

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| Assets | Notes | December 31, 2018 | | December 31, 2017 | | |
|---------------------------|---|-------------------|-----------------------|-------------------|-----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 40,652,973 | 29 | \$ 19,147,388 | 15 |
| 1110 | Current financial assets at fair value through profit or loss | 6(2) | 3,437 | - | 7,935 | - |
| 1136 | Current financial assets at amortised cost | 6(7) | 8,778,797 | 6 | - | - |
| 1170 | Accounts receivable, net | 6(3) | 21,631,860 | 15 | 28,480,474 | 23 |
| 1180 | Accounts receivable due from related parties, net | 6(3) and 7 | 2,644,519 | 2 | 2,138,685 | 2 |
| 1200 | Other receivables | 6(4) | 855,783 | 1 | 2,786,315 | 2 |
| 130X | Inventories | 6(5) | 10,083,882 | 7 | 11,259,382 | 9 |
| 1410 | Prepayments | 6(4) | 3,673,318 | 3 | 3,088,106 | 3 |
| 1470 | Other current assets | 6(6) | 569,634 | - | 14,459,785 | 12 |
| 11XX | Total current assets | | <u>88,894,203</u> | <u>63</u> | <u>81,368,070</u> | <u>66</u> |
| Non-current assets | | | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income | 6(9) | 52,473 | - | - | - |
| 1527 | Non-current held-to-maturity financial assets | 6(8) | - | - | 151,064 | - |
| 1543 | Non-current financial assets at cost | 6(10) | - | - | 120,992 | - |
| 1600 | Property, plant and equipment | 6(11) | 41,913,166 | 30 | 36,681,453 | 30 |
| 1780 | Intangible assets | 6(12) | 91,721 | - | 88,854 | - |
| 1840 | Deferred income tax assets | 6(29) | 1,024,491 | 1 | 825,911 | 1 |
| 1990 | Other non-current assets | 6(13) | 8,131,099 | 6 | 4,480,169 | 3 |
| 15XX | Total non-current assets | | <u>51,212,950</u> | <u>37</u> | <u>42,348,443</u> | <u>34</u> |
| 1XXX | Total assets | | <u>\$ 140,107,153</u> | <u>100</u> | <u>\$ 123,716,513</u> | <u>100</u> |

(Continued)

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| Liabilities and Equity | Notes | December 31, 2018 | | December 31, 2017 | | |
|---|--|-------------------|-----------------------|-------------------|-----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(14) | \$ 9,184,066 | 7 | \$ 15,791,085 | 13 |
| 2170 | Accounts payable | | 17,056,824 | 12 | 22,503,648 | 18 |
| 2180 | Accounts payable to related parties | 7 | 1,022,641 | 1 | 704,783 | - |
| 2200 | Other payables | 6(15) | 13,346,522 | 9 | 10,331,671 | 8 |
| 2230 | Current income tax liabilities | | 2,391,519 | 2 | 1,268,536 | 1 |
| 2320 | Long-term liabilities, current portion | 6(16)(17) | 8,699,319 | 6 | 4,457,881 | 4 |
| 2399 | Other current liabilities | | 134,168 | - | 123,505 | - |
| 21XX | Total current liabilities | | <u>51,835,059</u> | <u>37</u> | <u>55,181,109</u> | <u>44</u> |
| Non-current liabilities | | | | | | |
| 2530 | Bonds payable | 6(16) | - | - | 8,242,274 | 7 |
| 2540 | Long-term borrowings | 6(17) | 9,194,880 | 6 | 4,457,881 | 4 |
| 2570 | Deferred income tax liabilities | 6(29) | 857,644 | 1 | 423,207 | - |
| 2645 | Guarantee deposits received | | 110,990 | - | 150,723 | - |
| 25XX | Total non-current liabilities | | <u>10,163,514</u> | <u>7</u> | <u>13,274,085</u> | <u>11</u> |
| 2XXX | Total liabilities | | <u>61,998,573</u> | <u>44</u> | <u>68,455,194</u> | <u>55</u> |
| Equity | | | | | | |
| Equity attributable to owners of parent | | | | | | |
| Share capital | | | | | | |
| 3110 | Ordinary share | 6(20) | 8,047,484 | 6 | 8,047,484 | 7 |
| Capital surplus | | | | | | |
| 3200 | Capital surplus | 6(21) | 22,000,657 | 16 | 14,851,298 | 12 |
| Retained earnings | | | | | | |
| 3310 | Legal reserve | 6(22) | 3,505,859 | 2 | 2,988,615 | 2 |
| 3320 | Special reserve | | 1,717,913 | 1 | 1,688,354 | 1 |
| 3350 | Unappropriated retained earnings | | 23,731,600 | 17 | 18,486,196 | 15 |
| Other equity interest | | | | | | |
| 3400 | Other equity interest | 6(23) | (2,948,306) | (2) | (1,717,913) | (1) |
| 31XX | Total equity attributable to owners of parent | | <u>56,055,207</u> | <u>40</u> | <u>44,344,034</u> | <u>36</u> |
| 36XX | Non-controlling interest | 6(31) | <u>22,053,373</u> | <u>16</u> | <u>10,917,285</u> | <u>9</u> |
| 3XXX | Total equity | | <u>78,108,580</u> | <u>56</u> | <u>55,261,319</u> | <u>45</u> |
| Significant contingent liabilities and unrecognised contract commitments | | | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 140,107,153</u> | <u>100</u> | <u>\$ 123,716,513</u> | <u>100</u> |

