of March 31, 2022; December 31, 2021 and March 31, 2021, respectively.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date; or
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date

Assets not meeting the above criteria are classified by the Group as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off within twelve months from the balance sheet date; or
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities not meeting the above criteria are classified by the Group as non-current liabilities.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets measured at amortised cost or fair value through other comprehensive income are designated as the financial assets at fair value through profit or loss at initial recognition by the Group if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.
- C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently measured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.
- D. The Group recognises the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated

with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

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

- A. The Group may make irrevocable election at initial recognition to recognise the changes in fair value in other comprehensive income for the investments in equity instruments that are not held for trading or the investments in debt instruments that meet both of the following conditions:
  - (a) The financial assets held within a business model whose objective is both collecting contractual cash flows and selling financial assets.
  - (b) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
  - (a) The changes in fair value of equity instruments are recognised in other comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income shall be recorded to retained earnings and not be reclassified to profit or loss upon the derecognition. Dividends are recognised in profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.
  - (b) Except for the impairment losses, interest income and foreign exchange gains or losses which are recognised in profit or loss, the changes in fair value of debt instruments are recognised in other comprehensive income before derecognition. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

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

(10) Notes and accounts receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable or contract assets containing a significant financing component, lease receivables, loan commitments and financial guarantee contracts, at each balance sheet date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information (including forecasts). On the other hand, the Group recognises the impairment provision for lifetime ECLs for accounts receivable or contract assets containing a significant financing component.

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Leasing (lessor)

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

(14) Inventories

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

(15) Investments recognized under the equity method—Associate

- A. An associate is an entity over which the Group has significant influence but not control and generally holds 20% or more of the voting power directly or indirectly. Investments in associates are accounted for using the equity method and are recognized at cost upon acquisition.
- B. Share of gain or loss from acquisition of associates is recognized as current profit or loss, and share of other comprehensive income upon acquisition is recognized as other comprehensive income. If the Group's share of losses of any associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Group discontinues recognizing its share of further losses, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. The Group recognized all share of change in equity in "capital surplus" in proportion to its ownership, when there are changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associates and such changes do not affect the ownership percentage of the associate.
- D. Unrealized gains or losses on transactions between the Group and its associates are eliminated to the extent of its interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset

transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- E. When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:
- |                          |            |
|--------------------------|------------|
| Buildings and structures | 3~54 years |
| Machinery and equipment  | 2~11 years |
| Leasehold improvements   | 5 years    |
| Other facilities         | 2~16 years |

(17) Leasing (lessee)

- A. The Group recognises lease assets as right-of-use assets and lease liabilities at the commencement date of the lease. For short-term leases or leases of low value assets, lease payments are recognised as expenses using the straight-line method during the lease term.
- B. The Group measures right-of-use assets at cost on the commencement date of the lease. The costs include the initial measurement amount of lease liabilities and any initial direct costs incurred. The right-of-use assets are subsequently measured by adopting the cost model. The Group depreciates the right-of-use assets at the earlier of the right-of-use assets' useful life or the end of lease term.
- C. On the commencement date, the Group measures lease liabilities by the present value of outstanding lease payments, using the Group's incremental borrowing rate. Lease payments include fixed payments less any lease incentives receivable. In subsequent periods, the Group measures lease liabilities at amortised cost using the effective

interest method and recognises interest expense during the lease term. If the lease term or lease payment is changed due to reasons other than amendments to the lease contracts, the Group will remeasure the lease liabilities. The remeasurement amount is then recognised as an adjustment to the right-of-use assets.

(18) Intangible assets

A. Patents and Technical Skills

Separately acquired patents and technical skills are recognised as acquisition costs because the patents and technical skills acquired from business combinations are recognised at fair value on the date of acquisition. Patents and technical skills are assets with limited service life, and will be amortized in 5 years, based on the estimated service life using the straight-line method.

B. Computer software

Computer software is recognised as acquisition cost and is amortised on a straight-line basis using the estimated useful lives of 3-5 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(19) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated based on the operating segment to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(20) Borrowings

A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

C. Extension option is not closed related to the host debt instruments, unless the rates are also adjusted close to current market rates when extending.

(21) Accounts and notes payable

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

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged, cancelled, or expired.

(23) Financial liabilities and equity instruments

Convertible corporate bonds issued by the Group are embedded with conversion options (that is, the bondholders have the right to convert the bonds into the Group's ordinary shares by exchanging a fixed amount of cash for a fixed number of ordinary share), call options and put options. In accordance with the terms and conditions of the indenture, the Group classifies the convertible corporate bonds and the embedded derivative instruments on initial recognition as a financial asset, a financial liability or an equity instrument (the 'capital surplus-share options'). Convertible corporate bonds are accounted for as follows:

- A. The exercise price of call options and put options embedded in the convertible corporate bonds is approximately equal to the amortised cost of the host debt instrument on each exercise date; therefore, call options and put options are closely related to the host debt contract.
- B. Call options, put options and host debt of the convertible corporate bonds are initially recognised at fair value. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond outstanding using the effective interest method.
- C. Conversion options embedded in convertible corporate bonds issued by the Group, which meet the definition of an equity instrument, are initially recognised in the 'capital surplus-share options' at the residual amount of total issue price less amounts of the 'bonds payable' as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.
- E. When bondholders exercise conversion options, the liability component shall be remeasured on the conversion date. The carrying amount of ordinary shares issued due to the conversion shall be based on the remeasured carrying amount of the abovementioned liability component plus the carrying amount of 'capital surplus-share options'.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for that service, and shall be recognised as expenses when the employees have rendered service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions shall be recognised as pension expenses when they are due on an accrual basis. Prepaid contributions shall be recognised that excess as an asset to the extent that the prepayment will lead to a cash refund or a reduction in the future payments.



(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is accrued from the present value of future benefits that employees have earned in return for their services in the current or prior periods. The Group recognised the present value of the defined benefit obligation deducting the fair value of plan assets at the balance sheet date. Net obligation of the defined benefit is calculated annually by independent actuaries using the projected unit credit method and is discounted by using the market yield on government bonds (at the balance sheet date).
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations and significant curtailments, settlements, or other significant one-off events since that time. Also, relevant information will be disclosed in conjunction with the above policy.

(c) Employees' remuneration and directors' remuneration

Employees' remuneration and directors' remuneration are recognised as expense and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' remuneration (bonus) is distributed by shares, the Group calculates the number of shares based on the fair value per share (closing price) at the previous day of the Board of Directors' resolution.

(25) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the quantity of equity instruments that are expected to vest under the non-market vesting conditions. Ultimately, the amount of compensation cost is recognised based on the number of equity instruments that eventually vest.
- B. Employee restricted stocks:
  - (a) Employee restricted stocks measured at the fair value of the equity instruments at the grant date, and are recognised as compensation cost over the vesting period.
  - (b) Those restricted stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
  - (c) Employees have to pay to acquire those restricted stocks. If employees resign during the vesting period, the Group must refund their payments in exchange for the restricted stocks return by the employees. The Group recognises the payments to the employees who are expected to resign during the vesting period as

liabilities at the grant date, and recognises the payments for the employees who are expected to be eventually vested with the stocks in ‘capital surplus – others’.

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. Different tax regulations are applicable to the Group according to the countries where the companies are registered:
  - (a) Companies that are registered in Cayman Islands and British Virgin Islands are exempted from income tax in accordance with local regulations.
  - (b) For the companies that are registered in the Republic of China, except for income tax that is estimated in accordance with the tax laws, an additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings. When calculating income tax, except for applying the tax laws to calculate regular tax, the basic tax is calculated under the ‘Income Basic Tax Act.’ If regular tax is lower than basic tax, the difference between the two shall be added to income tax payable. The aforementioned difference shall not be offset with investment tax credits under other regulations.
  - (c) Income taxes of companies that are registered in Mainland China are calculated in accordance with ‘Law of the People's Republic of China on Enterprise Income Tax’ and its implementation and related notification letters.
  - (d) Income taxes of companies that are registered in the Government of the Hong Kong Special Administrative Region of the People's Republic of China are calculated based on the revenue earned in Hong Kong and in accordance with ‘Hong Kong Inland Revenue Ordinance’.
  - (e) For companies registered in Singapore, India, and Japan, they shall estimate business income tax of the current year pursuant to local laws and regulations.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. The interim period income tax expense is accrued based on the estimated average annual effective income tax rate applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- G. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(27) Dividends

Cash dividends to be distributed to the Company's shareholders are recorded as liabilities in the period in which they are resolved by the Company's Board of Directors; stock dividends to be distributed to the Company's shareholders are recorded as stock dividends distributable in the period in which they are resolved by the Company's shareholders, and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells PCBs and related products. Sales are recognised when control of the products has been transferred, i.e., when the products are delivered to the customer. The customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. Sales of PCBs and related products are recognised as the amount of contract price, net of the estimated discounts, credits and price concessions.
- (b) Account receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Financial components

The contract between the Group and the customer, as the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(29) Government grants

Government grants shall not be recognised at fair value until there is reasonable assurance that the entity will comply with the conditions attaching to them, and that the grants will be received. Government grants shall be recognised in profit on a systematic basis over the periods in which the entity recognises as the related expenses for which the grants are intended to compensate. Government grants related to property, plant and equipment shall be recognised within non-current liabilities that are recognised in profit on the straight-line method over the estimated useful life of related assets.

(30) Business combinations

- A. The Group accounts for a business combination by applying the acquisition method, unless it is a combination involving entities or businesses under common control or the acquiree is a subsidiary of an investment entity, as defined in IFRS 10, 'Consolidated financial statements', which is required to be measured at fair value through profit or loss. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- B. 2. If the total of the fair values of the consideration of acquisition, non-controlling interest in the acquiree, and previous equity interest in the acquiree is higher than the fair value of the identifiable assets and obligations acquired, the difference is recorded as goodwill; if the fair value of the identifiable assets and obligations acquired is higher than the total of the fair values of the consideration of acquisition, non-controlling interest in the acquiree, and previous equity interest in the acquiree, the difference is recognised directly in profit or loss as 'gain recognised in bargain purchase transaction'.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal management reports provided to the chief operating decision-maker, who is responsible for allocating resources to operating segments and evaluating their performance.

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

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group has taken into consideration the economic impact caused by the novel coronavirus in its significant accounting estimates and will continue to evaluate such impact on its financial conditions and financial performance. and the related information is addressed below:

### Critical accounting estimates and assumptions

Accounting estimates are based on the situation on the balance sheet date to estimate future events, though there could be differences between the actual events and estimation. Estimates and assumptions on the risk of possible critical adjustments to the carrying amount of assets and liabilities for the next fiscal year are as follows:

#### Evaluation of inventories

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

As of March 31, 2022, the carrying amount of inventories was \$19,754,115.

### 6. DETAILS OF SIGNIFICANT ACCOUNTS

#### (1) Cash and cash equivalents

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand and petty cash	\$ 107	\$ 137	\$ 358
Checking accounts and demand deposits	23,474,142	16,326,795	27,652,275
Cash equivalents			
Time deposits	16,511,470	17,462,598	19,106,137
	<u>\$ 39,985,719</u>	<u>\$ 33,789,530</u>	<u>\$ 46,758,770</u>

- A. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group's time deposits with maturity of over three months which are recognised within 'financial assets at amortised cost' are referred to in Note 6(3).
- B. Except for demand deposits whose purpose is restricted that are recognised within other current assets, the Group has no cash and cash equivalents pledged to others as referred to in Note 8.

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

Item	March 31, 2022	December 31, 2021	March 31, 2021
Non-current items			
Private fund	\$ 706,789	\$ 698,688	\$ 655,133
Unlisted partnership share	333,726	402,029	261,438
	1,040,515	1,100,717	916,571
Net exchange differences	52,437	13,871	12,459
Total	<u>\$ 1,092,952</u>	<u>\$ 1,114,588</u>	<u>\$ 929,030</u>

- A. The Group recognised net loss of \$60,202 and net gain of \$65,671 within 'financial assets at fair value through profit or loss' for the periods January 1 to March 31, 2022 and 2021.
- B. The Group has no outstanding forward foreign exchange contracts as of March 31, 2022, December 31, 2021 and March 31, 2021.
- C. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at amortised cost

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current items:			
Guaranteed income financial products	\$ 486,625	\$ 830,400	\$ 1,712,400
Time deposits with maturity of over three months	2,132,768	558,777	285,819
	<u>\$ 2,619,393</u>	<u>\$ 1,389,177</u>	<u>\$ 1,998,219</u>
Non-current items:			
Time deposits with maturity of over three months	<u>\$ 83,406</u>	<u>\$ 78,408</u>	<u>\$ -</u>

- A. The Group recognised interest income in profit or loss for amortised cost for the three-month period ended March 31, 2022 and 2021. Please refer to Note 6(26).
- B. Principal- and interest-guaranteed wealth management products held by the Group are revenue notes aimed at collecting contractual cash flows. Principal is redeemed on the agreed date of maturity and interest is calculated at a fixed rate of 3.5%.
- C. Except for time deposits with maturity of over three months, whose purpose is restricted to paying customs duty guarantees and government-subsidised security, that are recognised within other current assets and time deposits due for more than a year that are recognised within other non-current assets, the Group has no financial assets at amortised cost pledged to others as referred to in Note 8.
- D. Please refer to Note 12(2) for relevant credit risk information.

