

**ZHEN DING TECHNOLOGY HOLDING  
LIMITED AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS  
MARCH 31, 2019 AND 2020**

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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 (the ‘Group’) as of March 31, 2019 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods 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 the 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 and issued into effect by the Financial Supervisory Commission. Our responsibility is to express a conclusion on the 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’. 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 the Group as of March 31, 2019 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three-month periods 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 and issued into effect by the Financial Supervisory Commission.

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Hsu, Yung-Chien

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Feng, Min-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

May 8, 2020

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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, 2019, DECEMBER 31, 2019 AND MARCH 31, 2020**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**  
**(THE BALANCE SHEETS AS OF MARCH 31, 2019 AND 2020 ARE REVIEWED, NOT AUDITED)**

Assets	Notes	March 31, 2019	December 31, 2019	March 31, 2020
<b>Current assets</b>				
1100	Cash and cash equivalents	\$ 38,233,232	\$ 38,280,304	\$ 44,154,406
1110	Current financial assets at fair value through profit or loss	1,918	-	-
1136	Current financial assets at amortised cost	11,009,347	4,790,922	3,308,492
1170	Accounts receivable, net	12,332,660	24,259,541	12,034,080
1180	Accounts receivable due from related parties, net	1,455,344	2,828,109	2,343,670
1200	Other receivables	264,139	1,306,347	519,927
130X	Inventories	7,245,344	8,516,862	11,248,681
1410	Prepayments	4,214,982	3,060,037	2,585,231
1460	Non-current assets or disposal groups classified as held for sale, net	-	161,211	-
1470	Other current assets	537,312	383	-
11XX	<b>Total current assets</b>	<b>75,294,278</b>	<b>83,203,716</b>	<b>76,194,487</b>
<b>Non-current assets</b>				
1510	Non-current financial assets at fair value through profit or loss	-	-	553,149
1517	Non-current financial assets at fair value through other comprehensive income	79,617	193,804	179,986
1600	Property, plant and equipment	42,866,655	46,242,613	45,440,605
1755	Right-of-use assets	8,829,203	8,035,650	7,858,942
1780	Intangible assets	212,217	360,370	619,427
1840	Deferred income tax assets	922,671	1,408,038	1,302,366
1990	Other non-current assets	331,486	437,144	428,174
15XX	<b>Total non-current assets</b>	<b>53,241,849</b>	<b>56,677,619</b>	<b>56,382,649</b>
1XX	<b>Total assets</b>			
X		<b>\$ 128,536,127</b>	<b>\$ 139,881,335</b>	<b>\$ 132,577,136</b>

(Continued)

**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2019, DECEMBER 31, 2019 AND MARCH 31, 2020**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**  
**(THE BALANCE SHEETS AS OF MARCH 31, 2019 AND 2020 ARE REVIEWED, NOT AUDITED)**

Liabilities and Equity	Notes	March 31, 2019	December 31, 2019	March 31, 2020
<b>Current liabilities</b>				
2100	Short-term borrowings	6(13) \$ 7,890,825	\$ 9,682,812	\$ 9,185,547
2170	Accounts payable	9,550,827	13,838,755	10,251,692
2180	Accounts payable to related parties	7 572,609	579,010	410,430
2200	Other payables	6(14) 9,268,251	12,449,520	10,039,006
2230	Current income tax liabilities	1,237,545	1,848,643	1,310,554
2260	Liabilities related to non-current assets or disposal groups classified as held for sale	6(12) -	480,371	-
2280	Current lease liabilities	70,988	88,495	84,568
2320	Long-term liabilities, current portion	6(15) (16) 8,704,639	-	-
2399	Other current liabilities	116,585	65,273	33,573
21XX	<b>Total current liabilities</b>	<u>37,412,269</u>	<u>39,032,879</u>	<u>31,315,370</u>
<b>Non-current liabilities</b>				
2540	Long-term borrowings	6(16) 9,226,737	8,980,884	9,057,664
2570	Deferred income tax liabilities	6(29) 912,863	972,792	1,055,451
2580	Non-current lease liabilities	255,617	150,912	130,665
2600	Other non-current liabilities	96,430	399,767	379,606
25XX	<b>Total non-current liabilities</b>	<u>10,491,647</u>	<u>10,504,355</u>	<u>10,623,386</u>
2XXX	<b>Total liabilities</b>	<u>47,903,916</u>	<u>49,537,234</u>	<u>41,938,756</u>
<b>Equity</b>				
<b>Equity attributable to owners of parent</b>				
<b>Share capital</b>				
3110	Ordinary share	6(19) 8,055,497	9,022,299	9,022,299
<b>Capital surplus</b>				
3200	Capital surplus	6(20) 22,084,407	29,534,781	29,551,285
<b>Retained earnings</b>				
3310	Legal reserve	6(21) 3,505,859	4,350,638	4,350,638
3320	Special reserve	1,717,913	2,948,306	2,948,306
3350	Unappropriated retained earnings	24,113,927	26,318,375	27,190,092
<b>Other equity interest</b>				
3400	Other equity interest	6(22) ( 1,387,770 )	( 5,014,697 )	( 5,746,428 )
31XX	<b>Equity attributable to owners of parent</b>	<u>58,089,833</u>	<u>67,159,702</u>	<u>67,316,192</u>
36XX	<b>Non-controlling interest</b>	<u>22,542,378</u>	<u>23,184,399</u>	<u>23,322,188</u>
3XXX	<b>Total equity</b>	<u>80,632,211</u>	<u>90,344,101</u>	<u>90,638,380</u>
<b>Significant contingent liabilities and unrecognized contract commitments</b>				
<b>Significant events after the balance sheet date</b>				
3X2X	<b>Total liabilities and equity</b>	<u>\$ 128,536,127</u>	<u>\$ 139,881,335</u>	<u>\$ 132,577,136</u>

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

**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2019, DECEMBER 31, 2019 AND MARCH 31, 2020**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**  
**(THE BALANCE SHEETS AS OF MARCH 31, 2019 AND 2020 ARE REVIEWED, NOT AUDITED)**

For the three-month periods ended March 31,

Items	Notes	2019	2020
4000 <b>Operating revenue</b>	6(23), 7 and 14	\$ 19,413,186	\$ 17,512,438
5000 <b>Operating costs</b>	6(5) and 7	( 16,313,054)	( 14,425,502)
5950 <b>Gross profit from operations</b>		<u>3,100,132</u>	<u>3,086,936</u>
<b>Operating expenses</b>	6(24)		
6100 Selling expenses		( 303,932)	( 281,293)
6200 Administrative expenses		( 873,673)	( 722,892)
6300 Research and development expenses		( 818,971)	( 899,211)
6450 Expected credit losses in accordance with IFRS 9	12	<u>10,973</u>	<u>32,215</u>
6000 <b>Total operating expenses</b>		<u>( 1,985,603)</u>	<u>( 1,871,181)</u>
6900 <b>Net operating income</b>		<u>1,114,529</u>	<u>1,215,755</u>
<b>Non-operating income and expenses</b>			
7010 Other income	6(26)	443,518	422,042
7020 Other gains and losses	6(27)	( 360,977)	170,016
7050 Finance costs	6(28)	( 231,487)	( 124,739)
7000 <b>Total non-operating income and expenses</b>		<u>( 148,946)</u>	<u>467,319</u>
7900 <b>Profit before income tax</b>		965,583	1,683,074
7950 Income tax expense	6(29)	( 332,683)	( 418,979)
8200 <b>Profit</b>		<u>\$ 632,900</u>	<u>\$ 1,264,095</u>
<b>Other comprehensive income</b>			
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>			
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(7)(22)	<u>27,448</u>	<u>( 12,062)</u>
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
8361 Exchange differences on translation of foreign financial statements	6(22)	<u>1,763,015</u>	<u>( 983,843)</u>
8300 <b>Other comprehensive (loss) income</b>		<u>1,790,463</u>	<u>( 995,905)</u>
8500 <b>Total comprehensive income</b>		<u>2,423,363</u>	<u>268,190</u>
<b>Profit attributable to:</b>			
8610 Owners of the parent		382,327	871,717
8620 Non-controlling interests		<u>250,573</u>	<u>392,378</u>
		<u>632,900</u>	<u>1,264,095</u>
<b>Comprehensive income attributable to:</b>			
8710 Owners of the parent		1,942,863	139,986
8720 Non-controlling interests		<u>480,500</u>	<u>128,204</u>
		<u>2,423,363</u>	<u>268,190</u>
<b>Basic earnings per share</b>			
9750 <b>Basic earnings per share</b>	6(30)	<u>0.48</u>	<u>0.97</u>
<b>Diluted earnings per share</b>			
9850 <b>Diluted earnings per share</b>	6(30)	<u>0.47</u>	<u>0.97</u>

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, 2019 AND 2020  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)  
(UNAUDITED)

	Equity attributable to owners of the parent										
	Notes	Retained earnings					Other equity interest			Non-controlling interest	Total equity
		Ordinary share	Capital surplus-additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total		
<u>2019</u>											
Balance at January 1, 2019		\$ 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
Profit for the period		-	-	-	-	382,327	-	-	382,327	250,573	632,900
Other comprehensive income (loss) for the period	6(22)	-	-	-	-	-	1,533,088	27,448	1,560,536	229,927	1,790,463
Total comprehensive income		-	-	-	-	382,327	1,533,088	27,448	1,942,863	480,500	2,423,363
Conversion of convertible bonds	6(19)(20)	8,013	60,964	-	-	-	-	-	68,977	-	68,977
Compensation cost of employee restricted stock	6(18)	-	22,786	-	-	-	-	-	22,786	8,505	31,291
Balance at March 31, 2019		\$ 8,055,497	\$ 22,084,407	\$ 3,505,859	\$ 1,717,913	\$ 24,113,927	(\$ 1,346,547)	(\$ 41,223)	\$ 58,089,833	\$ 22,542,378	\$ 80,632,211
<u>2020</u>											
Balance at January 1, 2020		\$ 9,022,299	\$ 29,534,781	\$ 4,350,638	\$ 2,948,306	\$ 26,318,375	(\$ 4,960,710)	(\$ 53,987)	\$ 67,159,702	\$ 23,184,399	\$ 90,344,101
Profit for the period		-	-	-	-	871,717	-	-	871,717	392,378	1,264,095
Other comprehensive income (loss) for the period	6(22)	-	-	-	-	-	( 723,432)	( 8,299)	( 731,731)	( 264,174)	( 995,905)
Total comprehensive income		-	-	-	-	871,717	( 723,432)	( 8,299)	139,986	128,204	268,190
Compensation cost of employee restricted stock	6(18)	-	16,504	-	-	-	-	-	16,504	6,160	22,664
Changes in non-controlling interests - acquisition of the subsidiary		-	-	-	-	-	-	-	-	3,425	3,425
Balance at March 31, 2020		\$ 9,022,299	\$ 29,551,285	\$ 4,350,638	\$ 2,948,306	\$ 27,190,092	(\$ 5,684,142)	(\$ 62,286)	\$ 67,316,192	\$ 23,322,188	\$ 90,638,380

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, 2019 AND 2020  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)  
(UNAUDITED)

