

**ZHEN DING TECHNOLOGY HOLDING AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2020 AND 2019

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.

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated balance sheets of Zhen Ding Technology Holding Limited and its subsidiaries (the 'Group') as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the 'Regulations Governing the Preparation of Financial Reports by Securities Issuers' and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and generally accepted auditing standards in the Republic of China; and in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Enforcement Letter No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020 and generally accepted auditing standards in the Republic of China for our audit of the consolidated financial statements as of and for the year ended December 31, 2019. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our

other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters on the consolidated financial statements of the Group for the year ended December 31, 2020 were as follows:

Cutoff of hub warehouse sales revenue

Description

Refer to Note 4(28) for accounting policies on revenue recognition.

The Group recognises revenue when the goods are directly shipped from factories and when customers accept the goods (the transfer of control) if picked up from hub warehouses. For pick-ups from hub warehouses, the Group recognises sales revenue based on movements of inventory records contained in the statements or other information provided by the warehouse custodians. The hub warehouses are located around the world with numerous warehouse custodians, the frequency and contents of statements provided by custodians are different, and the process of revenue recognition may involve manual procedures. These factors may potentially result in inaccurate timing of sales revenue recognition.

As there are numerous daily sales transactions from hub warehouses and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, we consider the cutoff of hub warehouse sales revenue a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Assessed and tested internal controls over regular record verification between the Group and customers.
- B. Assessed and checked the appropriateness of cutoff of sales revenue prior to or after the balance sheet date, and verified the statements provided by the hub warehouse custodians.
- C. Performed confirmation of the storage quantities or observed physical counts in warehouse, compared

against inventory records, and determined whether differences, if any, are properly adjusted.

Estimation of allowance for inventory valuation losses

Description

Refer to Note 4(14) for accounting policies on inventory valuation, Note 5 for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(6) for details of inventory. As of December 31, 2020, the Group's inventory cost and allowance for valuation losses were NT\$14,026,116 thousand and NT\$1,027,332 thousand, respectively.

The Group is primarily engaged in manufacturing and sales of printed circuit board. Due to rapid technological innovations, short lifespan of electronic products and fluctuations in market prices, there is a higher risk of inventory losses due to market value decline or obsolescence. The Group measures inventories at the lower of cost and net realisable value and recognises the allowance for inventory valuation losses based on the inventories over normal age and those individually identified as obsolete or damaged.

As the amounts of inventories are material, the types of inventories are numerous, and the estimation of net realisable value for individually obsolete or damaged inventories are subject to judgement, we consider the estimation of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the estimation of allowance for inventory valuation losses:

- A. Assessed the reasonableness of accounting policy on allowance for inventory valuation losses and checked whether it has been consistently applied.
- B. Checked whether the logic in calculating inventory aging report was appropriate and confirmed whether inventory over normal age has been included in the aging report.
- C. Assessed the reasonableness of individually obsolete or damaged inventory identified by the Group against related supporting documents, reviewed scrap inventory before and after the balance sheet date, and verified the information obtained from physical count.
- D. For net realisable value of inventories over normal age and those individually identified as obsolete and damaged inventory, discussed with the Group, obtained supporting documents and reviewed calculation of inventory loss.

Impairment assessment of property, plant and equipment

Description

Refer to Notes 4(16) and 4(19) for accounting policies on property, plant and equipment, Note 5 for the uncertainty of accounting estimates and assumptions applied on the impairment assessment valuation of property, plant and equipment, and Note 6(8) for details of property, plant and equipment. As of December 31, 2020, the property, plant and equipment cost and accumulated depreciation and impairment were NT\$114,539,896 thousand and NT\$46,362,721 thousand, respectively.

Certain property, plant and equipment of the Group are used for the manufacture of printed circuit boards. As the market demand changes, the risk of asset impairment also increases. The impairment assessment involves several subjective judgements, such as the determination of the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on asset utilisation and industrial characteristic.

As the assessment is subject to judgement, the accounting estimates may not be reasonable. Thus, we consider the impairment assessment of property, plant and equipment a key audit matter.

How our audit addressed the matter

We performed the following audit procedures and verified the recoverable amount calculation in regard to the Group's impairment assessment of property, plant and equipment at the balance sheet:

- A. Assessed whether the assets impairment assessment procedures and accounting policies are reasonable and have been applied consistently and reviewed the method used by the Group in determining the recoverable amount of individual assets.
- B. Obtained the information used by the Group in determining the recoverable amount, such as the determination of the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets and ascertained whether it is reasonable.
- C. Compared the expected future sales revenue growth and profitability with historical data, the trend of economic and industrial forecasts and checked whether it has been consistent.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the 'Regulations Governing the Preparation of Financial Reports by Securities Issuers' and the International Financial Reporting Standards, International Accounting

Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that

were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers, Taiwan
March 30, 2021

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 independent auditors' report 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
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1) and 8	\$ 44,222,887	24	\$ 38,280,304	27
1136	Current financial assets at amortised cost	6(3) and 8	2,552,215	1	4,790,922	4
1170	Accounts receivable, net	6(4)	31,048,067	17	24,259,541	17
1180	Accounts receivable due from related parties, net	6(4) and 7	2,693,088	2	2,828,109	2
1200	Other receivables	6(5)	1,002,641	1	1,306,347	1
130X	Inventories	6(6)	12,998,784	7	8,516,862	6
1410	Prepayments	6(5)	4,780,208	3	3,060,037	2
1460	Non-current assets or disposal groups classified as held for sale, net	6(12)	-	-	161,211	-
1470	Other current assets	8	14,115	-	383	-
11XX	Total current assets		99,312,005	55	83,203,716	59
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	753,522	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income	6(7)	431,266	-	193,804	-
1600	Property, plant and equipment	6(8) and 8	68,177,175	38	46,242,613	33
1755	Right-of-use assets	6(9)	8,609,465	5	8,035,650	6
1780	Intangible assets	6(10)	2,165,029	1	360,370	-
1840	Deferred income tax assets	6(30)	1,285,039	1	1,408,038	1
1990	Other non-current assets	6(11)(18) and 8	386,986	-	437,144	1
15XX	Total non-current assets		81,808,482	45	56,677,619	41
1XXX	Total assets		\$ 181,120,487	100	\$ 139,881,335	100