(4) Notes and accounts receivable

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Notes receivable	\$ -	\$ -	\$ 5,761
Accounts receivable	23,591,539	35,088,596	17,365,487
	<u>23,591,539</u>	<u>35,088,596</u>	<u>17,371,248</u>
Less: Allowance for bad debts (	87,046)	( 86,259)	( 72,833)
	<u>\$ 23,504,493</u>	<u>\$ 35,002,337</u>	<u>\$ 17,298,415</u>
Accounts receivable due from related parties	\$ 2,437,034	\$ 2,535,410	\$ 2,635,987
Less: Allowance for bad debts (	7,298)	( 4,406)	( 3,957)
	<u>\$ 2,429,736</u>	<u>\$ 2,531,004</u>	<u>\$ 2,632,030</u>

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Not past due	\$ 25,815,014	\$ 36,996,371	\$ 19,485,750
Between 1 and 90 days	187,668	601,247	456,579
Between 91 and 180 days	7,710	2,336	27,672
Over 180 days	18,181	24,052	37,234
	<u>\$ 26,028,573</u>	<u>\$ 37,624,006</u>	<u>\$ 20,007,235</u>

- B. The balance of accounts and notes receivable as of March 31, 2022, December 31, 2021 and March 31, 2021 is generated from customer contracts. The balance of receivables on customer contracts as of January 1, 2021 was \$33,848,614.
- C. The Group does not hold any collateral as security.
- D. Please refer to Note 12(2) for relevant credit risk information.

(5) Other receivables and prepayments

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Other receivables</u>			
Receivables from disposal of investments	\$ 372,125	\$ 177,742	\$ -
Interest income receivable	143,487	123,566	195,975
Business tax refundable	74,264	791,807	78,705
Other	44,478	42,469	68,054
	<u>\$ 634,354</u>	<u>\$ 1,135,584</u>	<u>\$ 342,734</u>
	March 31, 2022	December 31, 2021	March 31, 2021
<u>Prepayments</u>			
Excess business tax paid	\$ 1,795,170	\$ 1,836,797	\$ 2,117,323
Prepaid expenses	1,847,158	2,460,797	2,043,338
	<u>\$ 3,642,328</u>	<u>\$ 4,297,594</u>	<u>\$ 4,160,661</u>

The Group's Mainland China subsidiaries are engaged in export sales. Under local regulations, the subsidiaries are entitled to tax benefits on business tax ('VAT') exemption, deduction and refund on the exports of goods. The subsidiaries calculate VAT refund and deductible amounts based on monthly sales by product types. The subsidiaries' counterparties and performing parties are mainly government organizations, so the possibility of default is remote. The subsidiaries recognise related refunds and deductibles within 'other receivables' and 'prepayments', respectively.

(6) Inventories

March 31, 2022			
	Cost	Allowance for valuation losses	Carrying amount
Raw materials	\$ 4,876,140	( \$ 128,061)	\$ 4,748,079
Work in process	5,686,762	( 443,894)	5,242,868
Finished goods	10,416,775	( 653,607)	9,763,168
	<u>\$ 20,979,677</u>	<u>( \$ 1,225,562)</u>	<u>\$ 19,754,115</u>
December 31, 2021			
	Cost	Allowance for valuation losses	Carrying amount
Raw materials	\$ 4,279,701	( \$ 116,703)	\$ 4,162,998
Work in process	5,421,186	( 337,134)	5,084,052
Finished goods	9,137,752	( 709,637)	8,428,115
	<u>\$ 18,838,639</u>	<u>( \$ 1,163,474)</u>	<u>\$ 17,675,165</u>
March 31, 2021			
	Cost	Allowance for valuation losses	Carrying amount
Raw materials	\$ 3,887,012	( \$ 340,411)	\$ 3,546,601
Work in process	5,107,076	( 369,229)	4,737,847
Finished goods	9,376,445	( 804,126)	8,572,319
	<u>\$ 18,370,533</u>	<u>( \$ 1,513,766)</u>	<u>\$ 16,856,767</u>

Expenses and losses incurred on inventories for the three-month periods ended March 31, 2022 and 2021 are as follows:

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Cost of goods sold	\$ 27,955,346	\$ 22,256,523
Impairment losses on equipment	-	27,422
Losses on valuation of inventory	37,927	493,928
Income from sale of scraps and wastes	( 464,897)	( 336,745)
	<u>\$ 27,528,376</u>	<u>\$ 22,441,128</u>

(7) Non-current financial assets at fair value through other comprehensive income

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Equity instruments			
Listed/OTC-traded shares	\$ 70,927	\$ -	\$ -
Unlisted shares	519,498	409,954	409,954
Valuation adjustment	13,331	71,138	( 1,389)
Net exchange differences	9,878	( 4,473)	( 4,430)
Total	<u>\$ 613,634</u>	<u>\$ 476,619</u>	<u>\$ 404,135</u>

- A. The Group has elected to classify the stocks that are considered to be strategic investment as financial assets at fair value through other comprehensive income.
- B. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Equity instruments	( \$ 57,807)	( \$ 24,897)

- C. The Group has no financial assets at fair value through other comprehensive income pledged to others.



(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
January 1, 2022						
Cost	\$ 2,338,433	\$ 27,766,519	\$ 67,804,287	\$ 29,653,914	\$ 13,434,452	\$ 140,997,605
Accumulated depreciation and impairment	- ( 8,957,477)	( 32,088,853)	( 13,878,391)	- ( 54,924,721)		
	<u>\$ 2,338,433</u>	<u>\$ 18,809,042</u>	<u>\$ 35,715,434</u>	<u>\$ 15,775,523</u>	<u>\$ 13,434,452</u>	<u>\$ 86,072,884</u>
<u>2022</u>						
At January 1	\$ 2,338,433	\$ 18,809,042	\$ 35,715,434	\$ 15,775,523	\$ 13,434,452	\$ 86,072,884
Additions (transfers)	- 294,021	1,535,657	1,735,262	4,013,014	7,577,954	
Disposal	- ( 18,206)	( 113,025)	( 558)	- ( 131,789)		
Depreciation	- ( 522,902)	( 1,471,571)	( 1,203,890)	- ( 3,198,363)		
Net exchange differences	61,862	676,759	1,292,968	614,635	503,865	3,150,089
At March 31	<u>\$ 2,400,295</u>	<u>\$ 19,238,714</u>	<u>\$ 36,959,463</u>	<u>\$ 16,920,972</u>	<u>\$ 17,951,331</u>	<u>\$ 93,470,775</u>
March 31, 2022						
Cost	\$ 2,400,295	\$ 29,354,267	\$ 71,309,997	\$ 32,019,108	\$ 17,951,331	\$ 153,034,998
Accumulated depreciation and impairment	- ( 10,115,553)	( 34,350,534)	( 15,098,136)	- ( 59,564,223)		
	<u>\$ 2,400,295</u>	<u>\$ 19,238,714</u>	<u>\$ 36,959,463</u>	<u>\$ 16,920,972</u>	<u>\$ 17,951,331</u>	<u>\$ 93,470,775</u>

	Land	Buildings and structures	Machinery and equipment	Other facilities	Unfinished construction and equipment under acceptance	Total
January 1, 2021						
Cost	\$ 2,390,675	\$ 26,672,561	\$ 55,750,789	\$ 21,315,866	\$ 8,410,005	\$ 114,539,896
Accumulated depreciation and impairment	- ( 9,090,514)	( 27,570,839)	( 9,701,368)	- ( 46,362,721)		
	<u>\$ 2,390,675</u>	<u>\$ 17,582,047</u>	<u>\$ 28,179,950</u>	<u>\$ 11,614,498</u>	<u>\$ 8,410,005</u>	<u>\$ 68,177,175</u>
2021						
At January 1	\$ 2,390,675	\$ 17,582,047	\$ 28,179,950	\$ 11,614,498	\$ 8,410,005	\$ 68,177,175
Additions (transfers)	-	1,026,192	3,077,814	2,061,566	1,263,770	7,429,342
Disposal	-	- ( 82,872)	( 38,259)	- ( 121,131)		
Depreciation	- ( 466,251)	( 1,276,464)	( 831,914)	- ( 2,574,629)		
Impairment losses	-	- ( 27,422)	-	- ( 27,422)		
Net exchange differences	3,499 ( 128,852)	( 210,294)	( 93,507)	( 67,143)	( 496,297)	
At March 31	<u>\$ 2,394,174</u>	<u>\$ 18,013,136</u>	<u>\$ 29,660,712</u>	<u>\$ 12,712,384</u>	<u>\$ 9,606,632</u>	<u>\$ 72,387,038</u>
March 31, 2021						
Cost	\$ 2,394,174	\$ 27,516,923	\$ 58,273,863	\$ 23,121,657	\$ 9,606,632	\$ 120,913,249
Accumulated depreciation and impairment	- ( 9,503,787)	( 28,613,151)	( 10,409,273)	- ( 48,526,211)		
	<u>\$ 2,394,174</u>	<u>\$ 18,013,136</u>	<u>29,660,712</u>	<u>12,712,384</u>	<u>\$ 9,606,632</u>	<u>\$ 72,387,038</u>

- A. The significant parts of the Group's buildings and structures include main plants and auxiliary improvements, which are depreciated over 20~54 years and 3~10 years, respectively.
- B. The Group evaluates the recoverable amount of assets at the end of the reporting period of the financial statements. The recoverable amount is calculated on the basis of value in use and fair value minus costs to sell. The discount rate for estimating value in use was 5.73% and 6.43%. In addition, fair value is recognised with reference to the replacement cost in accordance with market approach, and the fair value is categorised within Level 3. According to the results of evaluation using the aforementioned method, the Group has no impairment losses for the three-month period ended March 31, 2022; and recognised \$27,422 in impairment losses on property, plant and equipment for the three-month period ended March 31, 2021. The aforementioned losses were attributed to the PCB segment.
- C. Please refer to Note 8 for details on the pledging of property, plant and equipment.

(9) Right-of-use assets/lease liabilities

- A. The assets leased by the Group include land right-of-use, buildings, official vehicles and other facilities. The Group's subsidiaries signed land right-of-use contracts with local governments whom the subsidiaries will return the right to when the contract expires. Except for the lease term of land right-of-use of 20 to 50 years, the remaining lease terms are between 2 and 8 years. The lease contracts are negotiated individually and contain various terms and conditions without other restrictions except for the leased assets restricted to pledge to others.
- B. The Group has rented buildings and parking spaces for a lease tenor of not more than 12 months. The Group also rented office machines, which are low-value underlying assets.
- C. The information of the carrying amount of the right-of-use assets and the recognition of depreciation expense are as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land right-of-use	\$ 8,623,037	\$ 8,375,406	\$ 8,491,961
Buildings	131,717	154,404	248,044
Transportation equipment (official vehicles)	25,837	10,986	16,262
Other facilities	4,108	4,497	1,795
	<u>\$ 8,784,699</u>	<u>\$ 8,545,293</u>	<u>\$ 8,758,062</u>

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Land right-of-use	\$ 72,922	\$ 69,407
Buildings	26,087	27,902
Transportation equipment (official vehicles)	5,142	2,501
Other facilities	548	181
	<u>\$ 104,699</u>	<u>\$ 99,991</u>

The acquisition of the right-of-use assets for the three-month period ended March 31, 2022 and 2021 amounted to \$21,974 and \$312,776, respectively.

- D. As of March 31, 2022, the amount of \$719,677 was still under the registration process in the land use rights contract signed between the Group's subsidiary and local government.
- E. The Group recognised as rental expense for either the lease term of less than 12 months or leases for which the underlying asset is of low value. The information on the lease contract affecting profit or loss is as follows:

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
<u>Items affecting current profit or loss</u>		
Interest expense from lease liabilities	<u>\$ 3,953</u>	<u>\$ 4,933</u>
Rental expenses for short-term lease contracts	<u>\$ 69,490</u>	<u>\$ 30,608</u>

- F. The total cash outflow from leases for the three-month period ended March 31, 2022 and 2021 amounted to \$104,942 and \$377,118, respectively.

(10) Intangible assets

2022				
	Patents and Technical Skills	Computer software	Goodwill	Total
At January 1				
Cost	\$ 400,522	\$ 1,400,642	\$ 1,203,863	\$ 3,005,027
Cumulative amortisation	( 95,971)	( 829,748)	-	( 925,719)
	<u>\$ 304,551</u>	<u>\$ 570,894</u>	<u>\$ 1,203,863</u>	<u>\$ 2,079,308</u>
At January 1	\$ 304,551	\$ 570,894	\$ 1,203,863	\$ 2,079,308
Addition	-	25,205	-	25,205
Amortisation	( 20,944)	( 88,655)	-	( 109,599)
Net exchange differences	9,982	19,548	41,100	70,630
At March 31	<u>\$ 293,589</u>	<u>\$ 526,992</u>	<u>\$ 1,244,963</u>	<u>\$ 2,065,544</u>
At March 31				
Cost	\$ 414,196	\$ 1,512,061	\$ 1,244,963	\$ 3,171,220
Cumulative amortisation	( 120,607)	( 985,069)	-	( 1,105,676)
	<u>\$ 293,589</u>	<u>\$ 526,992</u>	<u>\$ 1,244,963</u>	<u>\$ 2,065,544</u>
2021				
	Patents and Technical Skills	Computer software	Goodwill	Total
At January 1				
Cost	\$ 412,098	\$ 1,088,808	\$ 1,238,657	\$ 2,739,563
Cumulative amortisation	( 13,459)	( 561,075)	-	( 574,534)
	<u>\$ 398,639</u>	<u>\$ 527,733</u>	<u>\$ 1,238,657</u>	<u>\$ 2,165,029</u>
At January 1	\$ 398,639	\$ 527,733	\$ 1,238,657	\$ 2,165,029
Addition	-	93,766	-	93,766
Amortisation	( 20,942)	( 67,664)	-	( 88,606)
Net exchange differences	714	( 3,823)	2,609	( 500)
At March 31	<u>\$ 378,411</u>	<u>\$ 550,012</u>	<u>\$ 1,241,266</u>	<u>\$ 2,169,689</u>
At March 31				
Cost	\$ 412,966	\$ 1,175,637	\$ 1,241,266	\$ 2,829,869
Cumulative amortisation	( 34,555)	( 625,625)	-	( 660,180)
	<u>\$ 378,411</u>	<u>\$ 550,012</u>	<u>\$ 1,241,266</u>	<u>\$ 2,169,689</u>
A.	The Group acquired 100% shares of BoardTek Electronics Corp. on November 4, 2020 and 100% shares of Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd. in 2008, and recognised them as goodwill and patents and technical skills under the acquisition method.			
B.	Goodwill is allocated to the cash-generating units of the Group which are recognised by the operating segment, and the recoverable amount is evaluated on the basis of value in use. Value in use is calculated mainly by considering the operating net interest rate, growth rate, and discount rate. Management determined budgeted operating profit margin based on its expectations of market development; the growth rates used are based on industry expectations; the discount rates used are based on the weighted average capital cost of peer industry. The discount rate used in 2021 was 5.73%.			