	Notes	For the three-month periods ended March 31,	
		2019	2020
<b><u>CASH FLOWS FROM OPERATING</u></b>			
<b><u>ACTIVITIES</u></b>			
Profit before tax		\$ 965,583	\$ 1,683,074
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(24)	1,903,409	1,950,662
Amortisation expense	6(24)	30,985	41,576
Impairment losses		-	44,048
Reversal of expected credit losses	12	( 10,973 )	( 32,215 )
Losses on disposal of property, plant and equipment	6(27)	2,820	41,484
Interest income	6(26)	( 351,661 )	( 237,209 )
Interest expense	6(28)	231,487	124,739
Share-based payment	6(18)	31,291	22,664
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		1,519	-
Notes receivable		( 7,530 )	27,561
Accounts receivable		9,376,479	12,306,589
Accounts receivable due from related parties		1,198,535	504,529
Other receivables		618,848	773,861
Inventories		3,028,366	( 2,800,574 )
Prepayments		( 445,298 )	403,694
Other current assets		89,464	374
Changes in operating liabilities			
Accounts payable		( 7,917,667 )	( 3,471,969 )
Accounts payable to related parties		( 474,810 )	( 163,946 )
Other payables		( 2,222,701 )	( 2,018,951 )
Other current liabilities		( 20,993 )	( 31,346 )
Cash inflow generated from operations		6,027,153	9,168,645
Income tax paid		( 1,367,332 )	( 779,256 )
Net cash flows from operating activities		<u>4,659,821</u>	<u>8,389,389</u>

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ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2020  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)  
(UNAUDITED)

	Notes	For the three-month periods ended March 31,	
		2019	2020
<b><u>CASH FLOWS FROM INVESTING</u></b>			
<b><u>ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through profit or loss		\$ -	( \$ 553,020 )
Decrease (increase) in current financial assets at amortised cost		( 2,045,385 )	1,467,396
Acquisition of property, plant and equipment	6(31)	( 3,677,471 )	( 2,478,460 )
Proceeds from disposal of property, plant and equipment		16,723	166,928
Acquisition of land right-of-use (within 'right-of-use assets')	6(31)	( 974,498 )	-
Increase in other non-current assets		( 66,522 )	( 34,096 )
Interest received		338,834	263,013
Net cash flows used in investing activities		( 6,408,319 )	( 1,168,239 )
<b><u>CASH FLOWS FROM FINANCING</u></b>			
<b><u>ACTIVITIES</u></b>			
Decrease in short-term borrowings		( 1,471,820 )	( 456,206 )
Decrease in guarantee deposits received		( 17,320 )	( 33,964 )
Payments of lease liabilities		( 23,604 )	( 22,818 )
Interest paid		( 161,430 )	( 60,702 )
Change in non-controlling interests - acquisition of the subsidiary		-	3,425
Net cash flows used in financing activities		( 1,674,174 )	( 570,265 )
Effect of exchange rate changes on cash and cash equivalents		1,002,931	( 776,783 )
Net increase (decrease) in cash and cash equivalents		( 2,419,741 )	5,874,102
Cash and cash equivalents at beginning of period		40,652,973	38,280,304
Cash and cash equivalents at end of period		\$ 38,233,232	\$ 44,154,406

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2020  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,  
EXCEPT AS OTHERWISE INDICATED)  
(UNAUDITED)

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 P.O. Box 31119 Grand Pavilion Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The Company and its subsidiaries (collectively referred herein as the ‘Group’) are engaged in manufacturing and selling printed circuit board (the ‘PCB’). 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

These consolidated financial statements were authorised for issuance by the Board of Directors on May 8, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendment to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 7, IFRS 9 and IAS 39, ‘Interest rate benchmark reform’	January 1, 2020

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) Effect of new issuances of or amendments of IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

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

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	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.

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 International Accounting Standard 34, 'Interim financial reporting' as endorsed and issued into effect by the FSC.

(2) Basis of preparation

A. Except for the following items, the 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 less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with 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 are equity transactions (i.e. transactions with owners in their capacity as owners). It shall be recognised directly in equity and difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received.

#### B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2019	December 31, 2019	March 31, 2020	
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	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited (Cayman)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Pacific Stand Enterprises Limited (Hong Kong)	Holding company	100	-	-	(a)
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, 2019	December 31, 2019	March 31, 2020	
Monterey Park Finance Limited (B.V.I.)	Pacific Fair International Limited (Hongkong)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	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	100	100	
Monterey Park Finance Limited (B.V.I.)	Huaian Jia Wei Industrial Development Co., Ltd	Trading company	100	100	100	(b)
Monterey Park Finance Limited (B.V.I.)	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Manufacturing company	-	-	-	(i)
Coppertone Enterprises Limited (B.V.I.)	Mayco Industrial Limited (Hong Kong)	Manufacturing company	100	100	100	
Mayco Industrial Limited (Hong Kong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	66.38	66.38	66.38	
Pacific Fair International Limited (Hong Kong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	6.44	6.44	6.44	
Avary Holding (Shenzhen) Co., Limited	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Manufacturing company	100	100	-	(h)
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, 2019	December 31, 2019	March 31, 2020	
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 Industry (Shenzhen) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Yun ding Technology (Shenzhen) Co., Ltd.	Trading company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Kui sheng Technology (Shenzhen) Co., Ltd.	Trading company	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	(c)
Avary Holding (Shenzhen) Co., Limited	Avary Holding Investment (Shenzhen) Co., Ltd.	Investment company	-	-	100	(f)
Fu Bo Industry (Shenzhen) Co., Ltd	Zhan Yang Automation (Dongguan) Co., Ltd.	Trading company	-	-	60	(g)
Garuda International Limited (Hongkong)	Garuda Technology Co., Ltd.	Trading company	100	100	100	
Garuda International Limited (Hongkong)	Avary Japan Co., Ltd.	Trading company	-	100	100	(e)
Avary Singapore Private Limited (Singapore)	Avary Technology (India) Private Limited	Manufacturing company	-	100	100	(d)

- (a) For the year ended December 31, 2018, the Group has restructured the investment structure, and Pacific Stand Enterprises Limited (Hongkong) has completed the winding-up process in the second quarter of 2019.
- (b) On January 8, 2019, the Group invested in Huaian Jia Wei Industrial Development Co., Ltd., which has been included in the consolidation. It is mainly engaged in related building business.
- (c) On March 18, 2019, the Group invested in Avary Singapore Private Limited, located in Singapore, which has been included in the consolidation. It is mainly engaged in investment holdings.
- (d) On June 17, 2019, the Group invested in Avary Technology (India) Private Limited, located in India, which has been included in the consolidation. It is mainly engaged in manufacturing and processing of PCB.
- (e) On July 30, 2019, the Group invested in Avary Japan Co., Ltd., located in Japan, which has been included in the consolidation. It is mainly engaged in trading.
- (f) On January 19, 2020, the Group invested in Avary Holding Investment (Shenzhen) Co., Ltd., located in Shenzhen, which has been included in the consolidation. It is mainly engaged in investment.
- (g) On February 3, 2020, the Group invested in Zhan Yang Automation (Dongguan) Co., Ltd., located in Dongguan, which has been included in the consolidation. It is mainly engaged in manufacturing of automation equipment.
- (h) For the year ended December 31, 2019, the Group has restructured the investment structure, and disposed all its equity interest in Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd. The registration was completed on March 12, 2020.
- (i) The Group established Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. in Shenzhen, and no capital was actually invested as the company registration is in the process.

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, 2019, December 31, 2019 and March 31, 2020, the non-controlling interests of the Group amounted to \$22,542,378, \$23,184,399 and \$23,322,188, respectively. The information on non-controlling interests and their subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest		Description
		Amount	Ownership	
March 31, 2019				
Avary Holding (Shenzhen) Co., Limited	China	\$ 22,542,378	27.18%	

Name of subsidiary	Principal place of business	Non-controlling interest		Description
		Amount	Ownership (%)	
December 31, 2019				
Avary Holding (Shenzhen) Co., Limited	China	\$ 23,184,399	27.18%	

Name of subsidiary	Principal place of business	Non-controlling interest		Description
		Amount	Ownership	
March 31, 2020				
Avary Holding (Shenzhen) Co., Limited	China	\$ 23,318,792	27.18%	

#### Summary of the financial information of subsidiary

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

	March 31, 2019	December 31, 2019	March 31, 2020
Current assets	\$ 61,068,573	\$ 70,593,495	\$ 63,499,811
Non-current assets	50,431,949	54,104,439	53,927,760
Current liabilities	( 27,733,688)	( 38,383,281)	( 30,616,260)
Non-current liabilities	( 827,936)	( 1,013,604)	( 1,012,399)
Total net assets	\$ 82,938,898	\$ 85,301,049	\$ 85,798,912

##### Statements of comprehensive income of Avary Holding (Shenzhen) Co., Limited

	For the three-month periods ended March 31,	
	2019	2020
Revenue	\$ 19,254,929	\$ 17,113,115
Profit before income tax	1,229,273	1,809,395
Income tax expense	( 307,356)	( 365,719)
Profit	921,917	1,443,676
Other comprehensive income, net of tax	( 45,580)	38,197
Total comprehensive income	\$ 876,337	\$ 1,481,873
Comprehensive income attributable to non-controlling interest	\$ 480,500	\$ 128,204



Statements of cash flow of Avary Holding (Shenzhen) Co., Limited

	For the three-month periods ended March 31,	
	2019	2020
Net cash from (used in) operating activities	\$ 4,978,477	\$ 7,571,961
Net cash used in investing activities	( 5,126,684)	( 1,480,305)
Net cash used in financing activities	( 1,943,424)	( 464,655)
Effect of exchange rate changes on cash and cash equivalents	807,350	( 539,416)
Net increase (decrease) in cash and cash equivalents	( 1,284,281)	5,087,585
Cash and cash equivalents at beginning of year	34,977,025	29,230,247
Cash and cash equivalents at end of year	\$ 33,692,744	\$ 34,317,832

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

B. Translation of foreign operations

The operating results and financial position of all the group 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 the 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 dollars, the average exchange rates were NT \$30.83 (in dollars) to US \$1 (in dollar) and NT \$30.11 (in dollars) to US \$1 (in dollar) for the three-month periods ended March 31, 2019 and 2020, respectively; the closing rates were NT \$30.82 (in dollars) to US \$1 (in dollar), NT \$29.98 (in dollars) to US \$1 (in dollars) and NT \$30.23 (in dollars) to US \$1 (in dollar) as of March 31, 2019, December 31, 2019 and March 31, 2020, respectively.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date; 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.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off within twelve months from the balance sheet date; 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.

(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/liabilities 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 is not held for trading or the investments in debt instruments 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 and
  - (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 those that meet both of the following conditions:
- (a) The financial assets held within a business model whose objective is in order to collect contractual cash flows, and
  - (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) Accounts and notes 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) Leases (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) Non-current assets (or disposal groups) classified as held for sale

The non-current assets (or disposal group) classified as held for sale shall be measured at the lower of their carrying amount and fair value less costs to sell if the sale will be highly probable and their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

(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	5 ~ 53 years
Machinery and equipment	2 ~ 10 years
Leased assets	20 years
Leasehold improvements	5 years
Other equipment	2 ~ 15 years

(17) Leases (lessee)

- A. The lease assets are recognised within the right-of-use asset and lease liability at the date available for use by the Group. Lease payments are recognised as an expense on a straight-line basis over the lease term for either short-term leases or leases for which the underlying asset is of low value.
- B. At the commencement date, the right-of-use asset measured at cost shall comprise the amount of the initial measurement of lease liability and any initial direct costs incurred. The right-of-use asset subsequently measured at cost model and shall be depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.
- C. The lease liability is at the present value of the lease payments that are not paid and shall be discounted using the Group's incremental borrowing rate at commencement date. The lease payments include fixed payments less any lease incentives receivable. The lease liability is subsequently measured using an effective interest method on an amortised cost basis and the interest expense is allocated over the lease term. The amount of the remeasurement of the lease liability shall be recognised as an adjustment to the right-of-use asset if there are changes in the lease term or to the lease payments not arising from contract modifications.

(18) Intangible assets

A. Computer software

Computer software shall be measured initially at cost and amortised on the straight-line method over its estimated useful life of 3 to 5 years.

B. 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 payable

- A. Accounts payable are the liabilities for purchases of raw materials, goods or services.
- B. The short-term accounts 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 share 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 share issued due to the conversion shall be based on the remeasured carrying amount of the abovementioned liability component plus the carrying amount of the '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 at the end of the prior financial year, adjusted for actuarially determined significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. The related information is disclosed accordingly.