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ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(13)	\$ 12,838,545	7	\$ 9,682,812	7
2110	Short-term notes and bills payable	6(14)	949,666	-	-	-
2170	Accounts payable		22,863,017	13	13,838,755	10
2180	Accounts payable to related parties	7	986,556	1	579,010	1
2200	Other payables	6(15)	15,831,329	9	12,449,520	9
2230	Current income tax liabilities		777,204	-	1,848,643	1
2260	Liabilities related to non-current assets or disposal groups classified as held for sale	6(12)	-	-	480,371	-
2280	Current lease liabilities		132,310	-	88,495	-
2320	Long-term liabilities, current portion	6(17)	8,888,537	5	-	-
2399	Other current liabilities		156,634	-	65,273	-
21XX	Total current liabilities		63,423,798	35	39,032,879	28
Non-current liabilities						
2530	Bonds payable	6(16)	10,480,741	6	-	-
2540	Long-term borrowings	6(17)	39,986	-	8,980,884	6
2570	Deferred income tax liabilities	6(31)	2,022,315	1	972,792	1
2580	Non-current lease liabilities		523,511	-	150,912	-
2600	Other non-current liabilities		592,260	1	399,767	-
25XX	Total non-current liabilities		13,658,813	8	10,504,355	7
2XXX	Total liabilities		77,082,611	43	49,537,234	35
Equity						
Equity attributable to owners of parent						
	Share capital	6(20)				
3110	Ordinary share		9,470,492	5	9,022,299	7
	Capital surplus	6(21)				
3200	Capital surplus		35,671,212	19	29,534,781	21
	Retained earnings	6(22)				
3310	Legal reserve		5,219,158	3	4,350,638	3
3320	Special reserve		5,014,697	3	2,948,306	2
3350	Unappropriated retained earnings		27,429,476	15	26,318,375	19
	Other equity interest	6(23)				
3400	Other equity interest		(4,130,316)	(2)	(5,014,697)	(4)
3500	Treasury shares		(257,489)	-	-	-
31XX	Equity attributable to owners of parent		78,417,230	43	67,159,702	48
36XX	Non-controlling interest		25,620,646	14	23,184,399	17
3XXX	Total equity		104,037,876	57	90,344,101	65
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	Total liabilities and equity		\$ 181,120,487	100	\$ 139,881,335	100

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

Items	Notes	For the years ended December 31,			
		2020		2019	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(24), 7 and 14	\$ 131,278,537	100	\$ 120,067,508	100
5000 Operating costs	6(6) and 7	(104,694,389)	(80)	(92,845,499)	(77)
5950 Gross profit from operations		<u>26,584,148</u>	<u>20</u>	<u>27,222,009</u>	<u>23</u>
Operating expenses	6(25)				
6100 Selling expenses		(1,929,601)	(1)	(1,656,854)	(1)
6200 Administrative expenses		(4,945,998)	(4)	(4,603,636)	(4)
6300 Research and development expenses		(5,545,496)	(4)	(6,139,768)	(5)
6450 Expected credit losses in accordance with IFRS 9	12	(22,837)	-	(20,943)	-
6000 Total operating expenses		(12,443,932)	(9)	(12,421,201)	(10)
6900 Net operating income		<u>14,140,216</u>	<u>11</u>	<u>14,800,808</u>	<u>13</u>
Non-operating income and expenses					
7100 Interest income	6(27)	686,800	-	1,245,417	1
7010 Other income	6(28)	892,194	1	782,840	1
7020 Other gains and losses	6(29)	(1,461,852)	(1)	(1,190,959)	(1)
7050 Finance costs	6(30)	(463,368)	-	(687,198)	(1)
7000 Total non-operating income and expenses		(346,226)	-	150,100	-
7900 Profit before income tax		13,793,990	11	14,950,908	13
7950 Income tax expense	6(31)	(2,285,700)	(2)	(2,549,291)	(2)
8200 Profit		<u>\$ 11,508,290</u>	<u>9</u>	<u>\$ 12,401,617</u>	<u>11</u>

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ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

Items	Notes	For the years ended December 31,			
		2020		2019	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Gains on remeasurements of defined benefit plans	6(18)	\$ 14,371	-	\$ 609	-
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(7)(23)	80,705	-	11,474	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(10,727)	-	(122)	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		84,349	-	11,961	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Exchange differences on translation of foreign financial statements	6(23)	1,109,752	1	(3,324,465)	(3)
8300 Other comprehensive income (loss)		\$ 1,194,101	1	(\$ 3,312,504)	(3)
8500 Total comprehensive income		\$ 12,702,391	10	\$ 9,089,113	8
Profit attributable to:					
8610 Owners of the parent		\$ 8,094,547	6	\$ 8,685,202	8
8620 Non-controlling interests		3,413,743	3	3,716,415	3
		\$ 11,508,290	9	\$ 12,401,617	11
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 8,990,427	7	\$ 6,619,298	6
8720 Non-controlling interests		3,711,964	3	2,469,815	2
		\$ 12,702,391	10	\$ 9,089,113	8
Basic earnings per share					
9750 Basic earnings per share	6(32)	\$ 8.90		\$ 9.93	
Diluted earnings per share					
9850 Diluted earnings per share	6(32)	\$ 8.64		\$ 9.92	

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Equity attributable to owners of the parent												
Notes	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Other equity interest		Treasury shares	Total	Non-controlling interest	Total equity	
						Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income					
For the year ended December 31, 2019												
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 year	-	-	-	-	8,685,202	-	-	-	8,685,202	3,716,415	12,401,617	
Other comprehensive income (loss) for the year	6(23)	-	-	-	487	(2,081,075)	14,684	-	(2,065,904)	(1,246,600)	(3,312,504)	
Total comprehensive income		-	-	-	8,685,689	(2,081,075)	14,684	-	6,619,298	2,469,815	9,089,113	
Appropriations and distribution of retained earnings	6(22)											
General reserve		-	844,779	-	(844,779)	-	-	-	-	-	-	
Special reserve		-	-	1,230,393	(1,230,393)	-	-	-	-	-	-	
Cash dividends		-	-	-	(4,023,742)	-	-	-	(4,023,742)	-	(4,023,742)	
Conversion of convertible bonds	6(20)(21)	974,815	7,431,639	-	-	-	-	-	8,406,454	-	8,406,454	
Compensation cost of employee restricted stock	6(19)	-	102,485	-	-	-	-	-	102,485	38,251	140,736	
Changes in non-controlling interests-distribution of retained earnings by subsidiaries		-	-	-	-	-	-	-	-	(1,377,040)	(1,377,040)	
Balance at December 31, 2019	\$ 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	
For the year ended December 31, 2020												
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 year	-	-	-	-	8,094,547	-	-	-	8,094,547	3,413,743	11,508,290	
Other comprehensive income (loss) for the year	6(23)	-	-	-	11,499	823,765	60,616	-	895,880	298,221	1,194,101	
Total comprehensive income		-	-	-	8,106,046	823,765	60,616	-	8,990,427	3,711,964	12,702,391	
Appropriations and distribution of retained earnings	6(22)											
General reserve		-	868,520	-	(868,520)	-	-	-	-	-	-	
Special reserve		-	-	2,066,391	(2,066,391)	-	-	-	-	-	-	
Cash Dividends		-	-	-	(4,060,034)	-	-	-	(4,060,034)	-	(4,060,034)	
Recognition of equity component of convertible bonds issued	6(21)	-	996,753	-	-	-	-	-	996,753	-	996,753	
Compensation cost of employee restricted stock	6(19)	-	75,100	-	-	-	-	-	75,100	28,030	103,130	
Changes in non-controlling interests - acquisition of shares from subsidiaries		-	-	-	-	-	-	-	-	11,819	11,819	
Changes in non-controlling interests-distribution of retained earnings by subsidiaries		-	-	-	-	-	-	-	-	(1,315,566)	(1,315,566)	
Due to business combination		448,193	5,064,578	-	-	-	-	(257,489)	5,255,282	-	5,255,282	
Balance at December 31, 2020	\$ 9,470,492	\$ 35,671,212	\$ 5,219,158	\$ 5,014,697	\$ 27,429,476	(\$ 4,136,945)	\$ 6,629	(\$ 257,489)	\$ 78,417,230	\$ 25,620,646	\$ 104,037,876	