(11) Other non-current assets

	March 31, 2022	December 31, 2021	March 31, 2021
Prepayments for equipment	\$ 452,168	\$ 16,549	\$ 80,697
Refundable deposits	104,782	103,179	103,370
Net defined benefit assets	47,403	47,408	40,733
Other	63,030	62,841	197,525
	<u>\$ 667,383</u>	<u>\$ 229,977</u>	<u>\$ 422,325</u>

Please refer to Note 8 for other non-current assets - other pledges provided for customs duty guarantees.

(12) Short-term borrowings

Type of borrowings	March 31, 2022	Interest rate range	Collateral
Credit loans	<u>\$ 17,103,444</u>	0.34%~6.40%	No

  

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Credit loans	<u>\$ 19,636,568</u>	0.38%~6.40%	No

  

Type of borrowings	March 31, 2021	Interest rate range	Collateral
Credit loans	\$ 13,877,101	0.45%~6.40%	No
	899,010	0.92%	Land and buildings
Secured loans	<u>\$ 14,776,111</u>		

Please refer to Note 8 for information on collaterals for short-term borrowings.

(13) Short-term notes and bills payable

	March 31, 2022	December 31, 2021	March 31, 2021
Commercial papers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 499,450</u>
Interest rate	<u>-</u>	<u>-</u>	<u>\$ 1.11%~1.14%</u>

(14) Other payables

	March 31, 2022	December 31, 2021	March 31, 2021
Payable on machinery and equipment	\$ 6,406,465	\$ 6,255,970	\$ 6,853,376
Stock dividends payable	4,735,246	-	4,261,721
Wages and bonuses payable	4,235,590	4,328,423	3,530,298
Payable on mold and jig	716,082	649,026	946,830
Processing expenses payable	516,004	226,964	224,343
Repairs and maintenance fees payable	461,789	652,163	620,225
Other	2,584,077	2,708,381	1,779,585
	<u>\$ 19,655,253</u>	<u>\$ 14,820,927</u>	<u>\$ 18,216,378</u>

(15) Bonds payable

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
3rd overseas unsecured convertible bonds:			
Bonds payable	\$ 11,450,000	\$ 11,072,000	\$ 11,416,000
Less: Discount on bonds payable	( 661,482)	( 688,848)	( 862,446)
Bonds payable	<u>\$ 10,788,518</u>	<u>\$ 10,383,152</u>	<u>\$ 10,553,554</u>

- A. Conditions for 3rd issuance of overseas unsecured convertible bonds are as follows:
- (a) The competent authority has approved the Company's third issuance of overseas unsecured corporate bonds on June 16, 2020. The total issue amount of the bonds is USD 400,000 thousand, at a coupon rate of 0% and maturity of 5 years from June 30, 2020 to June 30, 2025.
  - (b) The conversion price of the bonds is adjusted based on the pricing model in the terms of the bonds. As of March 31, 2022, the conversion price was NT\$144.94 (exchange rate of NTD 29.5930 to USD 1), and no convertible bonds had been converted to ordinary shares.
  - (c) The bondholders have the right to require the Company to repurchase all or any portion of bonds at the price of the bonds' principal amount with an annual rate of 0% as interest compensation (100% of the principal amount of the corporate bonds) on the day when three years have elapsed since issuance of the bonds.
  - (d) Except for bonds redeemed before maturity, repurchased and retired, or converted by the bondholders, the Company will fully redeem the bonds at the maturity date with an annual rate of 0% based on the principal amount. The redemption amount is about 100% of the principal amount of the corporate bonds, and the bonds will be redeemed in full.
  - (e) According to the terms of the bonds, all bonds repurchased (including bonds repurchased from the secondary market), redeemed before or at maturity, or converted by the bondholders are retired and not to be re-issued.
  - (f) According to the terms of the bonds, the rights and obligations of newly issued shares after conversion are the same as other issued ordinary shares.
  - (g) The effective rate of the corporate bonds is 1.86%.
- B. Regarding the issuance of overseas unsecured corporate bonds, the equity conversion options were separated from the liability component in accordance with IAS 32. The issuance of the 3rd overseas unsecured corporate bonds in 2020 was recognised as 'capital surplus-stock options' of \$996,753 as of March 31, 2022.

(16) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	March 31, 2022
Syndicated loans	Borrowing period is from April 6, 2021 to April 6, 2024; principal is repayable semiannually from October 6, 2023 in two installments; 50% of principal has to be repaid respectively.	\$ 7,156,250
Credit loans	Borrowing period is from March 24, 2022 to March 24, 2036; principal is repayable semiannually after four years since the first withdrawal in twenty installments; 5% of principal has to be repaid respectively.	316,437
	Borrowing period is from January 25, 2021 to July 25, 2024; principal has to be repaid at maturity.	286,887
	Borrowing period is from March 18, 2021 to July 25, 2024; principal has to be repaid at maturity.	143,444
	Borrowing period is from June 29, 2021 to July 25, 2024; principal has to be repaid at maturity.	286,887
Subtotal		8,189,905
Less: Syndicated loan arrangement fees		( 11,927)
		\$ 8,177,978
Interest rate		1.01%~4.20%
Type of borrowings	Borrowing period and repayment term	December 31, 2021
Syndicated loans	Borrowing period is from April 6, 2021 to April 6, 2024; principal is repayable semiannually from October 6, 2023 in two installments; 50% of principal has to be repaid respectively.	\$ 6,920,000
Credit loans	Borrowing period is from January 25, 2021 to July 25, 2024; principal has to be repaid at maturity.	276,799
	Borrowing period is from March 18, 2021 to July 25, 2024; principal has to be repaid at maturity.	138,400
	Borrowing period is from June 29, 2021 to July 25, 2024; principal has to be repaid at maturity.	276,799
Subtotal		7,611,998
Less: Syndicated loan arrangement fees		( 12,975)
		\$ 7,599,023
Interest rate		1.01%~2.04%

Type of borrowings	Borrowing period and repayment term	March 31, 2021
Syndicated loans	Borrowing period is from October 4, 2018 to October 4, 2021; principal is repayable semiannually from April 4, 2021 in two installments; 50% of principal has to be repaid respectively.	\$ 8,562,000
Credit loans	Borrowing period is from December 3, 2018 to December 3, 2021; principal is repayable every three months from November 15, 2020; 20% of principal has to be repaid respectively.	89,901
	Borrowing period is from November 18, 2019 to November 17, 2022; principal is repayable every three months from September 15, 2020; 10% of principal has to be repaid respectively.	69,923
	Borrowing period is from January 25, 2021 to July 25, 2024; principal has to be repaid at maturity.	285,400
	Borrowing period is from March 18, 2021 to July 25, 2024; principal has to be repaid at maturity.	142,700
Subtotal		9,149,924
Less: Syndicated loan arrangement fees		( 21,405)
Less: Current portion of long-term borrowings (within 'Long-term liabilities, current portion')		( 8,670,452)
		\$ 458,067
Interest rate		1.24%~2.04%

During the terms of the syndicated loans, in accordance with the syndicated loan agreement, the Company is required to calculate and maintain certain level of current ratio, liability ratio, times-interest-earned ratio and net tangible asset balance based on the audited and reviewed annual and semi-annual consolidated financial statements.

(17) Pensions

A. Defined benefit plan

- (a) The Group's subsidiary in Taiwan, Zhen Ding Technology Co., Ltd. and BoardTek Electronics Corp., has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent Supervisory Committee of Labor Retirement Reserve Fund (the 'Fund'). Before the end of each year, the Taiwan subsidiary assesses the balance in the aforementioned Fund. If the balance in the Fund is inadequate to pay the retirement benefits of employees who are eligible for retirement in the following year by the aforementioned method, the Taiwan subsidiary is required to fund the deficit in one appropriation before the end of next March.



- (b) The pension costs recognised by the Group in accordance with the above pension plan were \$10 and \$9 for the three-month period ended March 31, 2022 and 2021, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group are \$15 for the year ended December 31, 2023.

B. Defined contribution plan

- (a) Effective July 1, 2005, the Taiwan subsidiaries of the Group have established a defined contribution pension plan (the 'New Plan') under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Taiwan subsidiaries of the Group contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The contribution plan accrued dividends from an employee's individual account is paid monthly or in lump sum upon retirement of an employee. The pension expenses recognised by the Group in accordance with the above pension plan were \$19,900 and \$19,868 for the three-month period ended March 31, 2022 and 2021, respectively.
- (b) The Mainland China subsidiaries of the Group have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China are based on certain percentage of employees' monthly salaries and wages with the contribution percentage of 10%~20%, and pension is contributed to the employees' individual pension accounts. Pension of each employee is managed by the government. Other than the monthly contributions, the Group has no further obligations. The pension expenses recognised in accordance with local regulations were \$386,123 and \$290,869 for the three-month period ended March 31, 2022 and 2021, respectively.

(18) Share-based payment

- A. The share-based payment arrangements of the Company's subsidiary, Avary Holding (Shenzhen) Co., Limited, are as follows:

Type of arrangements	Grant date	Quantity granted	Contract period	Vesting conditions
Restricted stocks to employees	2017.02.27	185,080 thousand shares	7 years	(a)(c)
Restricted stocks to employees	2021.06.15	10,045 thousand shares	6 years	(b)(c)(d)

- (a) 20% of employee subscription right are subscribed in installment each year when an employee remains employed by Avary Holding (Shenzhen) Co., Ltd. for 2 years starting from the subscription date. For an employee who does not satisfy the vesting conditions, the employee's investment will be refunded net by the Group at the investment amount or the carrying amount of assets, whichever is lower. However, appropriated dividends are not required to be returned.
- (b) 20% of employee subscription right are subscribed in installment each year when an employee remains employed by Avary Holding (Shenzhen) Co., Ltd. for 1 year starting from the subscription date. For an employee who does not satisfy the vesting conditions, the employee's investment will be repurchased and cancelled by the Group at the subscription price.
- (c) Until the achievement of the vesting conditions, the right and obligations are as follows: cannot sell, pledge, transfer, give to others, create a right in rem over the stocks, or any other form of disposal.

- (d) Outstanding restricted stock awards are released from trading restrictions only when the annual operating revenues reach the set target and employee's individual performance meets criteria. If the vesting conditions are not satisfied, the employee's investment will be repurchased and cancelled by the Group at the subscription price.

B. Employee restricted stocks

The numbers of first employees restricted stocks are as follows (in thousand shares):

	2022	2021
Outstanding as of January 1	109,917	146,618
Numbers vested for the current period	( 36,639 )	( 36,654 )
Outstanding at March 31	<u>73,278</u>	<u>109,964</u>

The numbers of second employees restricted stocks are as follows (in thousand shares):

	2022
Outstanding as of January 1	9,760
Numbers returned for the current period	( 35 )
Outstanding at March 31	<u>\$ 9,725</u>

C. Expenses incurred on the share-based payment are as follows:

	January 1 to March 31, 2022	January 1 to March 31, 2021
Expenses incurred on employees restricted stocks	<u>\$ 55,961</u>	<u>\$ 15,504</u>

(19) Share capital

- A. As of March 31, 2022, the Company's authorised capital was \$16,000,000, and the issued capital was \$9,470,492, consisting of 947,049 thousand ordinary shares with a par value of NTD 10 per share.
- B. As of March 31, 2022, the number of ordinary shares of the Company held by the Group's subsidiary, BoardTek Investment Co., Ltd., was 2,093 thousand shares, and the acquisition cost amounted to \$257,489 within the 'treasury shares'. The treasury shares shall not be pledged to others, and the shareholders' rights shall not be enjoyed before transfer under Securities and Exchange Act.

(20) Capital surplus

January 1 to March 31, 2022								
	Additional paid-in capital arising from ordinary share	Additional paid-in capital arising from bonds conversion	Share options	Expired share options	Changes in non- controlling interests	Difference between the actual and the carrying amount of subsidiaries acquired or disposed of	Treasury shares	Total
At January 1	\$ 10,754,926	\$ 13,624,555	\$ 996,753	\$ 59,426	\$ 10,389,506	\$ 1,103,156	\$ 9,420	\$ 36,937,742
Employee restricted stocks	-	-	-	-	40,350	-	-	40,350
Changes in subsidiaries' equity recognised	-	-	-	-	143,041	755,262	-	898,303
At March 31	<u>\$ 10,754,926</u>	<u>\$ 13,624,555</u>	<u>\$ 996,753</u>	<u>\$ 59,426</u>	<u>\$ 10,572,897</u>	<u>\$ 1,858,418</u>	<u>\$ 9,420</u>	<u>\$ 37,876,395</u>

January 1 to March 31, 2021								
	Additional paid-in capital arising from ordinary share	Additional paid-in capital arising from bonds conversion	Share options	Expired share options	Changes in non- controlling interests	Difference between the actual and the carrying amount of subsidiaries acquired or disposed of	Treasury shares	Total
At January 1	\$ 10,754,926	\$ 13,624,555	\$ 996,753	\$ 59,426	\$ 10,235,552	\$ -	\$ -	\$ 35,671,212
Employee stock options exercised	-	-	-	-	-	-	-	-
Redemption of bonds payable	-	-	-	-	-	-	-	-
At March 31	<u>\$ 10,754,926</u>	<u>\$ 13,624,555</u>	<u>\$ 996,753</u>	<u>\$ 59,426</u>	<u>\$ 10,246,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,682,502</u>

- A. Capital surplus arising from paid-in capital in excess of par value on issuance of ordinary share is used to offset accumulated losses incurred in previous years or distribute dividends to shareholders.
- B. Please refer to Note 6(15) for the details of capital surplus-share options.
- C. Please refer to Note 6(32) for the details of capital surplus from changes in subsidiaries' equity recognised.