C. Employees' remuneration and directors' remuneration

Employees' remuneration and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' 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 operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. 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, in addition to income tax that is estimated in accordance with the tax laws, an additional 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, in addition to 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 them shall be added to income tax payable. The aforementioned difference shall not be offset with investment tax credits under other laws and 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) Income taxes of companies that are registered in the Singapore, India and Japan are calculated in accordance with the local regulations for the current year.
- 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 in no connection with profit or loss is recognised in other comprehensive income or equity while the effect of the change in connection with profit or loss is recognised in profit or loss.

(27) Dividends

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

(28) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells PCB and related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. Sales of PCB 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 component

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 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 fair value at the date of acquisition.
- B. 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.

(32) Convenience translation into us dollars (unaudited)

The Group maintains its accounting records and prepares its financial statements in New Taiwan (“NT”) dollars. The United States (“US”) dollar amounts disclosed in the financial statements are presented solely for the convenience of the reader and were translated to US dollars at the rate of NT \$30.25 : US \$1.00, the noon buying rate in effect as of Federal Reserve Board on March 31,

2020, as uniformly applied for all the financial statements accounts. Such translation amounts are unaudited and should not be construed as a representations that the NT dollar amounts represent, have been, or could in the future be converted into US dollars at that or any other rate.

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

The preparation of these consolidated financial statements requires management to make critical judgements 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, 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:

#### A. 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 judgements and estimates. Due to 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. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of March 31, 2020, the carrying amount of inventories was \$11,248,681.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
Cash on hand and petty cash	\$ 3,300	\$ 3,285	\$ 2,405
Checking accounts and demand deposits	18,830,978	26,733,935	28,649,142
Cash equivalents			
Time deposits	<u>19,398,954</u>	<u>11,654,760</u>	<u>15,502,859</u>
	38,233,232	38,391,980	44,154,406
Classification of non-current assets as held for sale	<u>-</u>	<u>( 111,676)</u>	<u>-</u>
Cash and cash equivalents presented in the balance sheet	<u>\$ 38,233,232</u>	<u>\$ 38,280,304</u>	<u>\$ 44,154,406</u>

A. As of March 31, 2019, December 31, 2019 and March 31, 2020, the Group's time deposits over three months which are recognised within 'current financial assets at amortised cost' are referred to Note 6(6).

B. The Group has no cash and cash equivalents pledged to others.

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

<u>Items</u>	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
Current items - assets:			
Forward foreign exchange contracts	\$ 1,918	\$ -	\$ -
Non-current items - assets:			
Privately funds	\$ -	\$ -	\$ 553,149

A. The Group recognised net gain of \$7,779 and \$0 within 'financial assets at fair value through profit or loss' for the three-month periods ended March 31, 2019 and 2020, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

<u>Derivative Instruments</u>	<u>March 31, 2019</u>	
	<u>Contract Amount (Notional Principal in thousands)</u>	<u>Contract Period</u>
Current items:		
Forward foreign exchange contracts	RMB (BUY) 34,050 USD (SELL) ( 5,000)	2019/1~2019/4

The Group entered into forward foreign exchange contracts to hedge exchange rate risk of import and export transactions. However, these forward foreign exchange contracts do not meet the criteria of hedge accounting.

C. As of December 31, 2019 and March 31, 2020, the Group has no unsettled forward foreign exchange transactions.

D. The Group has classified Beijing Firstred M&A Fund that is considered to be strategic investments as financial assets at fair value through profit or loss.

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

(3) Notes and accounts receivable

	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
Notes receivable	\$ 86,143	\$ 51,209	\$ 23,402
Accounts receivable	<u>12,275,616</u>	<u>24,284,254</u>	<u>12,055,021</u>
	12,361,759	24,335,463	12,078,423
Less: Allowance for bad debts	( 29,099)	( 75,922)	( 44,343)
	<u>\$ 12,332,660</u>	<u>\$ 24,259,541</u>	<u>\$ 12,034,080</u>
Accounts receivable due from related parties	\$ 1,477,299	\$ 2,833,199	\$ 2,347,680
Less: Allowance for bad debts	( 21,955)	( 5,090)	( 4,010)
	<u>\$ 1,455,344</u>	<u>\$ 2,828,109</u>	<u>\$ 2,343,670</u>

A. The ageing analysis of accounts receivable and notes receivable based on past due is as follows:

	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
Not past due	\$ 13,680,932	\$ 27,080,296	\$ 14,127,897
Between 1 and 90 days	155,729	84,908	281,077
Between 91 and 180 days	753	1,647	14,669
Over 180 days	<u>1,644</u>	<u>1,811</u>	<u>2,460</u>
	<u>\$ 13,839,058</u>	<u>\$ 27,168,662</u>	<u>\$ 14,426,103</u>

B. As of March 31, 2019, December 31, 2019 and March 31, 2020, accounts receivable and notes receivable were all from contracts with customers. In addition, as of January 1, 2019, the balance of receivables arising from contracts with customers amounted to \$24,338,283.

C. The Group does not hold any collateral as security.

D. Please refer to Note 12(2) for the information of credit risk.

(4) Other receivables and prepayments

	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
<u>Other receivables</u>			
Guarantee deposits receivable	\$ -	\$ 206,899	\$ 204,495
Interest income receivable	211,121	232,957	201,127
Business tax refundable	15,197	828,943	56,936
Others	<u>37,821</u>	<u>37,548</u>	<u>57,369</u>
	<u>\$ 264,139</u>	<u>\$ 1,306,347</u>	<u>\$ 519,927</u>

	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
<b>Prepayments</b>			
Excess business tax paid	\$ 3,221,340	\$ 2,029,571	\$ 1,588,649
Prepaid expenses	983,633	1,015,944	996,582
Others	<u>10,009</u>	<u>14,522</u>	<u>-</u>
	<u>\$ 4,214,982</u>	<u>\$ 3,060,037</u>	<u>\$ 2,585,231</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.

(5) Inventories

	<u>March 31, 2019</u>		
	<u>Cost</u>	<u>Allowance for valuation losses</u>	<u>Carrying amount</u>
Raw materials	\$ 1,963,088	(\$ 218,323)	\$ 1,744,765
Work in process	1,548,756	( 96,564)	1,452,192
Finished goods	<u>4,428,706</u>	<u>( 380,319)</u>	<u>4,048,387</u>
	<u>\$ 7,940,550</u>	<u>(\$ 695,206)</u>	<u>\$ 7,245,344</u>
	<u>December 31, 2019</u>		
	<u>Cost</u>	<u>Allowance for valuation losses</u>	<u>Carrying amount</u>
Raw materials	\$ 2,933,830	(\$ 224,729)	\$ 2,709,101
Work in process	2,306,804	( 92,292)	2,214,512
Finished goods	<u>3,985,692</u>	<u>( 392,443)</u>	<u>3,593,249</u>
	<u>\$ 9,226,326</u>	<u>(\$ 709,464)</u>	<u>\$ 8,516,862</u>
	<u>March 31, 2020</u>		
	<u>Cost</u>	<u>Allowance for valuation losses</u>	<u>Carrying amount</u>
Raw materials	\$ 4,027,574	(\$ 277,688)	\$ 3,749,886
Work in process	3,442,719	( 256,123)	3,186,596
Finished goods	<u>4,837,264</u>	<u>( 525,065)</u>	<u>4,312,199</u>
	<u>\$ 12,307,557</u>	<u>(\$ 1,058,876)</u>	<u>\$ 11,248,681</u>

Expenses and losses incurred on inventories for the three-month periods ended March 31, 2019 and 2020 are as follows:



	For the three-month periods ended March 31,	
	2019	2020
	<u>2019</u>	<u>2020</u>
Cost of goods sold	\$ 16,394,407	\$ 14,218,407
Losses on valuation of inventory	49,739	357,916
Income from sale of scraps and wastes	( 131,092)	( 150,821)
	<u>\$ 16,313,054</u>	<u>\$ 14,425,502</u>

(6) Financial assets at amortised cost

	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
Current items:			
Guaranteed income financial products	\$ 1,849,200	\$ 3,835,070	\$ 3,000,943
Time deposits with maturity of over three months	8,882,154	955,852	307,549
Corporate bonds	277,993	-	-
	<u>\$ 11,009,347</u>	<u>\$ 4,790,922</u>	<u>\$ 3,308,492</u>

A. Please refer to Note 6(26) for interest income arising from financial assets at amortised cost recognised in profit or loss for the three-month periods ended March 31, 2019 and 2020.

B. The Group has no financial assets at amortised cost pledged to others as collateral.

C. Please refer to Note 12(2) for the information of credit risk.

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

	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
Equity instruments			
Unlisted stock	\$ 120,992	\$ 257,184	\$ 257,184
Valuation adjustment	( 41,223)	( 57,197)	( 69,259)
Net exchange differences	( 152)	( 6,183)	( 7,939)
	<u>\$ 79,617</u>	<u>\$ 193,804</u>	<u>\$ 179,986</u>

A. The Group has elected to classify the investments in Synpower Co., Ltd. and Jiangsu Aisen Semiconductor Material Co., Ltd. that are considered to be strategic investments 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:

	For the three-month periods ended March 31,	
	2019	2020
	<u>2019</u>	<u>2020</u>
Equity instruments	<u>\$ 27,448</u>	<u>(\$ 12,062)</u>

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

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Other facilities	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2019</u>						
Cost	\$ 51,075	\$ 17,641,398	\$ 40,296,156	\$ 12,424,359	\$ 5,118,832	\$ 75,531,820
Accumulated depreciation and impairment	-	( 6,908,160)	( 20,274,370)	( 6,341,540)	( 94,584)	( 33,618,654)
	<u>\$ 51,075</u>	<u>\$ 10,733,238</u>	<u>\$ 20,021,786</u>	<u>\$ 6,082,819</u>	<u>\$ 5,024,248</u>	<u>\$ 41,913,166</u>
<u>2019</u>						
Opening net carrying amount	\$ 51,075	\$ 10,733,238	\$ 20,021,786	\$ 6,082,819	\$ 5,024,248	\$ 41,913,166
Additions (transfers)	-	271,533	396,172	625,034	516,842	1,809,581
Disposals	-	-	( 7,492)	( 1,994)	( 10,057)	( 19,543)
Depreciation expense	-	( 283,826)	( 1,059,384)	( 469,335)	-	( 1,812,545)
Net exchange differences	( 148)	275,925	412,044	155,691	132,484	975,996
Closing net carrying amount	<u>\$ 50,927</u>	<u>\$ 10,996,870</u>	<u>\$ 19,763,126</u>	<u>\$ 6,392,215</u>	<u>\$ 5,663,517</u>	<u>\$ 42,866,655</u>
<u>At March 31, 2019</u>						
Cost	\$ 50,927	\$ 18,361,416	\$ 40,816,284	\$ 13,265,950	\$ 5,760,559	\$ 78,255,136
Accumulated depreciation and impairment	-	( 7,364,546)	( 21,053,158)	( 6,873,735)	( 97,042)	( 35,388,481)
	<u>\$ 50,927</u>	<u>\$ 10,996,870</u>	<u>\$ 19,763,126</u>	<u>\$ 6,392,215</u>	<u>\$ 5,663,517</u>	<u>\$ 42,866,655</u>