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31,	
		2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 13,793,990	\$ 14,950,908
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(25)	8,127,620	7,724,398
Amortisation expense	6(25)	277,397	230,630
Net gains on financial assets at fair value through profit or loss	6(2)	(67,484)	-
Impairment losses	6(8)	114,410	1,447,245
Expected credit losses	12	22,837	20,943
Losses on disposal of property, plant and equipment	6(29)	150,871	65,454
Gains on disposal of land right-of-use		-	(9,031)
Interest income	6(27)	(686,800)	(1,245,417)
Interest expense	6(30)	463,368	687,198
Share-based payment	6(19)	103,130	140,736
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	3,437
Notes receivable		31,507	23,387
Accounts receivable		(5,883,750)	(3,133,298)
Accounts receivable due from related parties		5,491	(235,921)
Other receivables		120,050	(237,551)
Inventories		(3,504,744)	1,233,198
Prepayments		(1,595,082)	308,515
Other current assets		(268)	264,726
Changes in operating liabilities			
Accounts payable		7,446,421	(2,268,393)
Accounts payable to related parties		385,819	(421,087)
Other payables		(177,360)	10,563
Other current liabilities		(8,001)	(55,038)
Cash inflow generated from operations		19,119,422	19,505,602
Income tax paid		(2,171,394)	(3,232,138)
Net cash flows from operating activities		16,948,028	16,273,464

(Continued)

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		For the years ended December 31,	
	Notes	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash inflows from business combination	6(33)	\$ 944,497	\$ -
Acquisition of financial assets at fair value through profit or loss		(666,775)	-
Decrease in financial assets at amortised cost		2,065,133	3,900,819
Acquisition of financial assets at fair value through other comprehensive income		(130,800)	(136,192)
Acquisition of property, plant and equipment	6(34)	(21,356,238)	(15,195,112)
Proceeds from disposal of property, plant and equipment		475,086	231,129
Acquisition of land right-of-use (within 'right-of-use assets')	6(34)	(288,300)	(1,015,560)
Proceeds from disposal of land right-of-use		-	42,664
Increase in restricted assets		(43,252)	-
Increase in other non-current assets		(294,665)	(359,597)
Increase in other non-current liabilities		242,374	182,392
Interest received		785,077	1,211,861
Net cash flows used in investing activities		(18,267,863)	(11,137,596)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		552,015	783,662
Decrease in guarantee deposits received		2,095	80,562
Repayments of long-term borrowings		(39,952)	-
Cash dividends paid	6(22)	(4,060,034)	(4,023,742)
Proceeds from issuing convertible bond		11,795,359	-
Repayments of convertible bonds	6(15)	-	(147,233)
Payments of lease liabilities		(122,525)	(93,137)
Interest paid		(375,655)	(638,742)
Change in non-controlling interest - distribution of retained earnings by subsidiaries		(1,315,566)	(1,377,040)
Change in non-controlling interests - acquisition of shares from subsidiaries		11,819	-
Net cash flows from (used in) financing activities		6,447,556	(5,415,670)
Effect of exchange rate changes on cash and cash equivalents		703,186	(1,981,191)
Net increase (decrease) in cash and cash equivalents		5,830,907	(2,260,993)
Cash and cash equivalents at beginning of year		38,391,980	40,652,973
Cash and cash equivalents at end of year		\$ 44,222,887	\$ 38,391,980
Components of cash and cash equivalents			
Cash and cash equivalents reported in the balance sheet		\$ 44,222,887	\$ 38,280,304
Cash and cash equivalents classified non-current assets or disposal group as held for sale		-	111,676
Cash and cash equivalents at end of year		\$ 44,222,887	\$ 38,391,980

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Zhen Ding Technology Holding Limited (the ‘Company’, formerly named as Foxconn Advanced Technology Limited) was incorporated in the Cayman Islands in June 2006. According to the resolution of the Board of Directors in May 2011, the Company was renamed to Zhen Ding Technology Holding Limited and related registration was completed in July 2011. The registration address is 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 March 30, 2021.

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:

New, Revised or Amended Standards and Interpretations	Effective date by International Accounting Standards Board
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
Amendments to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Earlier application from January 1, 2020 is permitted)
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	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

New, revised or amended standards and interpretations endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from IFRS 9'	January 1, 2021
Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 'Interest rate benchmark reform-phase 2'	January 1, 2021

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

(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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment-proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts-cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRSs 2018–2020	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', International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(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
			December 31, 2020	December 31, 2019	
The Company	Zhen Ding Technology Co., Ltd.	Trading company	100	100	
The Company	Monterey Park Finance Limited (B.V.I.)	Holding company	100	100	
The Company	Zhen Ding Technology Singapore Private Limited (Singapore)	Holding company	100	-	(j)
The Company	Boardtek Electronics Corporation	Manufacturing company	100	-	(k)
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited (Cayman)	Holding company	100	100	
Monterey Park Finance Limited (B.V.I.)	Coppertone Enterprises Limited (B.V.I.)	Holding company	100	100	
Monterey Park Finance Limited (B.V.I.)	Pacific Fair International Limited (Hongkong)	Holding company	100	100	
Monterey Park Finance Limited (B.V.I.)	Henley International Limited (Hongkong)	Trading company	100	100	
Monterey Park Finance Limited (B.V.I.)	Qi Ding Technology Qinhuangdao Co., Ltd.	Manufacturing company	100	100	
Monterey Park Finance Limited (B.V.I.)	Huaian Jia Wei Industrial Development Co., Ltd	Trading company	100	100	(a)

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
Monterey Park Finance Limited (B.V.I.)	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Manufacturing company	100	-	(h)
Coppertone Enterprises Limited (B.V.I.)	Mayco Industrial Limited (Hongkong)	Manufacturing company	100	100	
Mayco Industrial Limited (Hongkong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	66.38	66.38	
Pacific Fair International Limited (Hongkong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	6.44	6.44	
Avary Holding (Shenzhen) Co., Limited	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Manufacturing company	-	100	(g)
Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacturing company	100	100	
Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Manufacturing company	100	100	
Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	Manufacturing company	100	100	
Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Manufacturing company	100	100	
Avary Holding (Shenzhen) Co., Limited	Fu Bo Industry (Shenzhen) Co., Ltd.	Manufacturing company	100	100	
Avary Holding (Shenzhen) Co., Limited	Yun Ding Technology (Shenzhen) Co., Ltd.	Trading company	-	100	(i)