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 YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

| Items | Notes | For the years ended December 31, | | | | |
|-------|--|----------------------------------|----------------|--------|----------------|-------|
| | | 2018 | | 2017 | | |
| | | AMOUNT | % | AMOUNT | % | |
| 4000 | Operating revenue | 7 and 14 | \$ 117,912,881 | 100 | \$ 109,237,731 | 100 |
| 5000 | Operating costs | 6(5) and 7 | (91,851,933) | (78) | (91,404,296) | (84) |
| 5950 | Gross profit from operations | | 26,060,948 | 22 | 17,833,435 | 16 |
| | Operating expenses | 6(24) | | | | |
| 6100 | Selling expenses | | (1,490,569) | (1) | (1,234,196) | (1) |
| 6200 | Administrative expenses | | (4,075,331) | (3) | (3,216,909) | (3) |
| 6300 | Research and development expenses | | (5,637,557) | (5) | (4,725,194) | (4) |
| 6450 | Expected credit loss in accordance with IFRS 9 | | (11,873) | - | - | - |
| 6000 | Total operating expenses | | (11,215,330) | (9) | (9,176,299) | (8) |
| 6900 | Net operating income | | 14,845,618 | 13 | 8,657,136 | 8 |
| | Non-operating income and expenses | | | | | |
| 7010 | Other income | 6(26) | 1,668,596 | 2 | 1,257,792 | 1 |
| 7020 | Other gains and losses | 6(27) | (921,381) | (1) | (651,933) | - |
| 7050 | Finance costs | 6(28) | (926,271) | (1) | (769,105) | (1) |
| 7000 | Total non-operating income and expenses | | (179,056) | - | (163,246) | - |
| 7900 | Profit before income tax | | 14,666,562 | 13 | 8,493,890 | 8 |
| 7950 | Income tax expense | 6(29) | (3,130,067) | (3) | (1,722,107) | (2) |
| 8200 | Profit | | \$ 11,536,495 | 10 | \$ 6,771,783 | 6 |

(Continued)

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

| Items | Notes | For the years ended December 31, | | | |
|---|--|----------------------------------|----------|---------------------|----------|
| | | 2018 | | 2017 | |
| | | AMOUNT | % | AMOUNT | % |
| Other comprehensive income | | | | | |
| Components of other comprehensive income that will not be reclassified to profit or loss | | | | | |
| 8311 | Gain on remeasurements of defined benefit plans | \$ 345 | - | \$ 6,801 | - |
| 8316 | Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income | (68,671) | - | - | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | (260) | - | (1,156) | - |
| 8310 | Other comprehensive income that will not be reclassified to profit or loss | (68,586) | - | 5,645 | - |
| Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | (1,417,114) | (1) | 223,516 | - |
| 8362 | Unrealised gains on valuation of available-for-sale financial assets | - | - | 5,014 | - |
| 8360 | Other comprehensive (loss) income that will be reclassified to profit or loss | (1,417,114) | (1) | 228,530 | - |
| 8300 | Other comprehensive (loss) income | (\$ 1,485,700) | (1) | \$ 234,175 | - |
| 8500 | Total comprehensive income | <u>\$ 10,050,795</u> | <u>9</u> | <u>\$ 7,005,958</u> | <u>6</u> |
| Profit attributable to: | | | | | |
| 8610 | Owners of the parent | <u>\$ 8,447,792</u> | <u>7</u> | <u>\$ 5,172,436</u> | <u>5</u> |
| 8620 | Non-controlling interests | <u>\$ 3,088,703</u> | <u>3</u> | <u>\$ 1,599,347</u> | <u>1</u> |
| Comprehensive income attributable to: | | | | | |
| 8710 | Owners of the parent | <u>\$ 7,217,484</u> | <u>7</u> | <u>\$ 5,148,524</u> | <u>4</u> |
| 8720 | Non-controlling interests | <u>\$ 2,833,311</u> | <u>2</u> | <u>\$ 1,857,434</u> | <u>2</u> |
| Earnings per share | | | | | |
| 9750 | Basic earnings per share | 6(30) | \$ 10.50 | \$ 6.43 | |
| 9850 | Diluted earnings per share | 6(30) | \$ 9.54 | \$ 5.95 | |