	Land	Buildings and structures	Machinery and equipment	Other facilities	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2020</u>						
Cost	\$ 51,068	\$ 20,861,687	\$ 42,233,797	\$ 14,794,602	\$ 5,434,963	\$ 83,376,117
Accumulated depreciation and impairment	-	( 7,442,487)	( 21,991,287)	( 7,608,695)	( 91,035)	( 37,133,504)
	<u>\$ 51,068</u>	<u>\$ 13,419,200</u>	<u>\$ 20,242,510</u>	<u>\$ 7,185,907</u>	<u>\$ 5,343,928</u>	<u>\$ 46,242,613</u>
<u>2020</u>						
Opening net carrying amount	\$ 51,068	\$ 13,419,200	\$ 20,242,510	\$ 7,185,907	\$ 5,343,928	\$ 46,242,613
Additions (transfers)	-	643,875	380,449	123,906	973,494	2,121,724
Disposals	-	-	( 137,668)	( 70,744)	-	( 208,412)
Depreciation expense	-	( 332,278)	( 1,018,492)	( 514,507)	-	( 1,865,277)
Impairment losses	-	-	( 44,048)	-	-	( 44,048)
Reclassification	-	( 725,633)	1,094,839	( 287,698)	( 351,324)	( 269,816)
Net exchange differences	( 37)	( 150,337)	( 237,221)	( 73,965)	( 74,619)	( 536,179)
Closing net carrying amount	<u>\$ 51,031</u>	<u>\$ 12,854,827</u>	<u>\$ 20,280,369</u>	<u>\$ 6,362,899</u>	<u>\$ 5,891,479</u>	<u>\$ 45,440,605</u>
<u>At March 31, 2020</u>						
Cost	\$ 51,031	\$ 19,812,091	\$ 41,199,702	\$ 13,981,128	\$ 5,891,479	\$ 80,935,431
Accumulated depreciation and impairment	-	( 6,957,264)	( 20,919,333)	( 7,618,229)	-	( 35,494,826)
	<u>\$ 51,031</u>	<u>\$ 12,854,827</u>	<u>\$ 20,280,369</u>	<u>\$ 6,362,899</u>	<u>\$ 5,891,479</u>	<u>\$ 45,440,605</u>

- A. The significant parts of the Group's buildings structures include main plants and auxiliary improvements, which are depreciated over 20~53 years and 5~10 years, respectively.
- B. The Group assesses recoverable amount of assets at the end of the reporting period based on fair value less selling cost and value-in-use calculations at discount rate of 8.02% and 5.03% respectively. Additionally, the fair value using market approach valuation technique considering replacement cost belongs to Level 3. Based on the aforementioned assessment, the Group recognised impairment losses on property, plant and equipment of \$44,048 for the three-month period ended March 31, 2020. The amounts recognised for the three-month period ended March 31, 2020 were shown within the 'operating costs' of \$40,980 and the 'other gains and losses' of \$3,068. The impairment losses belong to PCB segments.
- C. The Group has no property, plant and equipment pledged to others.

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

- A. The assets leased by the Group include land right-of-use, buildings and official vehicles. 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 30 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 information of the carrying amount of the right-of-use assets and the recognition of depreciation expense are as follows:

	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land right-of-use	\$ 8,503,771	\$ 7,799,693	\$ 7,647,501
Buildings	290,348	217,119	196,567
Transportation equipment (official vehicles)	35,084	18,838	14,874
	<u>\$ 8,829,203</u>	<u>\$ 8,035,650</u>	<u>\$ 7,858,942</u>

  

	<u>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2020</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land right-of-use	\$ 66,091	\$ 62,116
Buildings	20,460	19,475
Transportation equipment (official vehicles)	4,313	3,794
	<u>\$ 90,864</u>	<u>\$ 85,385</u>

The acquisition of the right-of-use assets for the three-month periods ended March 31, 2019 and 2020 amounted to \$690,481 and \$1,093, respectively.

- C. As of March 31, 2020, there were land right-of-use contracts of \$719,677 in the process of registration between the subsidiaries of the Group and the local government.
- D. 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>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2020</u>
<u>Items affecting current profit or loss</u>		
Interest expense from lease liabilities	\$ 2,440	\$ 1,639
Rental expenses for short-term lease contracts	\$ 36,077	\$ 95,832

- E. The cash flows used in the lease payments of the Group for the three-month periods ended March 31, 2019 and 2020 amounted to \$1,036,619 and \$120,289, respectively.

(10) Intangible assets

	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
Software	\$ 120,198	\$ 270,859	\$ 529,169
Goodwill	92,019	89,511	90,258
	<u>\$ 212,217</u>	<u>\$ 360,370</u>	<u>\$ 619,427</u>

The Group acquired 100% shares of Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd. in 2008, and recognised goodwill under the acquisition method.

(11) Other non-current assets

	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
Prepayments for business facilities	\$ 99,462	\$ 171,096	\$ 161,438
Refundable deposits	46,556	102,417	101,871
Others	185,468	163,631	164,865
	<u>\$ 331,486</u>	<u>\$ 437,144</u>	<u>\$ 428,174</u>

(12) Non-current groups classified as held for sale

The assets and liabilities of Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd., which the Board of Directors approved to sell in order to optimise the deployment of resources and enhance management efficiency and operating performance of whole assets on December 27, 2019, were reclassified as disposal group classified as held for sale which belongs to PCB segment. The completion of the transaction was on March 12, 2020. As of December 31, 2019, the assets and liabilities of the disposal group classified as held for sale amounted to \$161,211 and \$480,371, respectively.

A. Assets of disposal group classified as held for sale:

	<u>December 31, 2019</u>
Cash and cash equivalents	\$ 111,676
Others	<u>49,535</u>
Total	<u>\$ 161,211</u>

B. Liabilities related to non-current assets classified as held for sale:

	<u>December 31, 2019</u>
Accounts payable	\$ 395,481
Other payables	68,897
Others	<u>15,993</u>
Total	<u>\$ 480,371</u>

C. The impairment loss of the disposal group classified as held for sale, presented in property, plant and equipment and right-of-use assets, was measured at the lower of its carrying amount or fair value less costs to sell. Please refer to Note 12(3) for the information of fair value.

(13) Short-term borrowings

	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
Credit loans	\$ 7,890,825	\$ 9,682,812	\$ 9,185,547
Interest rate range	<u>2.86%~4.79%</u>	<u>2.17%~2.56%</u>	<u>1.42%~3.92%</u>

(14) Other payables

	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
Payable on machinery and equipment	\$ 2,420,949	\$ 3,927,125	\$ 3,528,727
Wages and bonuses payable	2,552,003	3,840,859	3,285,354
Payable on mold and jig	1,145,024	1,485,561	828,358
Repairs and maintenance fees payable	719,474	830,379	457,707
Payable on consumable goods	364,233	375,025	153,773
Others	<u>2,066,568</u>	<u>1,990,571</u>	<u>1,785,087</u>
	<u>\$ 9,268,251</u>	<u>\$ 12,449,520</u>	<u>\$ 10,039,006</u>

(15) Bonds payable

	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
2nd overseas unsecured convertible bonds:			
Bonds payable	\$ 8,752,198	\$ -	\$ -
Less: Discount on bonds payable	( 47,559)	-	-
	8,704,639	-	-
Less: Current portion of bonds payable (within 'long-term liabilities, current portion')	( 8,704,639)	-	-
Bonds payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

A. Conditions for issuance of 2nd overseas unsecured convertible bonds are as follows:

- (a) The competent authority has approved the Company's second issuance of overseas unsecured corporate bonds on June 6, 2014. The total issue amount of the bonds is USD 300,000 thousand, at a coupon rate of 0% and maturity of 5 years from June 26, 2014 to June 26, 2019.
- (b) The conversion price of the bonds is adjusted based on the pricing model in the terms of the bonds. As of June 26, 2019, no bonds have been converted into ordinary shares, and the conversion price was NTD 86.1660 (exchange rate of NTD 30.02 (in dollars) to USD 1 (in dollar)).
- (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 0.125% (calculated semi-annually) as interest compensation (100.38% of the principal amount of the corporate bonds). On June 26, 2017, the bondholders redeemed a total of USD 15,500 thousand.
- (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 0.125% based on the principal amount (calculated semi-annually). The redemption amount is about 100.63% 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, rights and obligations of newly issued shares after conversion are the same as other issued ordinary share. As of June 26, 2019, the maturity date of convertible bonds, the Company's 2nd overseas unsecured convertible bonds with par value of USD 279,800 thousand were converted to 'ordinary share' of \$974,815 (97,481,528 shares) with a par value of \$10 (in New Taiwan dollars) and 'capital surplus - additional paid-in capital arising from bond conversion' of \$8,251,204 based on the conversion price on the conversion

date. The remaining expired convertible bonds with par value of USD 4,700 thousand were redeemed at maturity.

(g) The effective rate of the corporate bonds is 2.3%.

B. Regarding the issuance of 1st overseas unsecured corporate bonds in 2012, the equity conversion options were separated from the liability component in accordance with IAS 32. As of June 7, 2015, the maturity date of convertible bonds, the remaining unconverted shared options were recognised within ‘capital surplus-expired share options’ of \$258.

C. Regarding the issuance of 2nd overseas unsecured corporate bonds in 2014, the equity conversion options were separated from the liability component in accordance with IAS 32. As of June 26, 2017 and 2019, the Company’s 2nd overseas unsecured corporate bonds with par value of USD 15,500 thousand and USD 4,700 thousand were redeemed, respectively, and recognised within ‘capital surplus-expired share options’ of \$45,401 and \$13,767, respectively.

(16) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>March 31, 2019</u>
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.	\$ 9,246,000
Less: Syndicated loan arrangement fees		( 19,263)
		<u>\$ 9,226,737</u>
Interest rate		<u>3.79%</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>December 31, 2019</u>
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.	\$ 8,994,000
Less: Syndicated loan arrangement fees		( 13,116)
		<u>\$ 8,980,884</u>
Interest rate		<u>3.02%</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>March 31, 2020</u>
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.	\$ 9,069,000
Less: Syndicated loan arrangement fees		( 11,336)
		<u>\$ 9,057,664</u>
Interest rate		<u>3.02%</u>



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 annual consolidated financial statements and the reviewed semi-annual consolidated financial statements.

(17) Pensions

A. Defined benefit plans

- (a) The Group's subsidiary in Taiwan, Zhen Ding Technology Co., Ltd., 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 Taiwan subsidiary 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 under defined contribution pension plans of the Group for the three month periods ended March 31, 2019 and 2020, were \$14 and \$9, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ended December 31, 2021 amount to \$15.

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 in accordance with the New Plan were \$6,707 and \$9,010 for the three-month periods ended March 31, 2019 and 2020, 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 \$231,685, and \$156,600 for the three-month periods ended March 31, 2019 and 2020, 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)(b)

(a) A restricted stock has not vested until an employee remains the employ in the Avary Holding (Shenzhen) Co., Limited for 7 years starting from the purchase date and achieves the performance goal. For an employee who does not satisfy the vesting conditions, the employee's investment would be refunded by the Group at the lower of the investment amount or the carrying amount of net assets. However, appropriated dividend is not required to be returned.

(b) Until the achievement of the vesting conditions, the right and obligation: cannot sell, pledge, transfer, give to others, create a right in rem over it or any other disposal.

B. Employee restricted stocks

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

	For the three-month periods ended March 31,	
	2019	2020
Outstanding at January 1	185,080	183,272
Numbers granted during the periods	-	-
Numbers returned during the periods	-	-
Outstanding at March 31	185,080	183,272

C. Expenses incurred on share-based payment transactions are shown below:

	For the three-month periods ended March 31,	
	2019	2020
Expenses incurred on employee restricted stocks	\$ 31,291	\$ 22,664

(19) Share capital

A. As of March 31, 2020, the Company's authorised capital was \$16,000,000, and the issued capital is \$9,022,299, consisting of 902,230 thousand shares of ordinary share with a par value of \$10 (in New Taiwan dollars) per share.

Reconciliation between the beginning and the ending of the Company's ordinary shares outstanding is as follows:

	For the three-month periods ended March 31,	
	2019	2020
	Number of shares (shares in thousands)	Number of shares (shares in thousands)
At January 1	804,748	902,230
Conversion of overseas convertible bonds	801	-
At March 31	805,549	902,230

B. The 2nd overseas unsecured convertible bonds with par value of USD 2,300 thousand were converted to 'ordinary share' of 801 thousand shares with a par value of \$10 in New Taiwan dollars, and the paid-in capital increased \$8,013 for the three-month period ended March 31, 2019.