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
Avary Holding (Shenzhen) Co., Limited	Kui Sheng Technology (Shenzhen) Co., Ltd.	Trading company	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Holding Investment (Shenzhen) Co., Ltd.	Investment company	100	-	(e)
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited (Hongkong)	Trading company	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Singapore Private Limited (Singapore)	Holding company	100	100	(b)
Fu Bo Industry (Shenzhen) Co., Ltd	Zhan Yang Automation (Dongguan) Co., Ltd.	Trading company	60	-	(f)
Garuda International Limited (Hongkong)	Garuda Technology Co., Ltd.	Trading company	100	100	
Garuda International Limited (Hongkong)	Avary Japan Co., Ltd.	Trading company	100	100	(d)
Avary Singapore Private Limited (Singapore)	Avary Technology (India) Private Limited	Manufacturing company	100	100	(c)
Boardtek Electronics Corporation	Boardtek Investment Co., Ltd.	Investment company	100	100	(k)

(a) 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.

(b) 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.

(c) 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.

- (d) 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.
 - (e) 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 equity investment.
 - (f) 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.
 - (g) 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 alteration registration was completed on March 12, 2020.
 - (h) On September 4, 2020, the Group invested in Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. located in Shenzhen, which has been included in the consolidation. It is mainly engaged in manufacturing of electronic products.
 - (i) For the year ended December 31, 2020, the Group has restructured the investment structure, and Yun Ding Technology (Shenzhen) Co., Ltd. has completed the winding-up process in the third quarter of 2020.
 - (j) On September 30, 2020, the Group invested in Zhen Ding Technology Singapore Private Limited located in Singapore, which has been included in the consolidation. It is mainly engaged in equity investment.
 - (k) On November 4, 2020, the Group acquired Boardtek Electronics Corporation and its subsidiaries through share exchange located in Taiwan, which has been included in the consolidation. It is mainly engaged in manufacturing and processing of PCB.
- 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 December 31, 2020 and 2019, the non-controlling interests of the Group amounted to \$25,620,646 and \$23,184,399, respectively. The information on non-controlling interests and their subsidiaries is as follows:

Name of the subsidiary	place of business	Non-controlling interest December 31, 2020		Description
		Amount	Ownership (%)	
Avary Holding (Shenzhen) Co., Limited	China	\$ 25,614,981	27.18%	

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

Summary of the financial information of the subsidiary

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

	December 31, 2020	December 31, 2019
Current assets	\$ 73,276,585	\$ 70,593,495
Non-current assets	72,145,142	54,104,439
Current liabilities	(48,679,896)	(38,383,281)
Non-current liabilities	(2,492,413)	(1,013,604)
Total net assets	\$ 94,249,418	\$ 85,301,049

Consolidated statements of comprehensive income of Avary Holding (Shenzhen) Co., Limited

	For the years ended December 31,	
	2020	2019
Revenue	\$ 127,804,513	\$ 118,580,966
Profit before income tax	14,520,066	15,872,383
Income tax expense	(1,942,802)	(2,198,788)
Profit	12,577,264	13,673,595
Other comprehensive (loss) income, net of tax	(386,276)	29,754
Total comprehensive income	\$ 12,190,988	\$ 13,703,349
Comprehensive income attributable to non-controlling interest	\$ 3,711,964	\$ 2,469,815

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

	For the years ended December 31,	
	2020	2019
Net cash from operating activities	\$ 18,212,835	\$ 13,930,127
Net cash used in investing activities	(18,196,476)	(15,177,744)
Net cash used in financing activities	(4,311,369)	(4,238,748)
Effect of exchange rate changes on cash and cash equivalents	(137,666)	(260,413)
Net decrease in cash and cash equivalents	(4,432,676)	(5,746,778)
Cash and cash equivalents at beginning of year	29,230,247	34,977,025
Cash and cash equivalents at end of year	<u>\$ 24,797,571</u>	<u>\$ 29,230,247</u>

(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 \$29.55 (in dollars) to US \$1 (in dollar) and NT \$30.91 (in dollars) to US \$1 (in dollar) for the years ended December 31, 2020 and 2019, respectively; the closing rates were NT \$28.48 (in dollars) to US \$1 (in dollar) and NT \$29.98 (in dollars) to US \$1 (in dollar) as of December 31, 2020 and 2019, 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)

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 ~ 11 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. Patents and technological expertise

Separately acquired patents and technological expertise are recognised at cost. Patents and technological expertise acquired in a business combination are recognised at fair value at the acquisition date. Patents and technological expertise with a finite useful life are amortised on the straight-line method over their estimated useful life of 5 years.

B. 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.

C. Goodwill

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

(19) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there are any impairment indications. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated based on the operating segment to each of the cash-generating units, or groups of cash-generating

units, that is/are expected to benefit from the synergies of the business combination.

(20) Borrowings

- A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.
- C. Extension option is not closed related to the host debt instruments, unless the rates are also adjusted close to current market rates when extending.

(21) Accounts 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.

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 shall be recognised, using the balance sheet method, on temporary differences arising between the carrying amount of an asset or liability in the consolidated balance sheet and its tax base, except that the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and which affects neither accounting profit nor taxable profit (tax loss) at the time of the transaction. All taxable temporary differences associated with investments in subsidiaries shall not be recognised if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax shall be measured based on the tax rates (and tax laws) that are expected to apply to the period when the asset is realised or the liability is settled and that have been enacted or substantively enacted by the date of balance sheet.
- 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 tax assets and current tax liabilities shall be offset if, and only if, the entity has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Deferred tax assets and deferred tax liabilities shall be offset if, and only if, the entity has a legally enforceable right to set off current tax assets against current tax liabilities, but also if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously.

(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) Accounts receivable are recognised when the goods are delivered as this is the point in time that the Group's right to consideration is unconditional if only the passage of time is required before payment of that consideration 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 the acquisition-date fair value.

- 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.

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 December 31, 2020, the carrying amount of inventories was \$12,998,784.

B. Impairment assessment of tangible assets

The Group assesses impairment based on several subjective judgements, such as the determination of the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on asset utilisation and industrial characteristics. Any changes of economic circumstances or estimates due to the change of the Group strategy might cause material impairment on assets in the future.

As of December 31, 2020, the carrying amount of property, plant and equipment was \$68,177,175, net of accumulated impairment loss.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and petty cash	\$ 189	\$ 3,285
Checking accounts and demand deposits	25,316,229	26,733,935
Cash equivalents		
Time deposits	<u>18,906,469</u>	<u>11,654,760</u>
	44,222,887	38,391,980
Classification of non-current assets as held for sale	<u>-</u>	<u>(111,676)</u>
Cash and cash equivalents presented in the balance sheet	<u>\$ 44,222,887</u>	<u>\$ 38,280,304</u>

A. As of December 31, 2020 and 2019, the Group's time deposits over three months which are recognised within 'current financial assets at amortised cost' are referred to Note 6(3).