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 YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

| Equity attributable to owners of the parent | | | | | | | | | | | | |
|---|--|---|-------------------|-----------------|---|-------------------------------------|---|---|------------|---------------|-----------------------------|---------------|
| Notes | Ordinary shares | Capital surplus- additional paid-in capital | Retained Earnings | | | Unappropriated retained earnings | Other Equity Interest | | | Total | Non-controlling interest | Total equity |
| | | | Legal reserve | Special reserve | Financial statements translation differences of foreign operations | | Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income | Unrealised gains or losses on available- for-sale financial assets | | | | |
| 2017 | | | | | | | | | | | | |
| | Balance at January 1, 2017 | \$ 8,047,484 | \$ 11,942,690 | \$ 2,642,996 | \$ - | \$ 17,285,543 | (\$ 1,683,342) | \$ - | (\$ 5,014) | \$ 38,230,357 | \$ - | \$ 38,230,357 |
| | Profit for the year | - | - | - | - | 5,172,436 | - | - | - | 5,172,436 | 1,599,347 | 6,771,783 |
| | Other comprehensive income (loss) for the year | - | - | - | - | 5,645 | (34,571) | - | 5,014 | (23,912) | 258,087 | 234,175 |
| | Total comprehensive income | - | - | - | - | 5,178,081 | (34,571) | - | 5,014 | 5,148,524 | 1,857,434 | 7,005,958 |
| | Appropriations and distribution of retained earnings | | | | | | | | | | | |
| | General reserve | - | - | 345,619 | - | (345,619) | - | - | - | - | - | - |
| | Special reserve | - | - | - | 1,688,354 | (1,688,354) | - | - | - | - | - | - |
| | Cash dividends | - | - | - | - | (1,770,446) | - | - | - | (1,770,446) | - | (1,770,446) |
| 6(19) | Compensation cost of employee restricted stock | - | 70,767 | - | - | - | - | - | - | 70,767 | - | 70,767 |
| 6(31) | Changes in non-controlling interests | - | 2,837,841 | - | - | (173,009) | - | - | - | 2,664,832 | 13,142 | 11,711,541 |
| | Balance at December 31, 2017 | \$ 8,047,484 | \$ 14,851,298 | \$ 2,988,615 | \$ 1,688,354 | \$ 18,486,196 | (\$ 1,717,913) | \$ - | \$ - | \$ 44,344,034 | \$ 10,917,285 | \$ 55,261,319 |
| 2018 | | | | | | | | | | | | |
| | Balance at January 1, 2018 | \$ 8,047,484 | \$ 14,851,298 | \$ 2,988,615 | \$ 1,688,354 | \$ 18,486,196 | (\$ 1,717,913) | \$ - | \$ - | \$ 44,344,034 | \$ 10,917,285 | \$ 55,261,319 |
| | Profit for the year | - | - | - | - | 8,447,792 | - | - | - | 8,447,792 | 3,088,703 | 11,536,495 |
| 6(23) | Other comprehensive income (loss) for the year | - | - | - | - | 85 | (1,161,722) | (68,671) | - | (1,230,308) | (255,392) | (1,485,700) |
| | Total comprehensive income | - | - | - | - | 8,447,877 | (1,161,722) | (68,671) | - | 7,217,484 | 2,833,311 | 10,050,795 |
| | Appropriations and distribution of retained earnings | | | | | | | | | | | |
| | General reserve | - | - | 517,244 | - | (517,244) | - | - | - | - | - | - |
| | Special reserve | - | - | - | 29,559 | (29,559) | - | - | - | - | - | - |
| | Cash dividends | - | - | - | - | (2,655,670) | - | - | - | (2,655,670) | - | (2,655,670) |
| 6(19) | Compensation cost of employee restricted stock | - | 96,645 | - | - | - | - | - | - | 96,645 | 28,151 | 124,796 |
| | Changes in non-controlling interests-distribution of retained earnings by subsidiaries | - | - | - | - | - | - | - | - | - | (827,540) | (827,540) |
| 6(31) | Changes in non-controlling interests-issuance of common stock by subsidiaries | - | 7,052,714 | - | - | - | - | - | - | 7,052,714 | 9,102,166 | 16,154,880 |
| | Balance at December 31, 2018 | \$ 8,047,484 | \$ 22,000,657 | \$ 3,505,859 | \$ 1,717,913 | \$ 23,731,600 | (\$ 2,879,635) | (\$ 68,671) | \$ - | \$ 56,055,207 | \$ 22,053,373 | \$ 78,108,580 |