(20) Capital surplus

	For the three-month periods ended March 31, 2019					Total
	Additional paid-in capital arising from ordinary share	Additional paid-in capital arising from bond conversion	Share options	Expired share options	Changes in non-controlling interests	
At January 1	\$ 5,690,348	\$ 5,373,351	\$ 833,332	\$ 45,659	\$ 10,057,967	\$ 22,000,657
Employee restricted stocks	-	-	-	-	22,786	22,786
Redemption of bonds payable	-	67,701	(6,737)	-	-	60,964
At March 31	<u>\$ 5,690,348</u>	<u>\$ 5,441,052</u>	<u>\$ 826,595</u>	<u>\$ 45,659</u>	<u>\$ 10,080,753</u>	<u>\$ 22,084,407</u>

	For the three-month periods ended March 31, 2020					Total
	Additional paid-in capital arising from ordinary share	Additional paid-in capital arising from bond conversion	Expired share options	Changes in non-controlling interests		
At January 1	\$ 5,690,348	\$ 13,624,555	\$ 59,426	\$ 10,160,452	\$ 29,534,781	
Employee restricted stocks	-	-	-	16,504	16,504	
At March 31	<u>\$ 5,690,348</u>	<u>\$ 13,624,555</u>	<u>\$ 59,426</u>	<u>\$ 10,176,956</u>	<u>\$ 29,551,285</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 capital surplus - share options, capital surplus - expired share options and capital surplus - additional paid-in capital arising from bond conversion.

(21) Retained earnings

- A. In accordance with the Company's Articles of Incorporation, the Board of Directors 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.

The remainder shall be distributed pursuant to the proposal of the Board of Directors in accordance with Company's dividend policy and approved by the shareholders.

- B. On March 30, 2020, the Board of Directors proposed for the appropriation of cash dividends from 2019 earnings, and the appropriations of 2018 earnings have been approved by the shareholders during their meeting on June 21, 2019. Details are summarised as follows:

	2018		2019	
	Amount	Dividends per share (in New Taiwan dollars)	Amount	Dividends per share (in New Taiwan dollars)
General reserve	\$ 844,779		\$ 868,520	
Special reserve	1,230,393		2,066,391	
Cash dividends	<u>4,023,742</u>	4.46	<u>4,060,034</u>	4.50
Total	<u>\$ 6,098,914</u>		<u>\$ 6,994,945</u>	

Information on the appropriation of the Company's earnings as resolved at the shareholders' meeting is posted in the 'Market Observation Post System' at 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
At January 1, 2019	(\$ 68,671)	(\$ 2,879,635)	(\$ 2,948,306)
Valuation adjustment	27,448	-	27,448
Currency translation differences:			
–Group	-	1,533,088	1,533,088
At March 31, 2019	<u>(\$ 41,223)</u>	<u>(\$ 1,346,547)</u>	<u>(\$ 1,387,770)</u>

	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
At January 1, 2020	(\$ 53,987)	(\$ 4,960,710)	(\$ 5,014,697)
Valuation adjustment	( 8,299)	-	( 8,299)
Currency translation differences:			
–Group	-	( 723,432)	( 723,432)
At March 31, 2020	<u>(\$ 62,286)</u>	<u>(\$ 5,684,142)</u>	<u>(\$ 5,746,428)</u>

(23) Operating revenue

	For the three-month periods ended March 31,	
	2019	2020
Revenue from contracts with customers	<u>\$ 19,413,186</u>	<u>\$ 17,512,438</u>

The Group derives revenue from the transfer of goods and services at a point in time, and the Group's geographical revenue based on the countries where customers are located:

	For the three-month periods ended March 31,	
	2019	2020
Revenue from contracts with customers		
U.S.A.	\$ 12,528,715	\$ 10,017,022
Mainland China	4,627,535	5,238,181
Taiwan	1,242,514	989,877
Others	<u>1,014,422</u>	<u>1,267,358</u>
	<u>\$ 19,413,186</u>	<u>\$ 17,512,438</u>

(24) Expenses by nature

	For the three-month periods ended March 31,	
	2019	2020
Employee benefit expense	\$ 2,906,905	\$ 3,091,273
Depreciation expense	1,903,409	1,950,662
Amortisation expense	30,985	41,576
	<u>\$ 4,841,299</u>	<u>\$ 5,083,511</u>

(25) Employee benefit expense

	For the three-month periods ended March 31,	
	2019	2020
Wages and salaries	\$ 2,227,737	\$ 2,468,590
Employees' remuneration	8,201	7,979
Labor and health insurance fees	127,178	110,706
Pension expenses	238,406	165,619
Other personnel expenses	305,383	338,379
	<u>\$ 2,906,905</u>	<u>\$ 3,091,273</u>

- A. In accordance with the Company's Articles of Incorporation, the Company shall distribute employees' 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. For the three-month periods ended March 31, 2019 and 2020, employees' remunerations were accrued of \$8,201 and \$7,979, respectively; while directors' remunerations were accrued of \$1,757 and \$2,620, respectively.
- C. Employees' remuneration and directors' remuneration of the Board of Directors' resolution for the year ended December 31, 2019 were equal to the amount recognised in the financial statements for the year ended December 31, 2019.
- 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) Other income

	For the three-month periods ended March 31,	
	2019	2020
Interest income		
Interest income from bank deposits	\$ 268,092	\$ 122,925
Interest income from financial assets at amortised cost	83,569	114,284
Government grant revenue	74,638	169,448
Others	17,219	15,385
	<u>\$ 443,518</u>	<u>\$ 422,042</u>

(27) Other gains and losses

	For the three-month periods ended March 31,	
	2019	2020
Net currency exchange gains (losses)	(\$ 352,248)	\$ 216,544
Net losses on disposal of property, plant and equipment	( 2,820)	( 41,484)
Net gains on financial assets at fair value through profit or loss	7,779	-
Others	( 13,688)	( 5,044)
	<u>(\$ 360,977)</u>	<u>\$ 170,016</u>

(28) Finance costs

	For the three-month periods ended March 31,	
	2019	2020
Interest expense		
Bank borrowings	\$ 179,287	\$ 121,218
Amortisation of convertible bond discounts	47,833	-
Amortisation of syndicated loan arrangement fees	1,927	1,882
Interest expense from lease liabilities	2,440	1,639
	<u>\$ 231,487</u>	<u>\$ 124,739</u>

(29) Income tax

A. Components of income tax expense:

	<u>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2020</u>
Current tax:		
Tax payable arising from the current period	\$ 251,379	\$ 341,824
Total current tax	<u>251,379</u>	<u>341,824</u>
Deferred tax:		
Origination and reversal of temporary differences	\$ 81,304	\$ 77,155
Total deferred tax	<u>81,304</u>	<u>77,155</u>
Income tax expense	<u>\$ 332,683</u>	<u>\$ 418,979</u>

B. The income tax returns of the Group's subsidiary, Zhen Ding Technology Co., Ltd., through 2017 have been assessed and approved by the Tax Authority.

C. The income tax returns of the Group's subsidiary, Garuda Technology Co., Ltd., through 2017 have been assessed and approved by the Tax Authority.

(30) Earnings per share

	<u>For the three-month period ended March 31, 2019</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in New Taiwan dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 382,327	804,784	\$ 0.48
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 382,327	804,784	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	894	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	\$ 382,327	805,678	\$ 0.47



	<u>For the three-month period ended March 31, 2020</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in New Taiwan dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 871,717	902,230	\$ 0.97
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 871,717	902,230	
Assumed conversion of all dilutive potential ordinary shares			
Employees' remuneration	-	884	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	\$ 871,717	903,114	\$ 0.97

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.

(31) Additional information of cash flows

A. Investing activities with partial cash payments

	<u>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2020</u>
Acquisition of property, plant and equipment	\$ 1,809,581	\$ 2,121,724
Add: Opening balance of payable on machinery and equipment (within 'other payables')	4,190,436	3,927,125
Less: Ending balance of payable on machinery and equipment (within 'other payables')	( 2,420,949)	( 3,528,727)
Net exchange differences	98,403	( 41,662)
Cash paid during the period	\$ 3,677,471	\$ 2,478,460

	For the three-month periods ended March 31, 2019
Acquisition of land right-of-use	\$ 675,225
Add: Opening balance of payable on land right-of-use (within 'other payables')	292,776
Net exchange differences	6,497
Cash paid during the period	<u>\$ 974,498</u>

B. Financing activities without cash flow effects

	For the three-month periods ended March 31, 2019
Convertible bonds converted to ordinary share	\$ 8,013
Capital surplus	
Additional paid-in capital arising from bond conversion	67,701
Share options	( 6,737)
Convertible bonds converted to equity	<u>\$ 68,977</u>

C. Changes in liabilities from financing activities

For the three-month periods ended March 31, 2019 and 2020, the changes of the Group in liabilities arising from financing activities were the changes in not only financing cash flow but also exchange rate, and were not the changes in non-cash items. Please refer to consolidated statements of cash flows.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties and relationship</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
Foxconn Interconnect Technology Limited and its subsidiaries	Other related parties
General Interface Solution Holding Limited and its subsidiaries	Other related parties

(2) Significant related party transactions and balances

A. Sales:

	For the three-month periods ended March 31,	
	2019	2020
Sales of goods:		
Entity with significant influence over the Company	\$ 1,130,496	\$ 1,162,347
Other related parties	167,265	765,380
	<u>\$ 1,297,761</u>	<u>\$ 1,927,727</u>

Unless there are similar transactions, the prices and terms were determined in accordance with mutual agreements. Otherwise, the sales prices and credit terms to related parties were similar to third parties. The normal credit term is around 1 to 4 months.

B. Purchases:

	For the three-month periods ended March 31,	
	2019	2020
Purchases of goods:		
Entity with significant influence over the Company	\$ 133,572	\$ 97,186
Other related parties	305,624	716,039
	<u>\$ 439,196</u>	<u>\$ 813,225</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.

C. Accounts receivable:

	March 31, 2019	December 31, 2019	March 31, 2020
Accounts receivable			
- related parties:			
Entity with significant influence over the Company	\$ 1,344,171	\$ 2,587,592	\$ 1,531,088
Other related parties	133,128	245,607	816,592
	1,477,299	2,833,199	2,347,680
Allowance for bad debts	(21,955)	(5,090)	(4,010)
	<u>\$ 1,455,344</u>	<u>\$ 2,828,109</u>	<u>\$ 2,343,670</u>

D. Accounts payable:

	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
Accounts payable			
- related parties:			
Entity with significant			
influence over the Company	\$ 93,530	\$ 122,034	\$ 55,917
Other related parties	<u>479,079</u>	<u>456,976</u>	<u>354,513</u>
	<u>\$ 572,609</u>	<u>\$ 579,010</u>	<u>\$ 410,430</u>

(3) Key management compensation

	<u>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2020</u>
Short-term employee benefits	<u>\$ 19,259</u>	<u>\$ 22,850</u>

8. PLEGGED ASSETS

None.

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:

	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
Property, plant and equipment	<u>\$ 262,757</u>	<u>\$ 323,591</u>	<u>\$ 778,400</u>

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

	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
Unused letters of credit	<u>\$ 1,102,912</u>	<u>\$ 1,946,326</u>	<u>\$ 3,622,486</u>

C. On March 10, 2020, the Board of Directors of the Group approved to acquire all ownership of Boardtek Electronics Corporation through share exchange in order to not only strengthen Zhen Ding's technique in the field of automotive and high-frequency but also take the complementary advantage of bilateral technology development and product scope. This will deepen the Group's cooperation with the worldwide automotive and communication manufacturers, promote the performance of sales and profit, enhance shareholders' equity, and bring positive benefits to bilateral customers, employees and shareholders. The effective date for the above share exchange is set temporarily on November 11, 2020. The exchange ratio is temporarily that one ordinary share of Boardtek Electronics Corporation will be temporarily converted to 0.2

ordinary share of Zhen Ding Technology Holding Limited.