B. The Group has no cash and cash equivalents pledged to others except for restricted demand deposits amounting to \$950 which are recognised within 'other current assets'. Please refer to Note 8 for details.

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

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Non-current items:		
Private fund	\$ 616,580	\$ -
Unlisted partnership share	<u>117,679</u>	<u>-</u>
	734,259	-
Net exchange differences	<u>19,263</u>	<u>-</u>
	<u>\$ 753,522</u>	<u>\$ -</u>

- A. The Group recognised net gain of \$67,484 and \$9,697 within ‘financial assets at fair value through profit or loss held for trading’ for the years ended December 31, 2020 and 2019, respectively.
- B. As of December 31, 2020 and 2019, the Group has no unsettled forward foreign exchange transactions.
- C. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at amortised cost

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Guaranteed income financial products	\$ 1,840,110	\$ 3,835,070
Time deposits with maturity of over three months	<u>712,105</u>	<u>955,852</u>
	<u>\$ 2,552,215</u>	<u>\$ 4,790,922</u>

- A. Please refer to Note 6(27) for interest income arising from financial assets at amortised cost recognised in profit or loss for the years ended December 31, 2020 and 2019.
- B. The Group has no financial assets at amortised cost pledged to others as tariff guarantee and government subsidy collateral, except for time deposits with maturity of over three months amounting to \$12,537 which are recognised within ‘other current assets’ and time deposits with maturity of over one year amounting to \$29,227 which are recognised within ‘other non-current assets’. Please refer to Note 8 for details.
- C. Please refer to Note 12(2) for the information on credit risk.

(4) Notes and accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	\$ 25,474	\$ 51,209
Accounts receivable	<u>31,123,795</u>	<u>24,284,254</u>
	31,149,269	24,335,463
Less: Allowance for bad debts	(<u>101,202</u>)	(<u>75,922</u>)
	<u>\$ 31,048,067</u>	<u>\$ 24,259,541</u>
Accounts receivable due from related parties	\$ 2,699,345	\$ 2,833,199
Less: Allowance for bad debts	(<u>6,257</u>)	(<u>5,090</u>)
	<u>\$ 2,693,088</u>	<u>\$ 2,828,109</u>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not past due	\$ 33,496,860	\$ 27,080,296
Between 1 and 90 days	320,265	84,908
Between 91 and 180 days	25,295	1,647
Over 180 days	6,194	1,811
	<u>\$ 33,848,614</u>	<u>\$ 27,168,662</u>

B. As of December 31, 2020 and 2019, 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 on credit risk.

(5) Other receivables and prepayments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Other receivables</u>		
Business tax refundable	\$ 757,497	\$ 828,943
Interest income receivable	174,900	232,957
Guarantee deposits receivable	-	206,899
Others	70,244	37,548
	<u>\$ 1,002,641</u>	<u>\$ 1,306,347</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Prepayments</u>		
Prepaid expenses	\$ 2,393,190	\$ 1,015,944
Excess business tax paid	2,387,018	2,029,571
Others	-	14,522
	<u>\$ 4,780,208</u>	<u>\$ 3,060,037</u>

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

(6) Inventories

December 31, 2020			
	Cost	Allowance for valuation losses	Carrying amount
Raw materials	\$ 3,718,726	(\$ 328,129)	\$ 3,390,597
Work in process	4,941,192	(315,174)	4,626,018
Finished goods	5,366,198	(384,029)	4,982,169
	<u>\$ 14,026,116</u>	<u>(\$ 1,027,332)</u>	<u>\$ 12,998,784</u>
December 31, 2019			
	Cost	Allowance for valuation losses	Carrying amount
Raw materials	\$ 2,933,830	(\$ 224,729)	\$ 2,709,101
Work in process	2,306,804	(92,292)	2,214,512
Finished goods	3,985,692	(392,443)	3,593,249
	<u>\$ 9,226,326</u>	<u>(\$ 709,464)</u>	<u>\$ 8,516,862</u>

Expenses and losses incurred on inventories for the years ended December 31, 2020 and 2019 are as follows:

	For the years ended December 31,	
	2020	2019
Cost of goods sold	\$ 105,922,748	\$ 93,384,113
Impairment losses	111,342	338,936
(Reversal of) losses on valuation of inventory	(122,989)	111,061
Income from sale of scraps and wastes	(1,216,712)	(988,611)
	<u>\$ 104,694,389</u>	<u>\$ 92,845,499</u>

The Group reversed losses from a previous inventory write-down and recognised gains on reversal for the year ended December 31, 2020 as the Group sold some inventories, which the net realisable values were lower than the costs

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

	December 31, 2020	December 31, 2019
Equity instruments		
Unlisted stocks	\$ 409,954	\$ 257,184
Valuation adjustment	23,508	(57,197)
Net exchange differences	(2,196)	(6,183)
	<u>\$ 431,266</u>	<u>\$ 193,804</u>

A. The Group has elected to classify the unlisted stocks 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 years ended December 31,	
	2020	2019
Equity instruments	\$ <u>80,705</u>	\$ <u>11,474</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, 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
Acquisitions through business combinations	2,330,739	1,019,171	1,834,065	82,763	-	5,266,738
Additions (transfers)	41,956	4,988,524	9,513,015	6,549,847	3,023,028	24,116,370
Disposals	-	-	(451,817)	(174,140)	-	(625,957)
Depreciation expense	-	(1,406,917)	(4,145,867)	(2,195,408)	-	(7,748,192)
Impairment losses	-	-	(114,410)	-	-	(114,410)
Reclassifications	-	(725,633)	866,173	(36,718)	(103,822)	-
Net exchange differences	(33,088)	287,702	436,281	202,247	146,871	1,040,013
Closing net carrying amount	<u>\$ 2,390,675</u>	<u>\$ 17,582,047</u>	<u>\$ 28,179,950</u>	<u>\$ 11,614,498</u>	<u>\$ 8,410,005</u>	<u>\$ 68,177,175</u>
<u>At December 31, 2020</u>						
Cost	\$ 2,390,675	\$ 26,672,561	\$ 55,750,789	\$ 21,315,866	\$ 8,410,005	\$ 114,539,896
Accumulated depreciation and impairment	-	(9,090,514)	(27,570,839)	(9,701,368)	-	(46,362,721)
	<u>\$ 2,390,675</u>	<u>\$ 17,582,047</u>	<u>\$ 28,179,950</u>	<u>\$ 11,614,498</u>	<u>\$ 8,410,005</u>	<u>\$ 68,177,175</u>

	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)	-	4,418,635	6,709,393	3,455,734	527,397	15,111,159
Disposals	-	(32,568)	(182,864)	(81,151)	-	(296,583)
Depreciation expense	-	(1,181,351)	(4,202,753)	(1,990,593)	-	(7,374,697)
Impairment losses	-	-	(1,428,715)	-	-	(1,428,715)
Net exchange differences	(7)	(518,754)	(674,337)	(280,902)	(207,717)	(1,681,717)
Closing net carrying amount	<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>At December 31, 2019</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>

- A. The significant parts of the Group's buildings and 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 6.43% and 8.02% 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 \$114,410 and \$1,428,715 for the years ended December 31, 2020 and 2019, respectively. The amounts recognised in 2020 were shown within the 'operating costs' of \$111,342 and the 'other gains and losses' of \$3,068 while the amounts recognised in 2019 were shown within the 'operating costs' of \$338,936 and the 'other gains and losses' of \$1,089,779. The impairment losses belong to PCB segments.
- C. Information about the property, plant and equipment that are pledged to others as collateral is referred to Note 8.