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 YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Notes | For the years ended December 31, | |
|---|-------|----------------------------------|----------------|
| | | 2018 | 2017 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit before tax | | \$ 14,666,562 | \$ 8,493,890 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation | 6(24) | 6,739,651 | 5,602,547 |
| Amortisation expense | 6(24) | 80,090 | 76,687 |
| Expected credit loss | 12 | 11,873 | - |
| Provision for bad debts expense | | - | 32,859 |
| Losses on disposal of property, plant and equipment | 6(27) | 165,887 | 27,353 |
| Impairment losses on property, plant and equipment | 6(11) | 745,571 | 555,441 |
| Rental expense - long-term prepaid rents | 6(13) | 158,965 | 27,849 |
| Interest income | 6(26) | (1,060,710) | (762,819) |
| Interest expense | 6(28) | 926,271 | 769,105 |
| Losses on disposal of land use right | | - | (17,719) |
| Gains on disposal of investments | 6(27) | - | (9,155) |
| Share-based payment | 6(19) | 124,796 | 83,909 |
| Dividend income | | (2,643) | (15,400) |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Financial assets at fair value through profit or loss | | 4,498 | (7,935) |
| Notes receivable | | 31,447 | (10,488) |
| Accounts receivable | | 7,378,839 | (12,389,453) |
| Accounts receivable due from related parties | | (437,064) | (510,239) |
| Other receivables | | 1,831,287 | (846,982) |
| Inventories | | 1,247,962 | (4,375,940) |
| Prepayments | | (663,397) | (990,673) |
| Other current assets | | (270,118) | 38,730 |
| Changes in operating liabilities | | | |
| Accounts payable | | (5,057,452) | 6,988,065 |
| Accounts payable to related parties | | 339,588 | 11,894 |
| Other payables | | 1,685,015 | 1,268,316 |
| Other current liabilities | | 13,574 | 58,810 |
| Cash inflow generated from operations | | 28,660,492 | 4,098,652 |
| Income tax paid | | (1,760,171) | (1,888,378) |
| Net cash flows from operating activities | | 26,900,321 | 2,210,274 |

(Continued)

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Notes | For the years ended December 31, | |
|--|-------|----------------------------------|----------------|
| | | 2018 | 2017 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Proceeds from repayment of financial assets at amortised cost | | \$ 5,675,521 | \$ - |
| Increase in other financial assets | | - | (5,775,626) |
| Acquisition of held-to-maturity financial assets | | - | (275,830) |
| Proceeds from disposal of held-to-maturity financial assets | | - | 152,944 |
| Proceeds from disposal of available-for-sale financial assets | | - | 103,842 |
| Proceeds from disposal of other financial assets | | - | 282,172 |
| Acquisition of property, plant and equipment | 6(32) | (12,625,121) | (9,607,740) |
| Proceeds from disposal of property, plant and equipment | | 59,869 | 533,277 |
| Acquisition of land use right (long-term prepaid rents) | 6(32) | (3,598,949) | (3,139,590) |
| Proceeds from disposal of land use right (long-term prepaid rents) | | 5,226 | - |
| Increase in other non-current assets | | (198,350) | (162,158) |
| Decrease (increase) in refundable deposits | | 5,482 | (24,618) |
| Interest received | | 1,146,823 | 641,008 |
| Dividends received | | 2,643 | 15,400 |
| Net cash flows used in investing activities | | (9,526,856) | (17,256,919) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| (Decrease) increase in short-term borrowings | | (6,584,316) | 3,776,432 |
| Proceeds from long-term borrowings | | - | 991,530 |
| Repayments of long-term borrowings | | - | (979,590) |
| Cash dividends paid | 6(22) | (2,655,670) | (1,770,446) |
| Interest paid | | (667,178) | (570,290) |
| Repayments of convertible bonds | | - | (471,901) |
| (Increase) decrease in guarantee deposits received | | (10,399) | 110,388 |
| Syndicated loan arrangement fee paid | | (22,898) | - |
| Changes in non-controlling interests-issuance of common stock by subsidiaries | 6(31) | 16,154,880 | 11,711,541 |
| Changes in non-controlling interests-distribution of retained earnings by subsidiaries | | (827,540) | - |
| Net cash flows from financing activities | | 5,386,879 | 12,797,664 |
| Effect of exchange rate changes on cash and cash equivalents | | (1,254,759) | (21,194) |
| Net increase (decrease) in cash and cash equivalents | | 21,505,585 | (2,270,175) |
| Cash and cash equivalents at beginning of year | | 19,147,388 | 21,417,563 |
| Cash and cash equivalents at end of year | | \$ 40,652,973 | \$ 19,147,388 |

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