(21) Retained earnings

- A. In accordance with the Company's Articles of Incorporation,  
The Company shall set aside out of the current year's earnings sequentially as follows:
- (a) A reserve for payment of tax for the relevant financial year;
  - (b) An amount to offset losses incurred in previous years;
  - (c) Ten percent (10%) as a general reserve, and
  - (d) A special surplus reserve as required by the applicable securities authority under the applicable public company rules or a reserve as determined by the Board of Directors.

Dividends equaling no less than 10% of the distributable amount shall be distributed. The Board of Directors may decide to use cash, the undistributed shares paid for with the cash amount, or both for the distribution of dividends, provided however that the cash dividends distributed may not be less than 50% of the total dividends.

Cash dividends shall be distributed following approval and resolution by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors; stock dividends shall be distributed following resolution and approval at the shareholders' meeting in each fiscal year.

- B. The appropriations of 2021 earnings have been approved in the board meeting on March 16, 2022, and the appropriations of 2020 earnings have been approved after the electronic voting rate in the shareholders' meeting reached the statutory threshold of a resolution on June 15, 2021. Details are summarised as follows:

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	Amount	Dividends per share (in New Taiwan dollars)	Amount	Dividends per share (in New Taiwan dollars)
Allocation to general reserve	\$ 965,710		\$ 810,605	
Allocation to (Reversal of) special reserve	717,985		( 884,381)	
Cash dividends	4,735,246	5.00	4,261,721	4.50
Total	<u>\$ 6,418,941</u>		<u>\$ 4,187,945</u>	

Information on the appropriation of the Company's earnings as proposed at the board meeting and resolved at the shareholders' meeting is posted in the 'Market Observation Post System' on the website of the Taiwan Stock Exchange.

(22) Other equity interest

	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
January 1, 2022	\$ 38,071	( \$ 4,886,372)	( \$ 4,848,301)
Valuation adjustment	( 44,772)	-	( 44,772)
Currency translation differences:			
- Group	-	3,262,625	3,262,625
March 31, 2022	( \$ 6,701)	( \$ 1,623,747)	( \$ 1,630,448)

	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
January 1, 2021	\$ 6,629	( \$ 4,136,945)	( \$ 4,130,316 )
Valuation adjustment	( 16,587)	-	( 16,587 )
Currency translation differences:			
- Group	-	( 505,769)	( 505,769 )
March 31, 2021	( \$ 9,958)	( \$ 4,642,714)	( \$ 4,652,672 )

(23) Operating revenue

	January 1 to March 31, 2022	January 1 to March 31, 2021
Revenue from contracts with customers	\$ 33,915,240	\$ 27,193,100

The Group's revenue comes from product and services transferred at a certain time. Revenue by region is further divided based on the country in which the customer is located:

	January 1 to March 31, 2022	January 1 to March 31, 2021
Revenue from contracts with customers		
U.S.A.	\$ 24,017,084	\$ 16,906,573
Mainland China	5,988,467	6,017,343
Taiwan	2,325,581	1,934,814
Other regions	1,584,108	2,334,370
	<u>\$ 33,915,240</u>	<u>\$ 27,193,100</u>

(24) Expenses by nature

	January 1 to March 31, 2022	January 1 to March 31, 2021
Employee benefit expenses	\$ 5,056,202	\$ 4,506,072
Depreciation	3,303,062	2,674,620
Amortisation	109,599	102,560
	<u>\$ 8,468,863</u>	<u>\$ 7,283,252</u>

(25) Employee benefit expenses

	January 1 to March 31, 2022	January 1 to March 31, 2021
Wages and salaries	\$ 3,937,709	\$ 3,404,510
Employees' remuneration	78,216	9,045
Labor and health insurance fees	229,003	212,583
Pension expenses	406,033	310,746
Other personnel expenses	405,241	569,188
	<u>\$ 5,056,202</u>	<u>\$ 4,506,072</u>

- A. In accordance with the Company's Articles of Incorporation, the Company shall distribute employee's remuneration between zero point five percent (0.5%) and twenty percent (20%) and distribute directors' remuneration no higher than zero point five percent (0.5%) of the distributed earnings covering accumulated losses.

- B. In accordance with the above Articles of Incorporation, the Company recognised employees' remuneration of \$78,216 and \$9,045 and directors' remuneration of \$4,375 and \$4,375 for the three-month period ended March 31, 2022 and 2021, respectively.
- C. Employees' remuneration and directors' remuneration of the Board of Directors' resolution for the year ended December 31, 2021 were equal to the amount recognised in the financial statements for the year ended December 31, 2021.
- D. Information on employees' remuneration and directors' remuneration of the Company as resolved by the Board of Directors and shareholders is posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

(26) Interest income

	January 1 to March 31, 2022	January 1 to March 31, 2021
Interest income from bank deposits	\$ 50,122	\$ 63,017
Interest income from financial assets measured at amortised cost	16,872	30,918
	<u>\$ 66,994</u>	<u>\$ 93,935</u>

(27) Other income

	January 1 to March 31, 2022	January 1 to March 31, 2021
Government grants revenue	\$ 73,996	\$ 567,062
Other income	13,829	20,532
	<u>\$ 87,825</u>	<u>\$ 587,594</u>

(28) Other gains and losses

	January 1 to March 31, 2022	January 1 to March 31, 2021
Net currency exchange gains	\$ 455,333	\$ 10,686
Net gains (losses) on financial assets and liabilities measured at fair value through profit or loss	( 60,202 )	65,671
Net gains (losses) on disposal of property, plant and equipment	18,647	( 14,644 )
Other	-	( 38,352 )
	<u>\$ 413,778</u>	<u>\$ 23,361</u>

(29) Finance costs

	January 1 to March 31, 2022	January 1 to March 31, 2021
Interest expenses		
Bank borrowings	\$ 82,332	\$ 67,931
Amortisation of convertible bond discounts	49,762	50,430
Amortisation of syndicated loan arrangement fees	1,458	1,773
Interest expense from lease liabilities	3,953	4,933
	<u>\$ 137,505</u>	<u>\$ 125,067</u>

(30) Income tax

A. Components of income tax expense

	January 1 to March 31, 2022	January 1 to March 31, 2021
Current tax:		
Tax payable arising from the current period	\$ 473,211	\$ 485,098
Adjustments in respect of prior years	( 10,598)	23,370
Total current tax	462,613	508,468
Deferred tax:		
Origination and reversal of temporary differences	83,359	11,412
Total deferred tax	83,359	11,412
Income tax expense	\$ 545,972	\$ 519,880

B. The income tax returns of the Group's subsidiaries, Zhen Ding Technology Co., Ltd., Garuda Technology Co., Ltd., BoardTek Electronics Corp., and BoardTek Investment Co., Ltd. have been assessed and approved through 2019 and 2020, 2019 and 2020 by the Tax Authority.

(31) Earnings per share

	January 1 to March 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in New Taiwan dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,872,637	944,956	\$ 1.98
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,872,637	944,956	
Assumed conversion of all dilutive potential ordinary shares			
Overseas convertible bonds	49,762	81,670	
Employees' remuneration	-	2,073	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	\$ 1,922,399	1,028,699	\$ 1.87

	January 1 to March 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in New Taiwan dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 947,814	944,956	\$ 1.00
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 947,814	944,956	
Assumed conversion of all dilutive potential ordinary shares			
Overseas convertible bonds	50,430	78,005	
Employees' remuneration	-	604	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	\$ 998,244	1,023,565	\$ 0.98

As employees' remuneration might be distributed in the form of shares, the diluted EPS is calculated based on the assumption that all distribution will be in the form of shares in the calculation of the weighted-average number of ordinary shares outstanding during the reporting period, taking into account the dilutive effects of stock bonus on potential ordinary shares.

(32) Non-controlling interest transactions

- A. The Group did not subscribe to shares in accordance with its ownership ratios following the cash capital increase of its subsidiary.

The Group's subsidiaries, Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. issued new shares in the first quarter of 2022. The Group's ownership reduced by 0.74% because it did not subscribe to shares in accordance with shareholding ratio. This transaction increased non-controlling interests by \$720,409, and equity attributable to owners of parent increased by \$143,041.

Impact of equity changes from the three-month period ended March 31, 2022 on equity attributable to owners of parent is as follows:

	January 1 to March 31, 2022
Cash	\$ 863,450
Increase in carrying amount of non-controlling interests	( 720,409)
Capital surplus- Changes in subsidiaries' equity recognised	\$ 143,041

- B. Disposal of subsidiaries' equity (which did not cause loss of control)

- (a) The Group's subsidiary Pacific Fair International Limited sold the equity of Avary Holding (Shenzhen) Co., Limited in January 2022, causing the Group's ownership to reduce by 0.31%. The consideration was \$1,302,378. The carrying amount of the Group's non-controlling interest was \$547,116 on the day of sale. This transaction increased non-controlling interests by \$547,116, and equity attributable to owners of parent increased by \$755,262.



- (b) Impact of the Group's equity changes from the three-month period ended March 31, 2022 on equity attributable to owners of parent is as follows:

	<u>January 1 to March 31, 2022</u>
Carrying amount of non-controlling interests disposed of	( \$ 535,112)
Consideration of non-controlling interest received	1,302,378
Other equity (e.g., exchange differences arising from the translation of the financial statements of foreign operations)	( 12,004)
Capital surplus - Difference between the actual and the carrying amount of subsidiaries acquired or disposed of	<u>\$ 755,262</u>

(33) Additional information of cash flows

A. Investing activities with partial cash payment:

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Acquisition of property, plant and equipment	\$ 7,577,954	\$ 7,429,342
Add: Opening balance of payable on machinery and equipment (within 'other payables')	6,255,970	7,060,667
Less: Ending balance of payable on machinery and equipment (within 'other payables')	( 6,406,465 )	( 6,853,376 )
Net exchange differences	233,495	( 47,166 )
Cash paid during the period	<u>\$ 7,660,954</u>	<u>\$ 7,589,467</u>

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Acquisition of land right-of-use (within 'right-of-use assets')	\$ -	\$ 307,640

B. Financing activities without cash flow effects:

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Declared cash dividends	<u>\$ 4,735,246</u>	<u>\$ 4,261,721</u>

## C. Changes in liabilities from financing activities

January 1 to March 31, 2022						
	Short-term borrowings	Lease liabilities	Bonds payable	Long-term borrowings	Guarantee deposits received	Total liabilities from financing activities
At January 1	\$ 19,636,568	\$ 517,316	\$ 10,383,152	\$ 7,599,023	\$ 4,600,762	\$ 42,736,821
Change in cash flow from financing activities	( 3,050,032)	( 35,452)	-	314,495	133,765	( 2,637,224)
Change in right-of-use assets	-	21,974	-	-	-	21,974
Amortisation of interest expenses	-	3,953	49,762	1,458	-	55,173
Effect of exchange rate fluctuation	516,908	( 342)	355,604	263,002	163,246	1,298,418
At March 31	<u>\$ 17,103,444</u>	<u>\$ 507,449</u>	<u>\$ 10,788,518</u>	<u>\$ 8,177,978</u>	<u>\$ 4,897,773</u>	<u>\$ 41,475,162</u>

January 1 to March 31, 2021							
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Bonds payable	Long-term borrowings	Guarantee deposits received	Total liabilities from financing activities
At January 1	\$ 12,838,545	\$ 949,666	\$ 655,821	\$ 10,480,741	\$ 8,928,523	\$ 186,613	\$ 34,039,909
Change in cash flow from financing activities	1,998,557	( 449,416)	( 38,553)	-	198,432	( 43,394)	1,665,626
Change in right-of-use assets	-	-	4,350	-	-	-	4,350
Amortisation of interest expenses	-	-	4,933	50,430	1,773	-	57,136
Effect of exchange rate fluctuation	( 60,991)	( 800)	( 1,769)	22,383	( 209)	( 1,076)	( 42,462)
At March 31	<u>\$ 14,776,111</u>	<u>\$ 499,450</u>	<u>\$ 624,782</u>	<u>\$ 10,553,554</u>	<u>\$ 9,128,519</u>	<u>\$ 142,143</u>	<u>\$ 35,724,559</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Hon Hai Precision Industry Co., Ltd. and its subsidiaries	The entity has significant influence over the Group
CyberTAN Technology Inc. and its subsidiaries	Other related parties
Ennoconn Corporation and its subsidiaries	Other related parties
Foxconn Interconnect Technology Limited and its subsidiaries	Other related parties
General Interface Solution Holding Limited and its subsidiaries	Other related parties
Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Other related parties
Guangdong Zhan Yang Intelligent Equipment Co., Ltd. (formerly: Zhan Yang Automation (Dongguan) Co., Ltd.)	Associate (since September 15, 2021)

### (2) Significant related parties transactions and balances

#### A. Sales

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Sale of goods:		
- Entity with significant influence over the Company	\$ 1,383,830	\$ 1,619,236
- Other related parties	666,673	512,907
	<u>\$ 2,050,503</u>	<u>\$ 2,132,143</u>

Unless the prices and terms were determined in accordance with mutual agreements due to no similar transactions, the sale prices and credit terms to related parties were similar to third parties. The normal credit term is around 1 to 4 months for general clients and related parties.