(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 20 to 50 years, the remaining lease terms are between 2 and 8 years. The lease contracts are negotiated individually and contain various terms and conditions without other restrictions except for the leased assets restricted to pledge to others.
- B. The leases of buildings, parking space, etc. in the Group are with a lease term of 12 months or less, and the leases for which the underlying asset is of low value are all-in-one printers, etc.
- C. The information on the carrying amount of the right-of-use assets and the recognition of depreciation expense are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land right-of-use	\$ 8,316,001	\$ 7,799,693
Buildings	277,406	217,119
Transportation equipment (official vehicles)	16,058	18,838
	<u>\$ 8,609,465</u>	<u>\$ 8,035,650</u>

	For the years ended December 31,	
	2020	2019
	Depreciation expense	Depreciation expense
Land right-of-use	\$ 253,675	\$ 252,932
Buildings	108,268	80,187
Transportation equipment (official vehicles)	17,485	16,582
	<u>\$ 379,428</u>	<u>\$ 349,701</u>

The acquisition of the right-of-use assets for the years ended December 31, 2020 and 2019 amounted to \$827,767 and \$739,816, respectively.

- D. As of December 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.
- E. The Group recognised 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:

	For the years ended December 31,	
	2020	2019
<u>Items affecting current profit or loss</u>		
Interest expense from lease liabilities	<u>\$ 18,726</u>	<u>\$ 8,531</u>
Rental expenses for short-term lease contracts	<u>\$ 632,753</u>	<u>\$ 326,640</u>

- F. The cash flows used in the lease payments of the Group for the years ended December 31, 2020 and 2019 were \$ 1,062,304 and \$ 1,443,868, respectively.
- G. The Group assesses recoverable amount of assets at the end of the reporting period based on fair value less selling cost. 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 right-of-use assets of \$18,530 for the year ended December 31, 2019. The impairment losses belong to PCB segments.

(10) Intangible assets

For the year ended December 31, 2020				
	Patents and technological expertise	Software	Goodwill	Total
<u>At January 1, 2020</u>				
Cost	\$ -	\$ 517,862	\$ 89,511	\$ 607,373
Accumulated amortisation and impairment	-	(247,003)	-	(247,003)
	<u>\$ -</u>	<u>\$ 270,859</u>	<u>\$ 89,511</u>	<u>\$ 360,370</u>
<u>2020</u>				
Opening net carry amount	\$ -	\$ 270,859	\$ 89,511	\$ 360,370
Additions	-	174,128	-	174,128
Acquisition through business combinations	419,412	8,068	1,174,100	1,601,580
Reclassifications	-	280,675	-	280,675
Amortisation expense	(13,963)	(216,607)	-	(230,570)
Net exchange differences	(6,810)	10,610	(24,954)	(21,154)
Closing net carrying amount	<u>\$ 398,639</u>	<u>\$ 527,733</u>	<u>\$1,238,657</u>	<u>\$2,165,029</u>
<u>At December 31, 2020</u>				
Cost	\$ 412,098	\$1,088,808	\$1,238,657	\$2,739,563
Accumulated amortisation and impairment	(13,459)	(561,075)	-	(574,534)
	<u>\$ 398,639</u>	<u>\$ 527,733</u>	<u>\$1,238,657</u>	<u>\$2,165,029</u>

	For the year ended December 31, 2019		
	Software	Goodwill	Total
<u>At January 1, 2019</u>			
Cost	\$ -	\$ 91,721	\$ 91,721
Accumulated amortisation and impairment	-	-	-
	<u>\$ -</u>	<u>\$ 91,721</u>	<u>\$ 91,721</u>
<u>2019</u>			
Opening net carry amount	\$ -	\$ 91,721	\$ 91,721
Additions	251,124	-	251,124
Reclassifications	97,986	-	97,986
Amortisation expense	(72,872)	-	(72,872)
Net exchange differences	(5,379)	(2,210)	(7,589)
Closing net carrying amount	<u>\$ 270,859</u>	<u>\$ 89,511</u>	<u>\$ 360,370</u>
<u>At December 31, 2019</u>			
Cost	\$ 517,862	\$ 89,511	\$ 607,373
Accumulated amortisation and impairment	(247,003)	-	(247,003)
	<u>\$ 270,859</u>	<u>\$ 89,511</u>	<u>\$ 360,370</u>

A. The Group acquired 100% shares of Boardtek Electronics Corporation and Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd. in 2020 and 2008, respectively, and recognised goodwill as well as patents and technological expertise under the acquisition method.

B. Goodwill is allocated to the Group's cash-generating units identified by operating segments. The recoverable amount has been determined based on value-in-use calculations with operating income rate, growth rate and discount rate. Management determined budgeted operating income rate based on its expectations of market development, the growth rates based on the expectations of industry, and the discount rates based on the weighted average capital cost of the industry peers. The discount rate was 8.44% for the year ended December 31, 2020.

(11) Other non-current assets

	December 31, 2020	December 31, 2019
Prepayments for business facilities	\$ 62,864	\$ 171,096
Refundable deposits	103,404	102,417
Others	220,718	163,631
	<u>\$ 386,986</u>	<u>\$ 437,144</u>

Information about the other non-current assets that are pledged to others as tariff guarantee is referred to Note 8.