#### 10. SIGNIFICANT DISASTER LOSS

None.

#### 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On May 8, 2020, the Board of Directors of the Group proposed for the issuance of 3<sup>rd</sup> overseas unsecured convertible bonds.

#### 12. OTHERS

##### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the 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 capital structure.

##### (2) Financial instruments

###### A. Financial instruments by category

	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
<u>Financial assets</u>			
Financial assets at amortised cost	\$ 63,832,034	\$ 71,465,606	\$ 62,360,575
Financial assets at fair value through profit or loss	1,918	-	553,149
Financial assets at fair value through other comprehensive income	<u>79,617</u>	<u>193,804</u>	<u>179,986</u>
	<u>\$ 63,913,569</u>	<u>\$ 71,659,410</u>	<u>\$ 63,093,710</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost	\$ 45,310,318	\$ 45,710,492	\$ 39,088,234
Lease liabilities	<u>326,605</u>	<u>239,407</u>	<u>215,233</u>
	<u>\$ 45,636,923</u>	<u>\$ 45,949,899</u>	<u>\$ 39,303,467</u>

Note: Financial assets at amortised cost including cash and cash equivalents, accounts receivable (including due from related parties), other receivables and other current assets; financial liabilities at amortised cost including short-term borrowings, accounts payable (including to related parties), other payables, long-term liabilities current portion, long-term borrowings, bond payable 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 the various kinds of financial risk it faces, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, and liquidity risk.

(b) Management objectives:

- i. Except for market risk, which is controlled by outside factors, the remainder of the foregoing types of risks can be eliminated through internal controls 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 potential 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:

(Foreign currency: functional currency)	March 31, 2019			For the three-month periods ended March 31, 2019	
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Sensitivity analysis Degree of variation	Effect on comprehensive income
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	187,148	30.82	\$ 5,767,901	1%	\$ 57,679
USD:RMB	1,037,495	6.7335	32,059,329	1%	320,593
<u>Net effect in consolidated entities with foreign currency</u>					
USD:NTD	2,318,255	30.82	71,448,619	1%	714,486
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	126,109	30.82	3,886,679	1%	38,867
USD:RMB	661,790	6.7335	20,449,778	1%	204,498
JPY:RMB	1,347,485	0.0609	376,384	1%	3,764

(Foreign currency: functional currency)	December 31, 2019			For the year ended December 31, 2019	
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Sensitivity analysis Degree of variation	Effect on comprehensive income
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	331,789	29.98	\$ 9,947,034	1%	\$ 99,470
USD:RMB	1,262,335	6.9762	37,911,126	1%	379,111
<u>Net effect in consolidated entities with foreign currency</u>					
USD:NTD	2,536,935	29.98	76,057,311	1%	760,573
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	220,978	29.98	6,624,920	1%	66,249
USD:RMB	823,355	6.9762	24,727,442	1%	247,274
JPY:RMB	4,440,833	0.0641	1,225,181	1%	12,252
(Foreign currency: functional currency)	March 31, 2020			For the three-month periods ended March 31, 2020	
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Sensitivity analysis Degree of variation	Effect on comprehensive income
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	259,922	30.23	\$ 7,857,442	1%	\$ 78,574
USD:RMB	891,465	7.0851	26,875,086	1%	268,751
<u>Net effect in consolidated entities with foreign currency</u>					
USD:NTD	2,526,754	30.23	76,383,773	1%	763,838
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	47,627	30.23	1,439,764	1%	14,398
USD:RMB	523,473	7.0851	15,781,195	1%	157,812
JPY:RMB	4,453,202	0.0655	1,241,120	1%	12,411



- v. Please refer to Note 6(27) 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 periods ended March 31, 2019 and 2020.

Interest rate risk for cash flow and fair value

The Group's interest rate risk 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 \$10,711 and \$11,409 for the three-month periods ended March 31, 2019 and 2020, 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 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 a 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) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- iv. The default occurs when the contract payments 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 instruments classified as financial assets at amortised cost have 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 due 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 occurred to certain customers.
  2. Classify 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, 2019, December 31, 2019 and March 31, 2020, 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>As of March 31, 2019</u>						
Expected loss rate		0.03%	0.07%	0.10%~1.00%	1%~5%	
Total carrying amount	\$ -	\$ 9,739,204	\$ 2,417,239	\$ -	\$ 1,682,615	\$ 13,839,058
Loss allowance	\$ -	(\$ 2,922)	(\$ 1,692)	\$ -	(\$ 46,440)	(\$ 51,054)
<u>As of December 31, 2019</u>						
Expected loss rate		0.03%	0.07%	0.10%~1.00%	1%~5%	
Total carrying amount	\$ -	\$ 16,319,559	\$ 6,642,699	\$ 662,031	\$ 3,544,373	\$ 27,168,662
Loss allowance	\$ -	(\$ 4,896)	(\$ 4,650)	(\$ 3,310)	(\$ 68,156)	(\$ 81,012)
<u>As of March 31, 2020</u>						
Expected loss rate		0.03%	0.07%	0.10%~1.00%	1%~5%	
Total carrying amount	\$ -	\$ 6,724,578	\$ 5,284,968	\$ 540,428	\$ 1,876,129	\$ 14,426,103
Loss allowance	\$ -	(\$ 2,017)	(\$ 3,699)	(\$ 2,972)	(\$ 39,665)	(\$ 48,353)

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) are as follows:

	<u>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2020</u>
Opening balance	\$ 61,904	\$ 81,012
Provision for impairment	( 10,973)	( 32,215)
Net exchange differences	123	( 444)
Ending balance	\$ 51,054	\$ 48,353

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.

(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 (Note 6) 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:

	<u>March 31, 2019</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>
Expiring within one year	\$ 42,745,722	\$ 34,800,762	\$ 35,964,697
Expiring over one year	<u>9,650,686</u>	<u>11,343,144</u>	<u>15,496,080</u>
	<u>\$ 52,396,408</u>	<u>\$ 46,143,906</u>	<u>\$ 51,460,777</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.

Non-derivative financial liabilities:

<u>March 31, 2019</u>	<u>Within one year</u>	<u>Over one year</u>	<u>Total</u>
Bonds payable	\$ 8,752,198	\$ -	\$ 8,752,198
Long-term borrowings	-	9,246,000	9,246,000
Guarantee deposits received	-	96,430	96,430
Lease liabilities	<u>76,988</u>	<u>265,076</u>	<u>342,064</u>
	<u>\$ 8,829,186</u>	<u>\$ 9,607,506</u>	<u>\$ 18,436,692</u>

Non-derivative financial liabilities:

<u>December 31, 2019</u>	<u>Within one year</u>	<u>Over one year</u>	<u>Total</u>
Long-term borrowings	\$ -	\$ 8,994,000	\$ 8,994,000
Guarantee deposits received	-	179,511	179,511
Lease liabilities	95,128	156,246	251,374
	<u>\$ 95,128</u>	<u>\$ 9,329,757</u>	<u>\$ 9,424,885</u>

Non-derivative financial liabilities:

<u>March 31, 2020</u>	<u>Within one year</u>	<u>Over one year</u>	<u>Total</u>
Long-term borrowings	\$ -	\$ 9,069,000	\$ 9,069,000
Guarantee deposits received	-	143,895	143,895
Lease liabilities	90,594	134,651	225,245
	<u>\$ 90,594</u>	<u>\$ 9,347,546</u>	<u>\$ 9,438,140</u>

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 will 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) Information on fair value

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:

Level1: 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 those listed in the following table, the carrying amounts of the Group's financial instruments not measured at fair value approximate to their fair values, including cash and cash equivalents, financial assets at amortised cost—the deposits with maturity of over three months, financial assets at amortised cost—guaranteed income financial products, accounts receivable (including due from related parties), other receivables, other current assets, short-term borrowings, accounts payable (including to related parties), other payables, lease liabilities, and long-term borrowings:

	March 31, 2019			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets:				
Financial assets at amortised cost - corporate bond	\$ 277,993	\$ 276,339	\$ -	\$ -
Financial liabilities:				
Bonds payable	\$ 8,704,639	\$ -	\$ 8,732,984	\$ -
Guarantee deposits received	96,430	-	96,228	-
Total	\$ 8,801,069	\$ -	\$ 8,829,212	\$ -
December 31, 2019				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Guarantee deposits received	\$ 179,511	\$ -	\$ 179,135	\$ -
March 31, 2020				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Guarantee deposits received	\$ 143,895	\$ -	\$ 143,593	\$ -

- (b) The methods and assumptions of fair value measurement are as follows:
- i. Financial assets at amortised cost - corporate bond: the fair value is the quoted price in active market.
  - ii. Bonds payable: Regarding the convertible bonds issued by the Group, the fair value is estimated based on the expected cash flows using the present value and market rate.
  - iii. 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.

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 is as follows:

<u>March 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ -	\$ 1,918	\$ -	\$ 1,918
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 79,617	\$ 79,617
<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 193,804	\$ 193,804
<u>Non-recurring fair value measurements</u>				
Non-current assets classified as held for sale	\$ -	\$ -	\$ 161,211	\$ 161,211
<u>March 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ -	\$ -	\$ 553,149	\$ 553,149
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 179,986	\$ 179,986

(b) The methods and assumptions that the Group used to measure 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 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 movements on Level 3 for the three-month periods ended March 31, 2019 and 2020 are as follows:

	<u>For the three-month periods ended March 31,</u>		
	<u>2019</u>	<u>2020</u>	
	<u>Equity securities</u>	<u>Equity securities</u>	<u>Debt securities</u>
Opening balance	\$ 52,473	\$ 193,804	\$ -
Acquisition of financial assets at fair value through profit or loss	-	-	553,020
Unrealised gains (losses) from financial assets at fair value through other comprehensive income	27,448	( 12,062)	-
Net exchange differences	( 304)	( 1,756)	129
Ending balance	<u>\$ 79,617</u>	<u>\$ 179,986</u>	<u>\$ 553,149</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 as of March 31, 2019	Valuation technique	Significant unobservable input	Range [weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted shares	\$ 79,617	Market comparable companies	Enterprise value to EBIT multiple  Price to net value multiple	8.06~19.57 [9.54]  1.18~8.39 [2.09]	The higher the EBIT, the higher the fair value  The higher the net value, the higher the fair value
	Fair value as of December 31, 2019	Valuation technique	Significant unobservable input	Range [weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted shares	\$ 75,783	Market comparable companies	Enterprise value to EBIT multiple  Price to net value multiple	9.40~33.88 [10.01]  1.19~8.41 [1.83]	The higher the EBIT, the higher the fair value  The higher the net value, the higher the fair value
Unlisted shares	\$ 118,021	Market comparable companies	Enterprise value to EBIT multiple	38.63~66.14 [50.30]	The higher the EBIT, the higher the fair value
Non-current assets classified as held for sale:					
Right-of-use assets	\$ 10,302	Market approach/ Replaced cost approach	Not applicable	Not applicable	Not applicable

	Fair value as of March 31, 2020	Valuation technique	Significant unobservable input	Range [weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted shares	\$ 77,430	Market comparable companies	Enterprise value to EBIT multiple  Price to net value multiple	6.30~25.96 [7.80]  1.11~5.94 [2.00]	The higher the EBIT, the higher the fair value  The higher the net value, the higher the fair value
Unlisted shares	\$ 102,556	Market comparable companies	Enterprise value to EBIT multiple	32.27~87.79 [43.42]	The higher the EBIT, the higher the fair value
Debt securities:					
Funds	\$ 553,149	The latest 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:

	Input	Change	For the three-month periods ended March 31, 2019	
			Recognised in other comprehensive income	
			Favourable change	Unfavourable change
Financial assets				
Equity instrumen	\$ 79,617	±1%	\$ 796	(\$ 796)