#### B. Purchases

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Purchase of goods:		
- Entity with significant influence over the Company	\$ 210,768	\$ 234,625
- Other related parties	975,034	496,732
- Associate	185	-
Total	<u>\$ 1,185,987</u>	<u>\$ 731,357</u>

Unless the prices and terms were determined in accordance with mutual agreements due to no similar transactions, the purchase prices and payment terms to related parties were similar to third parties. The normal payment term is around 1 to 4 months for general suppliers and related parties.

C. Accounts receivable

	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable - related parties:			
- Entity with significant influence over the Company	\$ 1,690,599	\$ 1,719,990	\$ 2,077,791
- Other related parties	746,435	815,420	558,196
	<u>2,437,034</u>	<u>2,535,410</u>	<u>2,635,987</u>
Less: Allowance for bad debts	( 7,298 )	( 4,406 )	( 3,957 )
Total	<u>\$ 2,429,736</u>	<u>\$ 2,531,004</u>	<u>\$ 2,632,030</u>

D. Notes and accounts payable

	March 31, 2022	December 31, 2021	March 31, 2021
Accounts payable - Related parties:			
- Entity with significant influence over the Company	\$ 54,618	\$ 104,229	\$ 110,252
- Other related parties	786,131	962,343	524,494
- Associate	214	119	-
	<u>\$ 840,963</u>	<u>\$ 1,066,691</u>	<u>\$ 634,746</u>

(3) Key management compensation

	January 1 to March 31, 2022	January 1 to March 31, 2021
Short-term employee benefits	<u>\$ 45,275</u>	<u>\$ 26,122</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Carring amount			
	March 31, 2022	December 31, 2021	March 31, 2021	Collateral purpose
Pledged assets				
Other current assets				
- Time deposits with maturity of over three months	\$ 4,718	\$ 4,648	\$ 12,523	Tariff guarantee and government subsidy guarantee
- Demand deposit	64,480	109,903	952	Standby Letters of Credit and Other
Property, plant and equipment	-	-	2,618,085	Collateral for short-term borrowings
Other non-current assets				
- Time deposits with maturity of over one year	28,305	27,891	29,177	Tariff guarantee
	<u>\$ 97,503</u>	<u>\$ 142,442</u>	<u>\$ 2,660,737</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet paid is as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Property, plant and equipment	<u>\$ 16,897,784</u>	<u>\$ 17,239,436</u>	<u>\$ 6,549,791</u>

B. The amount of unused letters of credit for the acquisition of property, plant and equipment is as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Unused letters of credit	<u>\$ 3,454,297</u>	<u>\$ 3,542,469</u>	<u>\$ 5,744,003</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. Other

(1) Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares when convertible bonds are converted, or issue new shares for consideration to achieve optimal structure.

(2) Financial instruments

A. Financial instruments by category

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets</u>			
Financial assets at amortised cost	\$ 69,354,604	\$ 74,068,574	\$ 69,087,810
Financial assets at fair value through profit or loss	1,092,952	1,114,588	929,030
Financial assets at fair value through other comprehensive income	613,634	476,619	404,135
	<u>\$ 71,061,190</u>	<u>\$ 75,659,781</u>	<u>\$ 70,420,975</u>

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial liabilities</u>			
Financial liabilities at amortised cost	\$ 77,379,796	\$ 77,137,174	\$ 71,135,548
Lease liabilities	507,449	517,316	624,782
	<u>\$ 77,887,245</u>	<u>\$ 77,654,490</u>	<u>\$ 71,760,330</u>

Note: Financial assets at amortised cost include cash and cash equivalents, accounts receivable(including to related parties), other receivables, other current assets, and other non-current assets-time deposits with maturity of over one year; and financial liabilities at amortised cost include short-term borrowings, Short-term notes and bills payable,accounts payable(including due from related parties), other payables, current portion of long-term liabilities, bonds payable, long-term borrowings and guarantee deposits received.

B. Risk management policies

(a) Risk categories:

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

(b) Management objectives

- i. Except for market risk, which is controlled by outside factors, the remainder of the foregoing types of risks can be eliminated via internal control or operational procedures. Therefore, the goal in managing each of these risks is to reduce them to zero.
- ii. As for market risk, the goal is to optimise its overall position through strict analysis, suggestion, execution and audit processes, and proper consideration of trends in the external economic/financial environment, internal operating conditions and the actual effects of market fluctuations.
- iii. The Group's overall risk management policy focuses on the unpredictable item of financial markets and seeks to reduce the risk that potentially pose adverse effects on the Group's financial position and financial performance.
- iv. The Group uses derivative financial instruments. Please refer to Note 6 for details.

(c) Management system

- i. Risk management is carried out by a central treasury department (the Group treasury) under policies approved by the Board of Directors. The Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.
- ii. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD

and RMB. Foreign exchange risk arises from (a) the timing of recognition for accounts receivable, accounts payable, borrowings, and payables on machinery and equipment denominated in non-functional currencies is different, (b) recognised assets and liabilities and (c) net investments in foreign operations. Since the transacting currencies are different from functional currencies, foreign exchange risks arise.

- ii. Management has set up a policy to require all subsidiaries within the Group to manage their foreign exchange risk against their functional currency. However, the overall foreign exchange risk is managed by the Group treasury for hedging.
- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: USD; other certain subsidiaries' functional currency: RMB or NTD) so it is impacted by the exchange rate fluctuations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	March 31, 2022			January 1 to March 31, 2022	
	Foreign currency (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Sensitivity analysis	
				Degree of variation	Effect on comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD: NTD	246,690	28.63	\$ 7,061,501	1%	\$ 70,615
USD: RMB	1,091,309	6.3482	31,239,052	1%	312,391
<u>Net effect in consolidated entities with foreign currencies</u>					
USD: NTD	3,746,683	28.63	107,248,801	1%	1,072,488
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD: NTD	145,774	28.63	4,172,781	1%	41,728
USD: RMB	749,585	6.3482	21,457,096	1%	214,571
JPY: RMB	8,146,198	0.0520	1,909,006	1%	19,090

	December 31, 2021			For the year ended December 31, 2021	
	Foreign currency (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Sensitivity analysis	
				Degree of variation	Effect on comprehen sive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD: NTD	228,874	27.68	\$ 6,335,232	1%	\$ 63,352
USD: RMB	1,504,326	6.3757	41,663,873	1%	416,639
<u>Net effect in consolidated entities with foreign currencies</u>					
USD: NTD	3,569,976	27.68	98,816,936	1%	988,169
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD: NTD	143,791	27.68	3,980,135	1%	39,801
USD: RMB	1,186,143	6.3757	32,851,465	1%	328,515
JPY: RMB	8,849,113	0.0554	2,130,185	1%	21,302
	March 31, 2021			January 1 to March 31, 2021	
	Foreign currency (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Sensitivity analysis	
				Degree of variation	Effect on comprehen sive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD: NTD	253,111	28.54	\$ 7,223,788	1%	\$ 72,238
USD: RMB	1,155,714	6.5713	32,990,695	1%	329,907
<u>Net effect in consolidated entities with foreign currencies</u>					
USD: NTD	3,021,602	28.54	86,236,521	1%	862,365
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD: NTD	134,524	28.54	3,839,315	1%	38,393
USD: RMB	897,348	6.5713	25,615,452	1%	256,155
JPY: RMB	10,039,792	0.0596	2,597,321	1%	25,973

- v. Please refer to Note 6(28) Net Foreign Exchange Gain (Loss) for the total exchange gain (including realised and unrealised) arising from significant foreign exchange variation on the monetary items held by the Group for the three-month period ended March 31, 2022 and 2021.



### Interest rate risk for cash flow and fair value

The Group's interest rate risk mainly arises from borrowings. Borrowings at floating rates expose the Group to interest rate risk of cash flow, which is partially offset by cash and cash equivalents held at floating rates.

Based on the simulations performed, the impact on after-tax profit of a quarter-point shift would be a maximum increase or decrease of \$15,801 and \$9,521 for the three-month periods ended March 31, 2022 and 2021, respectively. The simulation is based on a quarterly basis to ensure that the maximum potential loss is within the limit given by the management.

The financial assets at amortised cost held by the Group are fixed-rate products, and their changes of fair value arise from changes in market interest rate. However, the Group would hold the financial assets to the maturity because of the return at the effective rates for the duration, thus, there are no gains or losses on disposal or valuation arising from change in fair value.

### Price risk

The Group's investments in equity securities comprise domestic listed stocks which are classified as investments in financial assets at fair value through other comprehensive income. The price of equity securities would be affected by the uncertainty of the future value of underlying investment. However, the Group expects the price fluctuations do not have significant impact on the price of equity securities.

#### (b) Credit risk

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

According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and other financial instruments, and is managed and monitored by the Group treasury. The clients and counterparties are government organisations, banks with high credit quality and financial institutions with investment grade; thus, there is no significant default risk and critical credit risk.

- ii. The Group assess whether there has been significant increase in credit risk on that instrument since initial recognition:
  - (i) If the contract payments were an underlying more than 30 days past due based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - (ii) If the credit rating grade of an underlying investment degrades two grades, there has been a significant increase in credit risk on that instrument since initial recognition.
- iii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Delinquency or default in interest or principal payments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- iv. The default occurs when the contract payment are more than 90 days past due.
  - v. The credit quality information of financial assets that are neither overdue nor impaired is as follows:

Cash and cash equivalents

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

Financial assets at amortised cost

The Group's investments in debt classified as financial assets at amortised are low credit risk, and the carrying amount is measured as the expected credit loss for the 12 months following the balance sheet date.

Accounts receivable (including from related parties)

- (i) The Group applies the following approaches to assess the expected credit losses (the 'ECLs') of accounts receivable:
  - 1 Assess the ECLs on an individual basis if a significant default has been occurred to the certain customers.
  - 2 Classifies the other customers' accounts receivables based on the Group's credit rating standards and estimates the ECLs using loss rate methodology or provision matrix.
  - 3 Adjust the loss rates constructed from historical and recent information by taking into account the business cycle indicators of the National Development Council and forecasts of the Basel Committee on Banking Supervision.
  - 4 As of March 31, 2022, December 31, 2021, and March 31, 2021, the individual provision for impairment of accounts receivable using loss rate methodology or provision matrix is as follows:

	<u>Individual</u>	<u>Group 1</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Group 4</u>	<u>Total</u>
<u>March 31,</u> <u>2022</u>						
Expected loss rate		0.03%	0.07%	0.1%~1%	1%~5%	
Total book value	\$ -	\$ 15,837,781	\$ 7,013,073	\$ 1,644,214	\$ 1,533,505	\$ 26,028,573
Loss provisions	\$ -	( \$ 4,751)	( \$ 4,909)	( \$ 16,442)	( \$ 68,242)	( \$ 94,344)
<u>December 31,</u> <u>2021</u>						
Expected loss rate		0.03%	0.07%	0.1%~1%	1%~5%	
Total book value	\$ -	\$ 26,473,187	\$ 7,404,212	\$ 1,155,112	\$ 2,591,495	\$ 37,624,006
Loss provisions	\$ -	( \$ 7,942)	( \$ 5,183)	( \$ 5,776)	( \$ 71,764)	( \$ 90,665)
<u>March 31,</u> <u>2021</u>						
Expected loss rate		0.03%	0.07%	0.10%~1.00%	1%~5%	
Total book value	\$ -	\$ 9,208,659	\$ 7,492,326	\$ 956,833	\$ 2,349,417	\$ 20,007,235
Loss provisions	\$ -	( \$ 2,763)	( \$ 5,245)	( \$ 4,784)	( \$ 63,998)	( \$ 76,790)

Group 1: Standard Poor's, Fitch Ratings or Moody's ratings in A category, or A category rated based on the Group's Credit Quality Control Policy for those that have no external credit ratings.

Group 2: Standard Poor's or Fitch Ratings in BBB category, Moody's ratings in Baa category, or in B or C category rated based on the Group's Credit Quality Control Policy for those that have no external credit ratings.

Group 3: Standard Poor's or Fitch Ratings in BB+ category or below, or Moody's ratings in Bal category or below.

Group 4: Having no external agency rating. Ratings other than A, B, or C based on the Group's Credit Quality Control Policy.

(ii) Movements on allowance for accounts receivable adopting the modified approach (including due from related parties) as follows:

	<u>January 1 to</u> <u>March 31, 2022</u>	<u>January 1 to</u> <u>March 31, 2021</u>
Beginning balance	\$ 90,665	\$ 107,459
Provision for impairment losses (reversal)	2,104 (	30,587)
Net exchange differences	1,575 (	82)
Ending balance	<u>\$ 94,344</u>	<u>\$ 76,790</u>

#### Other receivables

The Group's subsidiaries incorporated in Mainland China are engaged in export sales. Under local regulations, the subsidiaries are entitled to tax benefits on VAT exemption, deduction and refund on the exports of goods. The subsidiaries calculate VAT refund and deductible amounts based on monthly sales by product types. The subsidiaries' counterparties and performing parties are mainly government organisations, so the possibility of default is remote.

Financial assets at fair value through other comprehensive income

The equity securities issuer has high credit quality and the Group controls its credit risk through transaction limits control and critical assessment of credit rating levels, so it expects that the probability of default is remote.

Financial assets at fair value through profit or loss

The bond securities issuer has high credit quality and the Group controls its credit risk through transaction limits control and critical assessment of credit rating levels, so it expects that the probability of default is remote.