(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	49,535
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	15,993
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>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Credit loans	\$ 11,938,862	0.47%~6.40%	None
Security Loans	899,683	0.87%	Land and buildings
	<u>\$ 12,838,545</u>		

<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Credit loans	<u>\$ 9,682,812</u>	<u>2.17%~2.56%</u>	None

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

(14) Short-term notes and bills payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Commercial paper	\$ 949,666	\$ -
Interest rate	<u>1.11%~1.21%</u>	<u>-</u>

(15) Other payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Payable on machinery and equipment	\$ 7,060,667	\$ 3,927,125
Wages and bonuses payable	4,173,790	3,840,859
Payable on mold and jig	1,169,120	1,485,561
Repairs and maintenance fees payable	871,768	830,379
Payable on consumable goods	259,724	375,025
Others	<u>2,296,260</u>	<u>1,990,571</u>
	<u>\$ 15,831,329</u>	<u>\$ 12,449,520</u>

(16) Bonds payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
3rd overseas unsecured convertible bonds:		
Bonds payable	\$ 11,392,000	\$ -
Less: Discount on bonds payable	(911,259)	-
Bonds payable	<u>\$ 10,480,741</u>	<u>\$ -</u>

A. Conditions for issuance of 3rd 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 16, 2020. The total issue amount of the bonds is USD 400,000 thousand, at a coupon rate of 0% and maturity of 5 years from June 30, 2020 to June 30, 2025.
- (b) The conversion price of the bonds is adjusted based on the pricing model in the terms of the bonds. As of December 31, 2020, no bonds have been converted into ordinary shares, and the conversion price was NTD 151.75 (exchange rate of NTD 29.5930 (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% as interest compensation (100% of the principal amount of the corporate bonds) on June 30, 2023.
- (d) Except for bonds redeemed before maturity, repurchased and retired, or converted by the bondholders, the Company will fully redeem the bonds at the maturity date with an annual rate of 0% based on the principal amount. The redemption amount is about 100% of the principal amount of the corporate bonds, and the bonds will be redeemed in full.
- (e) According to the terms of the bonds, all bonds repurchased (including bonds repurchased from the secondary market), redeemed before or at maturity, or converted by the bondholders are retired and not to be re-issued.
- (f) According to the terms of the bonds, rights and obligations of newly issued shares after conversion are the same as other issued ordinary share.
- (g) The effective rate of the corporate bonds is 1.86%.

- B. 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.
- C. Regarding the issuance of overseas unsecured corporate bonds, the equity conversion options were separated from the liability component in accordance with IAS 32. As of December 31, 2020, the Company's 3rd overseas unsecured corporate bonds in 2020 were recognised within 'capital surplus - share options' of \$996,753. As of June 26, 2019, the Company's 2nd overseas unsecured corporate bonds in 2014 with par value of USD 4,700 thousand were redeemed and the unconverted shared options were recognised within 'capital surplus - expired share options' of \$13,767.

(17) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	December 31, 2020
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.	\$ 8,544,000
Credit loans	Borrowing period is from March 26, 2019 to March 26, 2021; interest is repayable monthly.	189,933
	Borrowing period is from December 3, 2018 to December 3, 2021; interest is repayable monthly.	119,958
	Borrowing period is from November 18, 2019 to November 17, 2022; interest is repayable monthly.	79,972
Less: Syndicated loan arrangement fees		(5,340)
Less: Current portion of bonds payable (within 'long-term liabilities, current portion')		(8,888,537)
		<u>\$ 39,986</u>
Interest rate		<u>1.23%~1.50%</u>
Type of borrowings	Borrowing period and repayment term	December 31, 2019
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>

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. As of December 31, 2020, the Company was in compliance with the terms of the syndicated loan agreement.

(18) Pensions

A. Defined benefit plans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of funded defined benefit obligations	(\$ 160,885)	(\$ 3,927)
Fair value of plan assets	<u>201,623</u>	<u>16,469</u>
Net defined benefit asset (within "other non-current assets")	<u>\$ 40,738</u>	<u>\$ 12,542</u>

- (a) The Group's subsidiaries in Taiwan, Zhen Ding Technology Co., Ltd. and Boardtek Electronics Corporation, have defined benefit pension plans 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 insufficient to pay the retirement benefits of employees who are eligible for retirement in the following year by the aforementioned method, the Taiwan subsidiaries are required to fund the deficit in one appropriation before the end of next March.

(b) Movements in net defined benefit assets are as follows:

For the year ended December 31, 2020	Present value of defined benefit obligations	Fair value of of plan assets	Net defined benefit liability
Balance at January 1, 2020	(\$ 3,927)	\$ 16,469	\$ 12,542
Current service cost	(270)	-	(270)
Interest (expense) income of net defined benefit asset	(521)	641	120
	(4,718)	17,110	12,392
Remeasurements:			
Return on plan assets (excluding aforementioned interest income or expense)	-	6,974	6,974
Change in financial assumptions	(40)	-	(40)
Experience adjustments	7,437	-	7,437
	7,397	6,974	14,371
Pension fund contribution	-	15	15
Paid pension	37,823	(37,823)	-
Effect of business combination	(201,387)	215,347	13,960
Balance at December 31, 2020	(\$ 160,885)	\$ 201,623	\$ 40,738

For the year ended December 31, 2019	Present value of defined benefit obligations	Fair value of of plan assets	Net defined benefit liability
Balance at January 1, 2019	(\$ 3,911)	\$ 15,741	\$ 11,830
Interest (expense) income of net defined benefit asset	(29)	117	88
	(3,940)	15,858	11,918
Remeasurements:			
Return on plan assets (excluding aforementioned interest income or expense)	-	596	596
Change in demographic assumptions	(1)	-	(1)
Change in financial assumptions	(25)	-	(25)
Experience adjustments	39	-	39
	13	596	609
Pension fund contribution	-	15	15
Balance at December 31, 2019	(\$ 3,927)	\$ 16,469	\$ 12,542

(c) The Bank of Taiwan was commissioned to manage the plan assets of the Fund for the Taiwan subsidiary's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the 'Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund' (Article 6: the scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the amounts accrued from the local bank interest rates of two-year time deposits. If the earnings are inadequate, government shall make payment for the deficit after being authorised by the Taiwan Competent Authority. The Taiwan subsidiary has no right to participate in managing and operating the Fund and hence the Taiwan subsidiary is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. As of December 31, 2020 and 2019, the fair value of plan assets is given in the 'Utilization Status of the Labor Funds' announced by the local government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2020	2019
Discount rate	0.40%~0.60%	0.65%
Rate of future salary increase	2.00%~2.50%	2.00%
Rate of employee turnover	0.27%	0.43%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

The analysis of the present value of defined benefit obligation due to the main actuarial assumption changes was as follows:

	Discount rate		Rate of future salary increase		Rate of employee turnover	
	Increase	Decrease	Increase	Decrease	110% of expected rate	90% of expected rate
	0.25%	0.25%	0.25%~1%	0.25%~1%		
<u>December 31, 2020</u>						
Increase (decrease) in present value of defined benefit obligations	(\$3,317)	\$3,445	\$14,036	(\$12,346)	\$ -	\$ -
<u>December 31, 2019</u>						
Increase (decrease) in present value of defined benefit obligations	(\$ 64)	\$ 66	\$ 65	(\$ 63)	\$ -	\$ -

The aforementioned sensitivity analysis was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change simultaneously. The method of analysing sensitivity is the same as the calculating method of net pension assets in the balance sheet.

- (e) Expected contributions to the defined benefit pension plans of the Group amount to \$37 for the year ended December 31, 2021.
- (f) As of December 31, 2020, the weighted average duration of the pension plan is 12.6~16 years.