	Input	Change	For the three-month periods ended March 31, 2020	
			Recognised in other comprehensive income	
			Favourable change	Unfavourable change
Financial assets				
Equity instrumen	\$ 179,986	±1%	\$ 1,800	(\$ 1,800)
Debt instrument	553,149	±1%	5,531	( 5,531)
			\$ 7,331	(\$ 7,331)

E. For the three-month periods ended March 31, 2019 and 2020, there was no transfer between Level 1 and Level 2.

F. For the three-month periods ended March 31, 2019 and 2020, there was no transfer into or out from Level 3.

### 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 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 the investment in subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated amount exceeding 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. Purchases or sales 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 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 considered the business and operations from the product perspective. Currently, the Group only discloses one reportable segment as all operating segments meet the aggregation criteria. In allocating resources and assessing performance of the Group, the chief operating decision-maker uses operating segments' revenue and net income which reflects 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

Information on reportable segment provided to the chief operating decision maker is as follows:

	For the three-month periods ended March 31,	
	2019	2020
Revenue from external customers	\$ 19,400,592	\$ 17,512,438
Inter-segment revenue	-	-
Segments' revenue	<u>\$ 19,400,592</u>	<u>\$ 17,512,438</u>
Measure of segment profit	<u>\$ 1,330,647</u>	<u>\$ 1,250,433</u>

(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 the reconciliation from reportable segments' profit to profit or loss for the period are as follows:

	<u>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2020</u>
Reportable segment's revenue	\$ 19,400,592	\$ 17,512,438
Other operating segments' revenue	<u>12,594</u>	<u>-</u>
Total segment revenue (i.e., the consolidated revenue)	<u>\$ 19,413,186</u>	<u>\$ 17,512,438</u>
	<u>For the three-month periods ended March 31,</u>	
	<u>2019</u>	<u>2020</u>
Reportable segment's profit	\$ 1,330,647	\$ 1,250,433
Other operating segments' profit	4,751	-
Total segment profit	1,335,398	1,250,433
Interest income and finance costs	120,174	112,470
Net foreign exchange gains (losses)	( 352,248)	216,544
Net gains on financial assets at fair value through profit or loss	7,779	-
Others	( 478,203)	( 315,352)
Profit (losses)	<u>\$ 632,900</u>	<u>\$ 1,264,095</u>

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

LOANS TO OTHERS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the three-month periods ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Notes 1&2)	Limit on total lender's loans granted (Notes 1&2)	Footnote
					March 31, 2020 (Note 3)	March 31, 2020 (Note 4)							Item	Value			
0	The Company	Monterey Park Financial Limited	Other receivables	Yes	\$ 302,250	\$ 302,250	\$ -	-	Short-term financing	\$ -	Operation requirements	\$ -	None	\$ -	\$ 26,926,477	\$ 26,926,477	
1	FAT Holdings Limited	Monterey Park Financial Limited	Other receivables	Yes	302,250	302,250	-	-	Short-term financing	-	Operation requirements	-	None	-	3,768,647	5,276,106	
2	Mayco Industrial Limited	The Company	Other receivables	Yes	4,956,900	4,956,900	1,178,775	3.30%	Short-term financing	-	Operation requirements	-	None	-	303,879,410	425,431,174	
2	Mayco Industrial Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	1,511,250	1,511,250	604,500	3.10%~3.30%	Short-term financing	-	Operation requirements	-	None	-	303,879,410	425,431,174	
2	Mayco Industrial Limited	Henley International Limited	Other receivables	Yes	906,750	906,750	-	-	Short-term financing	-	Operation requirements	-	None	-	303,879,410	425,431,174	
3	Pacific Fair International Limited	The Company	Other receivables	Yes	2,720,250	2,720,250	2,569,125	3.30%	Short-term financing	-	Operation requirements	-	None	-	47,055,719	65,878,007	
4	Monterey Park Finance Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	302,250	302,250	-	-	Short-term financing	-	Operation requirements	-	None	-	368,509,476	515,913,266	

No.	Lender	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three-month periods ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Notes 1&2)	Limit on total lender's loans granted (Notes 1&2)	Footnote
					March 31, 2020 (Note 3)	March 31, 2020 (Note 4)							Item	Value			
5	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	\$ 638,250	\$ 638,250	\$ -	-	Short-term financing	\$ -	Operation requirements	-	None	-	\$ 627,555	\$ 627,555	(5)
6	Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	1,511,250	1,511,250	-	-	Short-term financing	-	Operation requirements	-	None	-	15,402,503	21,563,504	
6	Garuda International Limited	Avary Technology (India) Private Limited	Other receivables	Yes	906,750	906,750	-	-	Short-term financing	-	Operation requirements	-	None	-	1,232,200	1,232,200	
6	Garuda International Limited	Avary Singapore Private Limited	Other receivables	Yes	453,375	453,375	302,310	2.90%	Short-term financing	-	Operation requirements	-	None	-	15,402,503	21,563,504	
7	Avary Holding (Shenzhen) Co., Limited	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Other receivables	Yes	85,100	85,100	-	-	Short-term financing	-	Operation requirements	-	None	-	34,318,206	34,318,206	
7	Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Other receivables	Yes	10,637,500	10,637,500	3,552,925	4.15%~4.35%	Short-term financing	-	Operation requirements	-	None	-	34,318,206	34,318,206	
7	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	5,106,000	5,106,000	3,712,488	4.05%~4.35%	Short-term financing	-	Operation requirements	-	None	-	34,318,206	34,318,206	
7	Avary Holding (Shenzhen) Co., Limited	Fu Bo Industry (Shenzhen) Co., Ltd.	Other receivables	Yes	851,000	851,000	225,515	4.35%	Short-term financing	-	Operation requirements	-	None	-	34,318,206	34,318,206	

No.	Lender	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three-month periods ended		Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts		Limit on loans granted to a single party (Notes 1&2)	Limit on total lender's loans granted (Notes 1&2)	Footnote	
					March 31, 2020 (Note 3)	Balance at March 31, 2020 (Note 4)						Collateral Item	Value				
7	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	\$ 6,382,500	\$ 6,382,500	\$ 2,284,935	4.05%~4.20%	Short-term financing	\$ -	Operation requirements	-	None	-	\$ 34,318,206	\$ 34,318,206	
7	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	2,127,500	2,127,500	676,545	4.05%~4.35%	Short-term financing	-	Operation requirements	-	None	-	34,318,206	34,318,206	
7	Avary Holding (Shenzhen) Co., Limited	Kui Sheng Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	340,400	340,400	-	-	Short-term financing	-	Operation requirements	-	None	-	34,318,206	34,318,206	

Note 1: The total loans of the Company and subsidiaries granted to others is limited to 50% of the Company's net asset based on the latest audited or reviewed consolidated financial statements, and:

- (a) Total financial limit on loans granted to the companies having business relationship with the Company is 10% of the Company's net assets, financial limit on loans granted to a single party is the higher value of purchasing and selling during current year on the year of financing and 10% of the Company's net asset based on the latest audited or reviewed consolidated financial statements.
- (b) Limit on total loans to parties with short-term financing is 40% of the Company's net asset; but limit on loans to a single party is 40% of the Company's net asset based on the latest audited or reviewed consolidated financial statements.

Note 2: limit on loans granted by a listed subsidiary to a single listed subsidiary of which the Company directly or indirectly holds 100% of its voting shares, or limit on loans to the Company granted by a listed foreign subsidiary which the Company directly or indirectly holds 100% of its voting share, are not restricted to the limit on loans of 40% of the Company's net assets.

In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", limit on total loans granted by a listed subsidiary to listed subsidiaries of which the Company directly or indirectly holds 100% of its voting shares, or limit on total loans to the Company granted by listed foreign subsidiaries which the Company directly or indirectly holds 100% of its voting share are 700% of the Company's net asset based on the latest audited or reviewed consolidated financial statements.

In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", limit on loans granted by a listed subsidiary to a single listed subsidiary of which the Company directly or indirectly holds 100% of its voting shares, or limit on loans to the Company granted by a listed foreign subsidiary which the Company directly or indirectly holds 100% of its voting share are 500% of the Company's net asset based on the latest audited or reviewed consolidated financial statements.

Note 3: The maximum outstanding balance of loans to others for the year ended the balance sheet date.

Note 4: The credit line to this company was approved by the Board of Directors.

Note 5: The Group established Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. in Shenzhen, and no capital was actually invested as the company registration is in the process.



ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
PROVISION OF ENDORSEMENTS AND GUARANTEES TO OTHERS  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name (Note 2)	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount for the three-month periods ended March 31, 2020 (Note 5)	Outstanding endorsement/ guarantee amount at March 31, 2020 (Note 6)	Actual amount drawn down (Note 7)	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (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
0	The Company	Qi Ding Technology Qinhuangdao Co., Ltd.	2	\$ 6,731,619	\$ 604,500	\$ 604,500	\$ 604,500	\$ -	0.90%	\$ 67,316,193	Y	N	Y	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: The limit on endorsements / guarantees provided to a single entity: The limit on endorsements / guarantees provided to a single entity is 10% of the net assets of the parent company.

Note 4: The total amount of endorsements/ guarantees: The total amount of endorsements/ guarantees provide to others by the Company is limited to 100% of net assets of the parent company.

Note 5: The year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 6: Once endorsement/guarantee contracts or promissory notes are signed/issued by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities.

And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 7: The actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 8: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD (EXCLUDING THE INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

MARCH 31, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of March 31, 2020				Footnote (Note 4)
				Number of shares	Carrying amount (Note 3)	Ownership (%)	Fair value	
Zhen Ding Technology Co., Ltd.	Synpower Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,200,000	\$ 77,430	9.02%	\$ 77,430	
Avary Holding (Shenzhen) Co., Limited	Jiangsu Aisen Semiconductor Material Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,600,000	102,556	4.26%	102,556	
Avary Holding Investment (Shenzhen) Co., Ltd.	Beijing Firstred M&A Fund	None	Financial assets at fair value through profit or loss	-	553,149	4.88%	553,149	

Note 1: In accordance with IFRS9, '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 \$300 MILLION OR 20% OF THE COMPANY'S PAID-IN CAPITAL

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

Table 4

Expressed in thousands of foreign currency

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2020		Addition (Note 3)		Number of shares	Disposal (Note 3)		Balance as at March 31, 2020		
					Number of shares	Amount	Number of shares	Amount		Selling price	Carrying amount	Gain (loss) on disposal	Number of shares	Amount
Avary Holding Investment (Shenzhen) Co., Ltd.	Beijing Firstred M&A Fund	Financial assets at fair value through profit or loss	Firstred Fund Management (Beijing) Co., Ltd.	None	-	-	-	RMB 130,000	-	-	-	-	-	RMB 130,000

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

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT \$300 million or 20% of paid-in capital or more.

Note 4: The gain on disposal of the matured financial assets at amortised cost is interest income.