(c) Liquidity risk

- i. Cash flow forecasting is performed by each Group entity and aggregated by the Group treasury. The Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and applicable external regulatory or legal requirements, such as foreign currency restrictions.

- ii. The Group has the following undrawn borrowing facilities:

	March 31, 2022	December 31, 2021	March 31, 2021
Expiring within one year	\$ 47,860,830	\$ 48,705,892	\$ 62,043,595
Expiring beyond one year	10,302,965	6,359,990	5,757,452
	<u>\$ 58,163,795</u>	<u>\$ 55,065,882</u>	<u>\$ 67,801,047</u>

- iii. The following table analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the following table are the contractual undiscounted cash flows. The remaining period of corporate bonds payable is expressed as the period between the balance sheet date and the redeemable date by holders. Except those listed in the following table, all of the Group's derivative and non-derivative financial liabilities will attain maturity within one year:

Non-derivative financial liabilities:

March 31, 2022	Less than one year	Over one year	Total
Bonds payable	\$ -	\$ 11,450,000	\$ 11,450,000
Long-term borrowings (Note)	99,570	8,423,857	8,523,427
Guarantee deposits received	1,228,903	3,668,870	4,897,773
Lease liabilities	139,471	422,603	562,074
	<u>\$ 1,467,944</u>	<u>\$ 23,965,330</u>	<u>\$ 25,433,274</u>

Non-derivative financial liabilities:

December 31, 2021	Less than one year	Over one year	Total
Bonds payable	\$ -	\$ 11,072,000	\$ 11,072,000
Long-term borrowings (Note)	83,844	7,690,534	7,774,378
Guarantee deposits received	1,020,495	3,580,267	4,600,762
Lease liabilities	153,535	421,134	574,669
	<u>\$ 1,257,874</u>	<u>\$ 22,763,935</u>	<u>\$ 24,021,809</u>

Non-derivative financial liabilities:

March 31, 2021	Less than one year	Over one year	Total
Bonds payable	\$ -	\$ 11,416,000	\$ 11,416,000
Long-term borrowings (Note)	8,726,110	480,652	9,206,762
Guarantee deposits received	-	142,143	142,143
Lease liabilities	149,986	530,205	680,191
	<u>\$ 8,876,096</u>	<u>\$ 12,569,000</u>	<u>\$ 21,445,096</u>

Note: Including imputed interest payable.

- iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date will be significantly earlier, nor expect the actual cash flow amount would be significantly different.

(d) Cash flow risk of changes from interest rate

For the Group's borrowings at floating rates, the effective interest rate changes according to market interest rates. However, the working capital of the Group is sufficient to hedge the cash flow risk due to changes in interest rate. Furthermore, the Group's borrowings as fixed rates and lease payable have no cash flow risk due to changes in market interest rate.

(3) Fair value estimation

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

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. A market is regarded as active if it meets all the following conditions: the items traded in the market are homogeneous; willing buyers and sellers can normally be found at any time; and prices are available to the public. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g., as prices) or indirectly (e.g., derived from prices). The fair value of the Group's investment in derivative instruments is included in Level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data.

B. Financial instruments not measured at fair value

- (a) Except for those listed in the following table below, the carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, financial assets at amortised cost-time deposits due for more than three months, financial assets at amortised cost-guaranteed income financial products, accounts receivable (including due from related parties), other receivables, other current assets, other non-current assets - time deposits with maturity of over one year, short-term borrowings, accounts payable (including related parties), other payables, lease liabilities, and long-term borrowings (including current portion) is a reasonable approximation of fair value.

March 31, 2022				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 10,788,518	\$ -	\$ 11,032,320	\$ -
Guarantee deposits received	4,897,773	-	4,891,414	-
Total	<u>\$ 15,686,291</u>	<u>\$ -</u>	<u>\$ 15,923,734</u>	<u>\$ -</u>

December 31, 2021				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 10,383,152	\$ -	\$ 10,726,468	\$ -
Guarantee deposits received	4,600,762	-	4,594,789	-
Total	<u>\$ 14,983,914</u>	<u>\$ -</u>	<u>\$ 15,321,257</u>	<u>\$ -</u>

March 31, 2021				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 10,553,554	\$ -	\$ 10,976,851	\$ -
Guarantee deposits received	142,143	-	141,958	-
Total	<u>\$ 10,695,697</u>	<u>\$ -</u>	<u>\$ 11,118,809</u>	<u>\$ -</u>

- (b) The methods and assumptions of fair value measurement are as follows:
- Bonds payable: Regarding the convertible bonds issued by Group, the fair value is estimated based on the expected cash flows using the present value and market rate.

- ii. Guarantee deposits received: The fair value is estimated using the present value of the expected cash flows. The discount rate refers to the fixed interest rate of postal savings for a one-year time deposit.
- iii. Financial assets at amortised cost-corporate bonds: The fair value is the quoted price in active markets.

C. Financial and non-financial instruments measured at fair value

- (a) The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

March 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss	\$ -	\$ 238,083	\$ 854,869	\$ 1,092,952
Financial assets at fair value through other comprehensive income	\$ 109,193	\$ -	\$ 504,441	\$ 613,634
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss	\$ -	\$ 308,554	\$ 806,034	\$ 1,114,588
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 476,619	\$ 476,619
March 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss	\$ -	\$ 191,570	\$ 737,460	\$ 929,030
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 404,135	\$ 404,135

- (b) The methods and assumptions that the Group used to measure the fair value are as follows:
- i. The instruments the Group used market quoted prices as their fair values (i.e., Level 1).
  - ii. Except for the financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
  - iii. When assessing non-standard and low-complexity financial instruments, for example, foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
  - iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
  - v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
  - vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- D. The Level-3 movement for the three-month periods ended March 31, 2022 and 2021, is as follows:



	January 1 to March 31, 2022		January 1 to March 31, 2021	
	Financial assets at fair value through profit or loss-debt securities	Financial assets at fair value through other comprehensive income-equity securities	Financial assets at fair value through profit or loss-debt securities	Financial assets at fair value through other comprehensive income-equity securities
Beginning balance	\$ 806,034	\$ 476,619	\$ 753,522	\$ 431,266
Acquisition of financial assets	-	110,054	116,641	-
Unrealized gains (losses) from financial assets	21,496	( 95,138)	65,671	( 24,897)
Transfer out from Level 3	-	-	( 191,570)	-
Net exchange differences	27,339	12,906	( 6,804)	( 2,234)
Ending balance	<u>\$ 854,869</u>	<u>\$ 504,441</u>	<u>\$ 737,460</u>	<u>\$ 404,135</u>

- (a) External appraiser is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in accordance with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- (b) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at March 31, 2022	Valuation technique	Significant unobservable input	Range [Weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted shares	\$ 96,197	Market comparable companies	Enterprise value to EBIT multiple	6.12~23.26 [7.75]	The higher the EBIT, the higher the fair value
			Price to net value multiple	2.63~4.55 [3]	The higher the net value of shares, the higher the fair value
Unlisted shares	\$ 120,638	Market comparable companies	Fluctuation rate of share price	50.25%	The higher the fluctuation rate of share price, the higher the fair value
Unlisted shares	\$ 21,885	Market comparable companies	Enterprise value to EBIT multiple	3.09~11.73 [4.17]	The higher the EBIT, the higher the fair value
			Price to net value multiple	0.79~1.78 [1.28]	The higher the net value of shares, the higher the fair value
Unlisted shares	\$ 155,247	Market comparable companies	Enterprise value to EBIT multiple	2.70~17.18 [7.61]	The higher the EBIT, the higher the fair value

Unlisted shares	\$	42,837	The last transaction price	Not applicable	Not applicable	Not applicable
Unlisted shares	\$	67,637	The last transaction price	Not applicable	Not applicable	Not applicable
Debt Securities:						
Private fund	\$	648,062	Net asset value	Not applicable	Not applicable	Not applicable
Private fund	\$	94,149	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted partnership share	\$	90,112	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted partnership share	\$	22,546	The last transaction price	Not applicable	Not applicable	Not applicable
		Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range [Weighted average]	Relationship of inputs to fair value
Equity securities:						
Unlisted shares	\$	114,281	Market comparable companies	Enterprise value to EBIT multiple	7.86~30.44 [8.72]	The higher the EBIT, the higher the fair value
				Price to net value multiple	2.37~7.23 [3.21]	The higher the net value of shares, the higher the fair value
Unlisted shares	\$	168,512	Market comparable companies	Fluctuation rate of share price	50.59%	The higher the fluctuation rate of share price, the higher the fair value
Unlisted shares	\$	24,645	Market comparable companies	Enterprise value to EBIT multiple	3.27~15.14 [4.58]	The higher the EBIT, the higher the fair value
				Price to net value multiple	0.90~1.88 [1.46]	The higher the net value of shares, the higher the fair value
Unlisted shares	\$	169,181	Market comparable companies	Enterprise value to EBIT multiple	2.62~20.88 [9.42]	The higher the EBIT, the higher the fair value
Debt Securities:						
Private fund	\$	618,538	Net asset value	Not applicable	Not applicable	Not applicable
Private fund	\$	91,948	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted partnership share	\$	73,828	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted partnership share	\$	21,720	The last transaction price	Not applicable	Not applicable	Not applicable

	Fair value at March 31, 2021	Valuation technique	Significant unobservable input	Range [Weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted shares	\$ 101,176	Market comparable companies	Enterprise value to EBIT multiple	7.03~49.32 [8.5]	The higher the EBIT, the higher the fair value
			Price to net value multiple	2.32~5.69 [2.45]	The higher the net value of shares, the higher the fair value
Unlisted shares	\$ 149,730	Market comparable companies	Enterprise value to EBIT multiple	19.9~75.59 [38.25]	The higher the EBIT, the higher the fair value
Unlisted shares	\$ 22,208	Income approach	Weighted average cost of capital	8.46%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	0%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	\$ 131,021	Market comparable companies	Enterprise value to EBIT multiple	2.63~27.63 [10.44]	The higher the EBIT, the higher the fair value
Debt Securities:					
Private fund	\$ 564,391	Net asset value	Not applicable	Not applicable	Not applicable
Private fund	\$ 102,404	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares	\$ 70,665	The last transaction price	Not applicable	Not applicable	Not applicable

- (c) The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, the use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		January 1 to March 31, 2022					
				Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change		Favourable change	Unfavoura ble change	Favourable change	Unfavoura ble change
Financial assets							
Debt instruments	Enterprise value to EBIT	± 1%	\$	8,549	( \$ 8,549)	\$ -	\$ -
Equity instruments	multiples	± 1%		-	-	5,044	( 5,044)
Total			\$	8,549	( \$ 8,549)	\$ 5,044	( \$ 5,044)

				January 1 to March 31, 2021			
				Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change		Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Debt instruments	Enterprise value to EBIT	± 1%	\$	7,375	(\$ 7,375)	\$ -	\$ -
Equity instruments	multiples	± 1%		-	-	4,041	( 4,041)
Total				\$ 7,375	(\$ 7,375)	\$ 4,041	( \$ 4,041)

- E. For the three-month periods ended March 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.
- F. For the three-month period ended March 31, 2022, there was no transfer into or out from Level 3; for the three-month period ended March 31, 2021, the fair value of the debt instruments held by the Group is the quoted price in the markets and therefore was transferred from Level 3 to Level 2.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

(The portions of transaction information with the investees were based on the financial statements of the investees for the same period which were audited and reviewed by independent accountants. All the transactions with subsidiaries disclosed below had been eliminated in the consolidated financial statements. The disclosure information below is for reference only.)

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost excceding NT\$300 million or 20% of paid-in capital or more: Please refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative financial instruments: None.
- J. The business relationship and significant transactions between the inter-companies: Please refer to table 7.

(2) Information on investees

(The portions of transaction information with the investees were based on the financial statements of the investees for the same period which were audited and reviewed by independent accountants. All the transactions with subsidiaries disclosed below had been eliminated in the consolidated financial statements. The disclosure information below is for reference only.)

Names, locations and other information of investee companies (excluding the investees in Mainland China): Please refer to Table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to Table 9.

B. Significant transactions with the investees in Mainland China either directly or indirectly through other companies in the third areas: None.

(4) INFORMATION ON MAJOR SHAREHOLDERS

Information on major shareholders: Please refer to Table 10.

14. SEGMENT INFORMATION

(1) General information

The Group is engaged in the manufacturing of various types of PCB products. The chief operating decision-maker considers the business and operations from the product perspective. Currently, the Group only discloses one reportable segment as all operating segments meet the aggregation criteria (similar gross profit margin and expected growth rate). In allocating resources and assessing performance of the Group, the chief operating decision-maker uses operating segments' revenue and net income, which reflect internal cost and expense allocation. Except for inter-segment charges, which were determined based on the Group's internal policy, accounting policies of operating segments are in agreement with Note 4, 'Summary of significant accounting policies'.