Note 5: Paid-in capital referred to herein is the paid-in capital of parent company.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

PURCHASES OR SALES OF GOODS FROM OR TO RELATED PARTIES REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	An indirect subsidiary	Sales	\$ 3,741,857	59	60 days from the shipping date	Note 2	Note 2	\$ 2,892,719	47	
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect subsidiary	Sales	2,018,627	32	60 days from the shipping date	Note 2	Note 2	2,583,932	42	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	An indirect subsidiary	Sales	7,113,953	83	60 days from invoice date	Note 2	Note 2	5,688,812	80	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect subsidiary	Sales	1,341,885	16	90 days from invoice date	Note 2	Note 2	1,205,881	17	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect subsidiary	Sales	139,122	2	60 days from invoice date	Note 2	Note 2	170,873	2	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect subsidiary	Sales	553,797	73	60 days from the shipping date	Note 2	Note 2	272,701	58	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect subsidiary	Sales	123,165	16	60 days from the shipping date	Note 2	Note 2	115,112	24	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect subsidiary	Sales	\$ 3,440,910	84	60 days from invoice date	Note 2	Note 2	\$ 2,626,615	81	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect subsidiary	Sales	631,723	15	60 days from the shipping date	Note 2	Note 2	544,550	17	
Qi Ding Technology Qinhuangdao Co., Ltd.	Henley International Limited	An indirect subsidiary	Sales	274,024	66	60 days from the received date	Note 2	Note 2	242,320	59	
Kui Sheng Technology (Shenzhen) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect subsidiary	Sales	212,867	100	60 days from the received date	Note 2	Note 2	237,491	100	
Henley International Limited	Zhen Ding Technology Co., Ltd.	An indirect subsidiary	Sales	274,647	100	90 days from the shipping date	Note 2	Note 2	242,986	100	
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect subsidiary	Sales	1,386,257	10	90 days from the first day of next month of shipping	Note 2	Note 2	621,631	6	
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect subsidiary	Sales	280,520	2	90 days from the first day of next month of shipping	Note 2	Note 2	1,264,983	12	
Garuda International Limited	Foxconn (Far East) and its subsidiaries	An indirect subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	1,160,347	8	90 days from the first day of next month of shipping	Note 2	Note 2	1,528,437	14	
Garuda Technology Co., Ltd.	Reco Technology (Chengdu) Co., Ltd.	An indirect subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	671,316	16	90 days from the first day of next month of receipt	Note 2	Note 2	672,464	15	

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, 2020

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship	Receivables from related parties as of March 31, 2020	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 subsidiary	\$ 2,892,719	1	\$ -	-	\$ 29,623,839	\$ -
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect subsidiary	2,583,932	1	-	-	13,697,207	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	An indirect subsidiary	5,688,812	1	-	-	2,377,449	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect subsidiary	1,205,881	2	-	-	413,525	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect subsidiary	170,873	1	15,657	Subsequent collection	69,583	-
Hong Heng Sheng Electrical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect subsidiary	272,701	1	-	-	1,068,081	-
Hong Heng Sheng Electrical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect subsidiary	115,112	0	-	-	136,064	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect subsidiary	2,626,615	1	-	-	912,945	-

Creditor	Counterparty	Relationship	Receivables from related parties as of March 31, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect subsidiary	\$ 544,550	1	\$ -	-	\$ 124,862	-
Qi Ding Technology Qinhuangdao Co., Ltd.	Henley International Limited	An indirect subsidiary	242,320	1	-	-	136,199	-
Kui Sheng Technology (Shenzhen) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect subsidiary	237,491	1	-	-	775,500	-
Henley International Limited	Zhen Ding Technology Co., Ltd.	An indirect subsidiary	242,986	1	-	-	86,928	-
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect subsidiary	621,631	1	-	-	1,224	-
Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	An indirect subsidiary	178,099	0	-	-	35,601	-
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect subsidiary	1,264,983	0	32,623	Subsequent collection	1,129,141	-
Garuda International Limited	Foxconn (Far East) and subsidiaries	An indirect subsidiary of Hon Hai Precision Industry Co., Ltd.	1,528,437	1	141,982	Subsequent collection	686,573	-
Garuda Technology Co., Ltd.	Reco Technology (Chengdu) Co., Ltd.	An indirect subsidiary of Hon Hai Precision Industry Co., Ltd.	672,464	0	-	-	121,244	-

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  
SIGNIFICANT INTER-COMPANY TRANSACTIONS DURING THE REPORTING PERIODS  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (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	The Company	2	Other receivables	\$ 1,178,775	Note 5	1
1	Mayco Industrial Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	3	Other receivables	604,500	"	-
2	Pacific Fair International Limited	The Company	2	Other receivables	2,569,125	"	2
3	Garuda International Limited	Avary Singapore Private Limited	3	Other receivables	302,310	"	-
4	Avary Holding (Shenzhen) Co., Limited	Fu Bo Industry (Shenzhen) Co., Ltd	3	Other receivables	225,515	"	-
4	Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Other receivables	3,552,925	"	3
4	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Other receivables	3,712,488	"	3
4	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	2,284,935	"	2
4	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	676,545	"	1
4	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Sales	3,741,857	Note 8	21
4	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Accounts receivable	2,892,719	"	2
4	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Sales	2,018,627	"	12
4	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Accounts receivable	2,583,932	"	2
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Sales	7,113,953	"	41
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Accounts receivable	5,688,812	"	4
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	1,341,885	Note 11	8
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	1,205,881	"	1



Number (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	
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Sales	\$ 139,122	Note 9	1
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	170,873	"	-
6	Hong Heng Sheng Electrical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	553,797	Note 8	3
6	Hong Heng Sheng Electrical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	272,701	"	-
6	Hong Heng Sheng Electrical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	123,165	"	-
6	Hong Heng Sheng Electrical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	115,112	"	1
7	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	3,440,910	"	20
7	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	2,626,615	Note 8	2
7	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	631,723	"	4
7	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	544,550	"	-
8	Qi Ding Technology Qinhuangdao Co., Ltd.	Henley International Limited	3	Sales	274,024	Note 10	2
8	Qi Ding Technology Qinhuangdao Co., Ltd.	Henley International Limited	3	Accounts receivable	242,320	"	-
9	Kui Sheng Technology (Shenzhen) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Sales	212,867	"	1
9	Kui Sheng Technology (Shenzhen) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	237,491	"	-
10	Henley International Limited	Zhen Ding Technology Co., Ltd.	3	Sales	274,647	Note 6	2
10	Henley International Limited	Zhen Ding Technology Co., Ltd.	3	Accounts receivable	242,986	"	-
11	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Sales	1,386,257	"	8
11	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	621,631	"	-
11	Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Accounts receivable	178,099	"	-

Number (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	
11	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Sales	\$ 280,520	"	2
11	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Accounts receivable	1,264,983	"	1

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:

(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.

Note 11: The prices and terms to related parties were similar to third parties. Credit term is 90 days from invoice date.

Note 12: The prices and terms to related parties were similar to third parties. Credit term is advance sales receipts.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held at March 31, 2020			Net profit (loss)	Investment income (loss)	Footnote
				Balance at March 31, 2020	Balance at December 31, 2019	Number of shares	Ownership (%)	Carrying amount	of the investee for the three-month period ended March 31, 2020	recognised by the Company for the three-month period ended March 31, 2020	
The Company	Monterey Park Finance Limited	British Virgin Islands	Investment holding	\$ 25,884,438	\$ 25,884,438	856,250,000	100	\$ 73,371,367	\$ 1,007,010	\$ 1,007,010	
The Company	Zhen Ding Technology Co., Ltd.	Taiwan	Trading	125,488	125,488	12,548,800	100	3,012,406 (	39,887) (	39,887)	
Monterey Park Finance Limited	Coppertone Enterprises Limited	British Virgin Islands	Investment holding	3,107,215	3,107,215	102,785,806	100	60,829,670	940,246	940,006	
Monterey Park Finance Limited	Pacific Fair International Limited	Hong Kong	Investment holding	8,267,905	8,267,905	2,133,300,000	100	9,411,144	117,130	117,130	
Monterey Park Finance Limited	Henley International Limited	Hong Kong	Trading	-	-	1	100	15,945 (	2,174) (	2,174)	
Coppertone Enterprises Limited	Mayco Industrial Limited	Hong Kong	Investment holding	36,128,113	36,128,113	9,321,841,932	100	60,775,882	940,246	940,246	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited	Cayman Islands	Investment holding	151	151	5,000	100	754,191	3,582	3,582	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	Hong Kong	Trading	302,300	302,300	78,000,000	73	2,103,175 (	40,954)	201,962	
Avary Holding (Shenzhen) Co., Limited	Avary Singapore Private Limited	Singapore	Investment holding	442,265	3	14,630,000	73	287,039 (	18,588) (	13,536)	
Garuda International Limited	Garuda Technology Co., Ltd.	Taiwan	Trading	25,000	25,000	2,500,000	73 (	59,899)	86,577	63,046	
Garuda International Limited	Avary Japan Co., Ltd.	Japan	Trading	25,092	5,576	1,800	73	14,319 (	2,439) (	1,776)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held at March 31, 2020			Net profit (loss)	Investment income (loss)	Footnote
				Balance at March 31, 2020	Balance at December 31, 2019	Number of shares	Ownership (%)	Carrying amount	of the investee for the three-month period ended March 31, 2020	recognised by the Company for the three-month period ended March 31, 2020	
Avary Singapore Private Limited	Avary Technology (India) Private Limited	India	Manufacturing	\$ 290,120	\$ 290,120	71,620,000	73	\$ 189,130	(\$ 16,380)	(\$ 11,928)	

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee 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, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	Net profit (loss) of investee for the three-month period ended March 31, 2020	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2020 (Note 3)	Carrying amount of investments as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020	Footnote
				Remitted to Mainland China	Remitted back to Taiwan								
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacture and sales of PCB	\$ 9,950,115	2	\$ -	\$ -	\$ -	\$ -	\$ 1,157,758	73	\$ 665,444	\$ 15,892,404	\$ -	
Hong Heng Sheng Electrical Technology (Huaian) Co., Ltd.	Manufacture and sales of PCB	3,942,196	2	-	-	-	-	( 147,033)	73	( 107,070)	470,524	-	
Avary Holding (Shenzhen) Co., Limited	Manufacture and sales of PCB	9,835,122	2	-	-	-	-	1,443,676	73	1,051,298	62,476,723	-	
Fu Bo Industry (Shenzhen) Co., Ltd.	Manufacture and sales of PCB	468,347	2	-	-	-	-	6,759	73	4,922	444,431	-	
Yu Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	1,025,198	2	-	-	-	-	653	73	475	667,495	-	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China	Net profit (loss) of investee for the three-month period ended March 31, 2020	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2020	Carrying amount of investments as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020	Footnote
				as of January 1, 2020	Remitted to Mainland China	Remitted back to Taiwan	as of March 31, 2020	March 31, 2020	Company	(Note 3)	2020	March 31, 2020	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	\$ 9,363,222	2	\$ -	\$ -	\$ -	\$ -	(\$ 136,243)	73	\$ 2,705	\$ 10,008,326	\$ -	
Qi Ding Technology Qinhuangdao Co., Ltd.	Development, manufacture and sales of electronic products and related imports and exports	2,029,742	2	-	-	-	-	( 48,790)	100	( 48,790)	1,568,888	-	
Kui Sheng Technology (Shenzhen) Co., Ltd.	Manufacture and sales of PCB	85,100	2	-	-	-	-	14,685	73	10,693	92,000	-	
Yun Ding Technology (Shenzhen) Co., Ltd.	Manufacture and sales of PCB	21,275	2	-	-	-	-	( 22)	73	( 16)	16,198	-	
Huaian Jia Wei Industrial Development Co., Ltd.	Manufacture and sales of Building materials, Furniture and hardware tools	694,362	2	-	-	-	-	( 236)	100	( 236)	691,015	-	

Investee 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, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	Net profit (loss) of investee for the three-month period ended March 31, 2020	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2020 (Note 3)	Carrying amount of investments as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020	Footnote
				Remitted to Mainland China	Remitted back to Taiwan								
Avary Holding Investment (Shenzhen) Co., Ltd.	Investment	\$ 557,404	2	\$ -	\$ -	\$ -	\$ -	(\$ 136)	73	(\$ 99)	\$ 405,806	\$ -	
Zhan Yang Automation (Dongguan) Co., Ltd.	Research and development, sales, processing of automation equipment and related imports and exports	8,510	2	-	-	-	-	( 20)	44	( 9)	3,710	-	

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 PRC are as follows:

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

Note 3: The columns investment income (loss) recognised by the Company for the three-month period ended March 31, 2020 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, 2020

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Foxconn (Far East) Limited	305,515,627	33.86%