(2) Reportable segment information

Reportable segment information provided to the chief operating decision maker is as follows:

	January 1 to March 31, 2022	January 1 to March 31, 2021
Revenue from external customers	\$ 33,915,240	\$ 27,193,100
Inter-segment revenue	-	-
Segments' revenue	\$ 33,915,240	\$ 27,193,100
Measure of segment profit	\$ 2,299,553	\$ 1,343,483

(3) Reconciliation of reportable segment's revenue and measure of profit and loss

Sales between segments are carried out at fair value. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

The reconciliation from total reportable segment's revenue to the enterprise income and from segment profit from reportable segment to the net income for the current period is as follows:

	January 1 to March 31, 2022	January 1 to March 31, 2021
Reportable segment's revenue	<u>\$ 33,915,240</u>	<u>\$ 27,193,100</u>
	January 1 to March 31, 2022	January 1 to March 31, 2021
Reportable segment's profit	\$ 2,299,553	\$ 1,343,483
Interest income and finance costs (	70,511) (	31,132)
Net currency exchange gains	455,333	10,686
Net gains (losses) on disposal of property, plant and equipment	18,647 (	14,644)
Net gains (losses) on financial assets and liabilities measured at fair value through profit or loss	( 60,202)	65,671
Others	132,673	16,709
Profit for the period	<u>\$ 2,775,493</u>	<u>\$ 1,390,773</u>

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

LOANS TO OTHERS

January 1 to March 31, 2022

Table 1

Expressed in thousands of NTD, except as otherwise indicated

No.	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the current period (Note 3)	Ending balance (Note 4)	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transaction	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Notes 1 & 2)	Limit on total lender's loans granted (Notes 1 & 2)	Footnote
													Name	Value			
1	Mayco Industrial Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	\$ 2,003,750	\$ 2,003,750	\$ 858,750	1.06%	Short-term financing	\$ -	Operation requirements	\$ -	No	\$ -	\$ 389,005,695	\$ 544,607,973	
1	Mayco Industrial Limited	Leading Interconnect International Limited	Other receivables	Yes	858,750	858,750	57,250	1.06%	Short-term financing	-	Operation requirements	-	No	-	389,005,695	544,607,973	
1	Mayco Industrial Limited	Zhen Ding Technology India Private Limited	Other receivables	Yes	1,431,250	1,431,250	-	-	Short-term financing	-	Operation requirements	-	No	-	389,005,695	544,607,973	
1	Mayco Industrial Limited	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	4,007,500	4,007,500	-	-	Short-term financing	-	Operation requirements	-	No	-	31,120,456	31,120,456	
1	Mayco Industrial Limited	BoardTek Electronics Corp.	Other receivables	Yes	2,290,000	2,290,000	1,145,000	1.06%	Short-term financing	-	Operation requirements	-	No	-	31,120,456	31,120,456	
2	Pacific Fair International Limited	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	2,576,250	2,576,250	-	-	Short-term financing	-	Operation requirements	-	No	-	5,106,342	5,106,342	
2	Pacific Fair International Limited	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	858,750	858,750	-	-	Short-term financing	-	Operation requirements	-	No	-	63,829,278	89,360,989	
3	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	676,373	676,373	90,183	3.85%	Short-term financing	-	Operation requirements	-	No	-	1,388,491	1,388,491	
3	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	1,127,288	1,127,288	992,013	3.70%~3.85%	Short-term financing	-	Operation requirements	-	No	-	17,356,143	24,298,600	
4	Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	1,431,250	1,431,250	572,500	0.65%	Short-term financing	-	Operation requirements	-	No	-	42,214,639	59,100,495	

No.	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the current period (Note 3)	Ending balance (Note 4)	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transaction	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Notes 1 & 2)	Limit on total lender's loans granted (Notes 1 & 2)	Footnote
4	Garuda International Limited	Avary Technology (India) Private Limited	Other receivables	Yes	\$ 2,290,000	\$ 2,290,000	-	-	Short-term financing	\$ -	Operation requirements	\$ -	No	\$ -	\$ 42,214,639	\$ 59,100,495	
5	Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Other receivables	Yes	4,509,150	4,509,150	-	-	Short-term financing	-	Operation requirements	-	No	-	43,928,897	43,928,897	
5	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	15,782,025	15,782,025	7,519,008	3.70%~3.85%	Short-term financing	-	Operation requirements	-	No	-	43,928,897	43,928,897	
5	Avary Holding (Shenzhen) Co., Limited	Fu Bo Industrial (Shenzhen) Co., Ltd.	Other receivables	Yes	90,183	90,183	\$ 67,637	3.85%	Short-term financing	-	Operation requirements	-	No	-	43,928,897	43,928,897	
5	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	6,763,725	6,763,725	3,931,979	3.70%~3.85%	Short-term financing	-	Operation requirements	-	No	-	43,928,897	43,928,897	
5	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	901,830	901,830	500,516	3.70%~3.85%	Short-term financing	-	Operation requirements	-	No	-	43,928,897	43,928,897	

Note 1: Financial limit on total loans granted to others by the Group is 50% of the lender's net assets based on their most recent audited or reviewed consolidated financial statements, of which:

- (1) For parties having business relationship with the Company, the financial limit on total loans shall not exceed 10% of the Company's net worth and the financial limit on loans granted to a single party shall not exceed the year-to-date purchased amount or sales amount, whichever is higher, and shall not exceed 10% of the net worth of the Company as indicated in the financial statements for the most recent period certified or reviewed by a certified public accountant.
- (2) For parties in need of short-term financing, the financial limit on total loans shall not exceed 40% of the Company's net worth and the financial limit on loans granted to a single party shall not exceed 40% of the net worth of the Company as indicated in the financial statements for the most recent period certified or reviewed by a certified public accountant.

Note 2: The amount of loans between subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares or between the Company and overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares is not limited to 40% of the borrower's net worth.

In accordance with the subsidiaries' respective Procedures for Lending Funds to Other Parties, the total amount of loans between subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares or between the Company and overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares is limited to 700% of the lender's net worth based on the latest audited or reviewed financial statements.

In accordance with the subsidiaries' respective Procedures for Lending Funds to Other Parties, for loans between subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares or between the Company and overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares, the limit on loans to a single enterprise is limited to 500% of the lender's net assets based on the latest audited or reviewed financial statements.

Note 3: Maximum amount for the period ended on the balance sheet date.

Note 4: The amount of loans granted as resolved by the Company's Board of Directors.



ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
PROVISION OF ENDORSEMENTS/GUARANTEES TO OTHERS  
January 1 to March 31, 2022

Table 2

Expressed in thousands of NTD, except as otherwise indicated

No. (Note 1)	Endorser/ guarantor	Entity for which the endorsement/guarantee is made Company	Relation ship (Note 2)	Limit on endorsements/ guarantees to a single enterprise (Note 3)	Maximum outstanding endorsement/ guarantee amount during the current period (Note 5)	Ending balance of endorsements/ guarantees (Note 6)	Actual amount drawn down (Note 7)	Endorsed/G uaranteed amount with property as collateral	Cumulative endorsed/guarant eed amount as a percentage of the net value in the most recent financial statements	Maximum endorsed/guara nteed amount (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 8)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 8)	Provision of endorsements/ guarantees to the party in Mainland China (Note 8)	Footnote (Note 9)
1	Avary Technology (India) Private Limited	Avary Technology (India) Private Limited	1	\$ 8,565,505	\$ 286,250	\$ 286,250	\$ 22,671	\$ 22,671	0.34%	\$ 85,655,049	N	N	N	

Note 1: The explanation for numbers is as follows:

- (1) Issuer is 0.
- (2) Investees are numbered in order starting from '1'.

Note 2: Relationships between endorser/guarantor and the entity for which the endorsement/guarantee is made are classified into the following six categories (simply specify the respective category):

- (1) Companies in a business relationship with the Company.
- (2) Subsidiaries in which the Company directly holds more than 50% of its total outstanding ordinary shares.
- (3) Investees in which parent company and subsidiary hold more than 50% of total outstanding ordinary shares combined.
- (4) Parent company in which the Company directly or indirectly (along with subsidiary) holds more than 50% of its total outstanding ordinary shares.
- (5) Companies providing mutual endorsements/guarantees for industry peers for purposes of undertaking a construction project.
- (6) Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

Note 3: Limit on endorsements/guarantees to a single enterprise: Endorsements/guarantees that the Company makes for a single enterprise shall not exceed 10% of the parent company's net worth.

Note 4: Total amount of endorsements/guarantees: The total amount of endorsements/guarantees the Company makes for others shall not exceed 100% of the parent company's net worth.

Note 5: Highest balance of endorsements/guarantees to others for the year.

Note 6: Endorsement/guarantee liabilities are assumed when the amount of the endorsement/guarantee contracts or bills signed with the bank by the Company is approved as of the end of the year. Other matters related to endorsements/guarantees shall be included in the endorsement/guarantee balance.

Note 7: Actual amount drawn down by the companies for which the endorsements/guarantees are made within the range of endorsement/guarantee balance.

Note 8: Endorsements/guarantees made by TWSE/TPEX listed parent company for subsidiary, endorsements/guarantees made by subsidiary for TWSE/TPEX listed parent company, and endorsements/guarantees made in Mainland China are must be indicated with 'Y'.

Note 9: Guarantees made by the subsidiaries of the Company for their tax, science projects, and leases.

**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD (EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)**  
March 31, 2022

Table 3

Expressed in thousands of NTD, except as otherwise indicated

				As of March 31, 2022				
Securities held by	Marketable securities (Note 1)	Relationship with securities issuer (Note 2)	General ledger account	Number of shares	Carrying amount (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Zhen Ding Technology Co., Ltd.	SynPower Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,437,697	\$ 96,197	8.12%	\$ 96,197	
Avary Holding (Shenzhen) Co., Limited	Jiangsu Aisen Semiconductor Material Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,600,000	120,638	3.93%	120,638	
Avary Holding Investment (Shenzhen) Co., Ltd.	Dongguan Liuchun Intelligent Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income	1,461,039	155,247	3.55%	155,247	
Avary Holding Investment (Shenzhen) Co., Ltd.	Sanying Precision Instruments Co.,Ltd.	None	Financial assets at fair value through other comprehensive income	1,212,009	109,193	3.70%	109,193	
Avary Holding Investment (Shenzhen) Co., Ltd.	Sanying Precision Instruments (Tianjin) Co.,Ltd.	None	Financial assets at fair value through other comprehensive income	540,580	42,837	5.18%	42,837	
Avary Holding Investment (Shenzhen) Co., Ltd.	Sevnce Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income	1,351,351	67,637	2.09%	67,637	
BoardTek Electronics Corp.	Chipboard Technology Corporation	None	Financial assets at fair value through other comprehensive income	1,337,068	21,885	15.60%	21,885	
Avary Holding (Shenzhen) Co., Limited	Jingning Dingqing Electronic Technology Partnership	None	Financial assets at fair value through profit or loss	-	238,083	12.53%	238,083	
Avary Holding Investment (Shenzhen) Co., Ltd.	Beijing Firstred Acquisition Fund	None	Financial assets at fair value through profit or loss	-	648,062	2.94%	648,062	
Avary Holding Investment (Shenzhen) Co., Ltd.	Zhuhai Hengqin Urban Enterprise Zone Leishi Tianhe Technology Industry Investment Partnership	None	Financial assets at fair value through profit or loss	-	90,112	99.39%	90,112	
Avary Holding Investment (Shenzhen) Co., Ltd.	Beijing Chunhua Jingzhi Equity Investment Partnership	None	Financial assets at fair value through profit or loss	-	22,546	19.42%	22,546	
Zhen Ding Technology Co., Ltd.	Zhuoyi II Investment Limited Partnership	None	Financial assets at fair value through profit or loss	-	94,149	11.06%	94,149	

Note 1: In accordance with IFRS 9, 'Financial Instruments', marketable securities in the table refer to shares, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of paid-in capital or more  
January 1 to March 31, 2022

Table 4

Expressed in thousands of NTD, except as otherwise indicated

Companies purchased and sold	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship (Note 2)	Initial period		Buy-in (Note 3)		Sell-out (Note 3)			Gain or loss on disposal (Note 4)	As of March 31, 2022	
					Number of shares	Amount (Note 5)	Number of shares	Amount	Number of shares	Selling price	Carrying amount (Note 5)		Number of shares	Amount (Note 5)
Pacific Fair International Limited	Shares of Avary Holding (Shenzhen) Co., Limited	Investments recognized under the equity method	Sell-out in public trading market	Non-related party	139,633,809	\$ 6,244,753	-	\$ -	7,231,034	\$ 1,302,378	\$ 547,116	\$ 755,262	132,402,775	\$ 6,353,504

Note 1: Marketable securities in the table refer to shares, bonds, beneficiary certificates and other related derivative securities.

Note 2: Filling in the two fields is not required, except for investors whose securities are recognised under the equity method.

Note 3: Cumulative amount of acquisition or sale shall be separately calculated by their market value to determine whether it exceeds NT\$300 million or 20% of paid-in capital.

Note 4: Non-controlling interest transactions and gain/loss on disposal are recognised as Capital surplus - Difference between the actual and the carrying amount of subsidiaries acquired or disposed of.

Note 5: Investment income is included.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
PURCHASE OR SALE OF GOODS FROM OR TO RELATED PARTIES REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE  
January 1 to March 31, 2022

Table 5

Expressed in thousands of NTD, except as otherwise indicated

							Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
			Transaction								
Purchaser/Seller	Counterparty	Relationship	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	\$ 9,817,932	81	60 days from the shipping date	Note 2	Note 2	\$ 9,202,644	78	
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	1,792,596	15	90 days from the shipping date	Note 2	Note 2	1,820,944	15	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	8,958,206	87	90 days from the shipping date	Note 2	Note 2	7,558,796	85	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	1,288,356	12	90 days from the shipping date	Note 2	Note 2	1,316,125	15	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	1,170,370	66	60 days from the shipping date	Note 2	Note 2	389,216	8	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	457,706	26	90 days from the shipping date	Note 2	Note 2	165,043	8	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	9,838,870	94	60 days from the invoice date	Note 2	Note 2	4,879,574	90	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	417,924	4	90 days from the shipping date	Note 2	Note 2	406,256	7	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Avary Technology (India) Private Limited	An indirect wholly-owned subsidiary	Sales	165,948	2	90 days from the shipping date	Note 2	Note 2	92,880	2	
Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	1,155,613	78	90 days from the shipping date	Note 2	Note 2	464,278	55	
Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	308,711	100	90 days from the shipping date	Note 2	Note 2	233,651	100	

							Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
			Transaction								
Purchaser/Seller	Counterparty	Relationship	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	\$ 1,122,258	4	90 days from the month following the shipping date	Note 2	Note 2	\$ 1,108,540	6	
Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	191,397	1	90 days from the month following the shipping date	Note 2	Note 2	195,735	1	
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	546,864	2	90 days from the month following the shipping date	Note 2	Note 2	544,550	3	
Garuda International Limited	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	1,282,809	5	90 days from the month following the shipping date	Note 2	Note 2	1,516,808	8	
Garuda International Limited	General Interface Solution Holding Limited and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	105,144	-	60 days from the month following the shipping date	Note 2	Note 2	100,514	-	
Garuda Technology Co., Ltd.	General Interface Solution Holding Limited and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	543,014	13	90 days from the first day of next month of shipping	Note 2	Note 2	618,660	14	
Avary Holding (Shenzhen) Co., Limited	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	155,984	2	90 days from invoice date	Note 2	Note 2	( 25,397)	-	
Avary Holding (Shenzhen) Co., Limited	Foxconn Interconnect Technology Limited and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	330,632	3	90 days from invoice date	Note 2	Note 2	( 382,909)	5	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	General Interface Solution Holding Limited and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	463,040	6	30 days from invoice date	Note 2	Note 2	( 239,125)	5	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Foxconn Interconnect Technology Limited and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	181,302	2	90 days from invoice date	Note 2	Note 2	( 164,026)	4	

Note 1: The opposite related party transactions are not disclosed.

Note 2: Unless the transaction terms were determined in accordance with mutual agreements due to no similar transactions, the transaction terms to related parties were similar to third parties.

Note 3: Advance sales receipts.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
RECEIVABLES FROM RELATED PARTIES REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE  
March 31, 2022

Table 6

Expressed in thousands of NTD, except as otherwise indicated

Creditor	Counterparty	Relationship	Receivables from related parties	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	An indirect wholly-owned subsidiary	\$ 9,202,644	1	\$ -	-	\$ 2,708,258	\$ -
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	1,820,944	1	-	-	741,870	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	7,558,796	1	-	-	1,702,232	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	1,316,125	1	-	-	2,166,663	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	389,216	2	-	-	187,701	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	165,043	2	-	-	-	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	4,879,574	2	-	-	2,555,111	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	406,256	1	-	-	160,233	-
Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	An indirect wholly-owned subsidiary	464,278	2	-	-	368,780	-
Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	233,651	1	-	-	-	-
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	1,108,540	0	-	-	403,211	-

Creditor	Counterparty	Relationship	Receivables from related parties	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	An indirect wholly-owned subsidiary	\$ 195,735	1	\$ -	-	\$ 97,575	\$ -
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	544,550	1	-	-	135,708	-
Garuda International Limited	Foxconn (FarEast) and its subsidiaries	An indirect subsidiary of Hon Hai Precision Industry Co., Ltd., evaluated using the equity method	1,516,808	1	3,198	Subsequent collection	535,002	-
Garuda International Limited	General Interface Solution Holding Limited and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	100,514	0	-	-	12,923	-
Garuda Technology Co., Ltd.	General Interface Solution Holding Limited and its subsidiaries	An indirect subsidiary of Hon Hai Precision Industry Co., Ltd., evaluated using the equity method	618,660	1	-	-	194,397	-
BoardTek Electronics Corp.	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	169,135	0	29,067	Subsequent collection	41,387	-

As to receivables from loans to related parties exceeding NT\$100 million or 20% of issued capital, please refer to Table 1.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
THE BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT COMPANY AND THE SUBSIDIARIES AND BETWEEN EACH SUBSIDIARY  
January 1 to March 31, 2022

Table 7

Expressed in thousands of NTD, except as otherwise indicated

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount (Note 3)	Transaction terms	
1	Mayco Industrial Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	3	Other receivables	\$ 858,750	Note 5	-
1	Mayco Industrial Limited	BoardTek Electronics Corp.	3	Other receivables	1,145,000	"	-
2	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	3	Other receivables	992,013	"	-
3	Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Other receivables	572,500	"	-
4	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Other receivables	7,519,008	"	4
4	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	3,931,979	"	2
4	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	500,516	"	-
4	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Sales	9,817,932	Note 8	29
4	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Accounts receivable	9,202,644	"	5
4	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Sales	1,792,596	Note 7	5
4	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Accounts receivable	1,820,944	"	1
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Sales	8,958,206	Note 8	26
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Accounts receivable	7,558,796	"	4
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	1,288,356	Note 7	4
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	1,316,125	"	1
6	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	1,170,370	Note 8	3
6	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	389,216	"	-
6	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	457,706	Note 7	1
6	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	165,043	"	-
7	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	9,838,870	Note 8	29
7	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	4,879,574	"	2



No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount (Note 3)	Transaction terms	
7	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	\$ 417,924	Note 7	1
7	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	406,256	"	-
7	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Avary Technology (India) Private Limited	3	Sales	165,948	Note 6	-
8	Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	3	Sales	1,155,613	"	2
8	Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	3	Accounts receivable	464,278	"	-
9	Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	3	Sales	308,711	Note 7	1
9	Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	233,651	"	-
10	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Sales	1,122,258	Note 6	3
10	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	1,108,540	"	1
10	Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Sales	191,397	"	1
10	Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Accounts receivable	195,735	"	-
10	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Sales	546,864	"	2
10	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Accounts receivable	544,550	"	-

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1). Parent company is '0'.

(2). The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories: Example: For transactions between parent company and subsidiary, if disclosure is made by the parent company, then repeated disclosure is not required for the part regarding the subsidiary; for transactions between subsidiaries, if disclosure is made by one of the subsidiaries, then repeated disclosure is not required for the part regarding the other subsidiary):

(1). Parent company to subsidiary.

(2). Subsidiary to parent company.

(3). Subsidiary to subsidiary.

Note 3: Only the related party transactions exceeding the amount of NT\$100 million or 20% paid-in capital are disclosed, and the opposite related party transactions are not disclosed.

Note 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

All the transactions had been eliminated in the consolidated financial statements.

Note 5: Nature of other receivables and other payables are loans to (from) others. Please refer to Note 13(1) A for interest rate and limit on loans.

Note 6: The prices and terms to related parties were similar to third parties. Credit term is 90 days from the shipping date.

Note 7: The prices and terms to related parties were similar to third parties. Credit term is 90 days from the shipping date.

Note 8: The prices and terms to related parties were similar to third parties. Credit term is 60 days from the shipping date.

Note 9: The prices and terms to related parties were similar to third parties. Credit term is 30 days from the shipping date.

Note 10: The prices and terms to related parties were similar to third parties. Credit term is 60 days from the received date.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
NAMES, LOCATIONS AND OTHER INFORMATION ON INVESTEE COMPANIES (EXCLUDING THE INVESTEE COMPANIES IN MAINLAND CHINA)  
January 1 to March 31, 2022

Table 8

Expressed in thousands of NTD, except as otherwise indicated

Name of Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of March 31, 2022			Net profit (loss) of investee for the current period	Investment income (loss) recognised by the Company for the current period	Footnote
				Balance as of March 31, 2022	Balance as of December 31, 2021	Number of shares	Owner ship (%)	Carrying amount			
The Company	Monterey Park Finance Limited	British Virgin Islands	Holding company	\$ 27,945,156	\$ 27,945,156	976,250,000	100	\$ 98,107,249	\$ 2,222,709	\$ 2,222,709	
The Company	Zhen Ding Technology Co., Ltd.	Taiwan	Trading company	125,488	125,488	12,548,800	100	2,141,089 (	35,962) (	35,909)	
The Company	BoardTek Electronics Corp.	Taiwan	Manufacturing company	5,512,771	5,512,771	95,918,453	100	4,246,498 (	259,566) (	274,052)	
The Company	Zhen Ding Technology Singapore Private Limited	Singapore	Holding company	858,750	858,750	30,000,000	100	848,716	10,097	10,097	
Monterey Park Finance Limited	Coppertone Enterprises Limited	British Virgin Islands	Holding company	2,942,244	2,942,244	102,785,806	100	77,802,729	1,673,629	1,673,629	
Monterey Park Finance Limited	Pacific Fair International Limited	Hong Kong	Holding company	7,828,938	7,828,938	2,133,300,000	100	12,765,856	158,707	158,707	
Monterey Park Finance Limited	Leading Interconnect International Limited	Hong Kong	Trading company	-	-	1	100	2,361 (	2,231) (	2,231)	
Coppertone Enterprises Limited	Mayco Industrial Limited	Hong Kong	Holding company	34,209,965	34,209,965	9,321,841,932	100	77,801,139	1,673,629	1,673,629	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited	Cayman Islands	Holding company	143	143	5,000	100	719,187	657	657	
BoardTek Electronics Corp.	BoardTek Investment Co., Ltd.	Taiwan	Name of Investor	248,294	248,294	24,829,362	100	281,295 (	39) (	39)	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	Hong Kong	Trading company	1,688,875	1,688,875	460,200,000	72	6,044,147	249,025	169,955	
Avary Holding (Shenzhen) Co., Limited	Avary Singapore Private Limited	Singapore	Holding company	1,835,721	1,835,721	64,130,000	72	658,510 (	140,817) (	101,536)	
Garuda International Limited	Garuda Technology Co., Ltd.	Taiwan	Trading company	1,525,000	1,525,000	152,500,000	72	1,329,259	168,506	121,506	
Garuda International Limited	Avary Japan Co., Ltd.	Japan	Trading company	22,963	22,963	3,260	72	2,021 (	3,443) (	2,483)	
Avary Singapore Private Limited	Avary Technology (India) Private Limited	India	Manufacturing company	270,296	270,296	71,620,000	72 (	453,637) (	140,544) (	101,526)	
FAT Holdings Limited	Zhen Ding Technology India Private Limited	India	Manufacturing company	24	24	6,250	63 (	192) (	6) (	4)	
Zhen Ding Technology Singapore Private Limited	Zhen Ding Technology India Private Limited	India	Manufacturing company	14	14	3,750	37 (	115) (	6) (	2)	
FAT Holdings Limited	Zhen Ding Developer India Private Limited	India	Property management company	24	24	6,250	-	24	5,001	-	
Zhen Ding Technology Singapore Private Limited	Zhen Ding Developer India Private Limited	India	Property management company	792,560	792,560	210,003,750	100	799,342	5,001	5,001	

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
INFORMATION ON THE INVESTMENTS IN MAINLAND CHINA  
January 1 to March 31, 2022

Table 9

Expressed in thousands of NTD, except as otherwise indicated

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Net profit (loss) of investee for the current period	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company in the current period (Note 3)	Carrying amount of investments as of March 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacture and sales of PCB	\$ 10,544,455	2	\$ -	\$ -	\$ -	\$ -	\$ 1,025,735	72	\$ 735,710	\$ 21,703,889	-	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Manufacture and sales of PCB	4,177,671	2	-	-	-	-	( 53,525)	72	( 39,594)	( 7,847)	-	
Avary Holding (Shenzhen) Co., Limited	Manufacture and sales of PCB	10,467,888	2	-	-	-	-	2,627,865	72	1,873,078	79,250,108	-	
Fu Bo Industrial (Shenzhen) Co., Ltd.	Manufacture and sales of PCB	496,322	2	-	-	-	-	9,931	72	7,155	483,703	-	
Yu Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	1,086,436	2	-	-	-	-	2,812	72	2,133	722,670	-	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	14,251,545	2	-	-	-	-	531,015	72	377,661	15,020,749	-	
Qi Ding Technology Qinhuangdao Co., Ltd.	Development, manufacture and sales of electronic products	2,150,983	2	-	-	-	-	441,419	70	307,395	2,418,998	-	
Kui Sheng Technology (Shenzhen) Limited	Manufacture and sales of PCB	90,183	2	-	-	-	-	1,177	72	526	117,714	-	
Huaian Jia Wei Industrial Development Co., Ltd.	Production and sale of construction materials, furniture and hardware tools	735,837	2	-	-	-	-	( 155)	100	( 155)	728,292	-	
Avary Holding Investment (Shenzhen) Co., Ltd.	Investments	1,014,559	2	-	-	-	-	13,888	72	10,014	804,647	-	
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Development, manufacture and sales of electronic products	2,664,252	2	-	-	-	-	560,100	70	390,097	3,997,724	-	
Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Development, manufacture and sales of electronic products	901,830	2	-	-	-	-	55,912	70	38,942	662,693	-	
Avary Logistics Services (Shenzhen) Co., Ltd.	Property management business	\$ 22,546	2	\$ -	\$ -	\$ -	-	( \$ 1,415)	72	( \$ 1,020)	\$ 15,213	\$ -	

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Net profit (loss) of investee for the current period	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company in the current period (Note 3)	Carrying amount of investments as of March 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Guangdong Zhan Yang Intelligent Equipment Co., Ltd.	Research, development, sales, and processing of automated equipment and cargo or technology import/export	43,042	2	-	-	-	-	( 14,212)	32	( 5,515)	21,954	-	

Note 1: The amounts in the table are shown in New Taiwan Dollars. Transactions denominated in foreign currencies are translated into New Taiwan Dollars at the spot exchange rates at the balance sheet date.

Note 2: The methods of investments to Mainland China are as follows:

1. The Group remits its own funds directly to the investee companies located in Mainland China.
2. Investee company, Monterey Park Finance Limited (B.V.I.), established by the Company and located outside of Taiwan and Mainland China, remits its own funds directly to the investee companies located in Mainland China.
3. Others

Note 3: The columns investment income (loss) recognised by the Company for the current period were based on the audited financial statements of the investees in Mainland China for the same period.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
INFORMATION ON MAJOR SHAREHOLDERS  
March 31, 2022

Table 10

Major Shareholder Name	Shares	
	Number of Shares Held	Ownership (%)
Foxconn (Far East) Limited	305,515,627	32.26%