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 \$45,035 and \$31,221 for the years ended December 31, 2020 and 2019, 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 \$804,639 and \$1,037,821 for the years ended December 31, 2020 and 2019, respectively.

(19) Share-based payment

- A. The share-based payment arrangements of the Group'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 2 years starting from the purchase date. Shares will be vested from February 27, 2019 in accordance with the number of the grantees' shares at 20% every year. 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 years ended December 31,	
	2020	2019
Outstanding at January 1	183,272	185,080
Numbers returned during the years	- (	1,808)
Numbers vested during the years	(36,654)	-
Outstanding at December 31	<u>146,618</u>	<u>183,272</u>

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

	For the years ended December 31,	
	2020	2019
Expenses incurred on employee restricted stocks	<u>\$ 103,130</u>	<u>\$ 140,736</u>

(20) Share capital

- A. As of December 31, 2020, the Company's authorised capital was \$16,000,000, and the issued capital is \$9,470,492, consisting of 947,049 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 years ended December 31,	
	2020	2019
	Number of shares (shares in thousands)	Number of shares (shares in thousands)
At January 1	902,230	804,748
Issuance of shares for business combination	44,819	
Treasury shares due to business combination	(2,093)	
Conversion of overseas convertible bonds	-	97,482
At December 31	<u>944,956</u>	<u>902,230</u>

- B. Please refer to Note 6(33) for the information about the Company's shares issued for pursuant to acquisition of Boardtek Electronics Corporation and its subsidiaries.
- C. The treasury shares initially held by the Group's subsidiary, Boardtek Investment Co., Ltd., were converted into ordinary shares issued by the Company in 2020 due to business combination. As of December 31, 2020, the number of shares was 2,093 thousand shares and the acquisition cost

amounted to \$257,489 within the ‘treasury shares’. The treasury shares shall not be pledged to others, and the shareholders’ rights shall not be enjoyed before transfer under Securities and Exchange Act.

- D. The 2nd overseas unsecured convertible bonds with par value of USD 279,800 thousand were converted to ‘ordinary share’ of 97,482 thousand shares with a par value of \$10 in New Taiwan dollars, and the paid-in capital increased \$974,815 for the year ended December 31, 2019.

(21) Capital surplus

For the year ended December 31, 2020						
	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	Total
At January 1	\$ 5,690,348	\$ 13,624,555	\$ -	\$ 59,426	\$ 10,160,452	\$29,534,781
Employee restricted stocks	-	-	-	-	75,100	75,100
Overseas convertible bonds issued	-	-	996,753	-	-	996,753
Business combinations	5,064,578	-	-	-	-	5,064,578
At December 31	<u>\$10,754,926</u>	<u>\$ 13,624,555</u>	<u>\$ 996,753</u>	<u>\$ 59,426</u>	<u>\$ 10,235,552</u>	<u>\$35,671,212</u>

For the year ended December 31, 2019						
	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	Total
At January 1	\$ 5,690,348	\$ 5,373,351	\$833,332	\$ 45,659	\$10,057,967	\$ 22,000,657
Employee restricted stocks	-	-	-	-	102,485	102,485
Redemption of bonds payable	-	8,251,204	(833,332)	13,767	-	7,431,639
At December 31	<u>\$ 5,690,348</u>	<u>\$ 13,624,555</u>	<u>\$ -</u>	<u>\$ 59,426</u>	<u>\$10,160,452</u>	<u>\$ 29,534,781</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(16) for capital surplus - share options, capital surplus - expired share options and capital surplus - additional paid-in capital arising from bond conversion.

(22) 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 and approved by the shareholders.

B. The appropriations of 2019 and 2018 earnings have been approved by the shareholders during their meeting on June 19, 2020 and June 21, 2019, respectively. Details are summarised as follows:

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

On March 30, 2021, the Board of Directors proposed for the appropriation of cash dividends from 2020 earnings amounting to \$4,261,721 at \$4.50 in New Taiwan dollars per share. 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.

(23) 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, 2020	(\$ 53,987)	(\$ 4,960,710)	(\$ 5,014,697)
Valuation adjustment	60,616	-	60,616
Currency translation differences:			
–Group	-	823,765	823,765
At December 31, 2020	<u>\$ 6,629</u>	<u>(\$ 4,136,945)</u>	<u>(\$ 4,130,316)</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, 2019	(\$ 68,671)	(\$ 2,879,635)	(\$ 2,948,306)
Valuation adjustment	14,684	-	14,684
Currency translation differences:			
–Group	-	(2,081,075)	(2,081,075)
At December 31, 2019	(\$ 53,987)	(\$ 4,960,710)	(\$ 5,014,697)

(24) Operating revenue

	For the years ended December 31,	
	2020	2019
Revenue from contracts with customers	\$ 131,278,537	\$ 120,067,508

The Group derives revenue from the transfer of goods and services at a point in time. Please refer to Note 14(5) for the Group's geographical revenue based on the countries where customers are located.

(25) Expenses by nature

	For the years ended December 31,	
	2020	2019
Employee benefit expense	\$ 17,314,142	\$ 16,544,669
Depreciation expense	8,127,620	7,724,398
Amortisation expense	277,397	230,630
	<u>\$ 25,719,159</u>	<u>\$ 24,499,697</u>

The employee benefit expense includes pension gains of \$82 and \$88 which are shown within 'other gains and losses' for the years ended December 31, 2020 and 2019, respectively.

(26) Employee benefit expense

	For the years ended December 31,	
	2020	2019
Wages and salaries	\$ 14,229,962	\$ 13,356,823
Employees' remuneration	67,168	75,057
Labor and health insurance fees	600,319	594,581
Pension expenses	849,824	1,068,954
Other personnel expenses	1,566,869	1,449,254
	<u>\$ 17,314,142</u>	<u>\$ 16,544,669</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 profit of the current year, net of accumulated losses.

- B. For the years ended December 31, 2020 and 2019, employees' remunerations were accrued of \$67,168 and \$75,057, respectively; while directors' remunerations were accrued of \$17,500 and \$10,500, respectively.
- C. Employees' remuneration and directors' remuneration as resolved by the Board of Directors' 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.

(27) Interest income

	For the years ended December 31,	
	2020	2019
Interest income from bank deposits	\$ 509,756	\$ 928,582
Interest income from financial assets at amortised cost	177,044	316,835
	<u>\$ 686,800</u>	<u>\$ 1,245,417</u>

(28) Other income

	For the years ended December 31,	
	2020	2019
Government grant revenue	\$ 781,231	\$ 699,025
Others	110,963	83,815
	<u>\$ 892,194</u>	<u>\$ 782,840</u>

(29) Other gains and losses

	For the years ended December 31,	
	2020	2019
Net currency exchange (losses) gains	(\$ 1,226,078)	\$ 20,191
Net losses on disposal of property, plant and equipment	(150,871)	(65,454)
Impairment loss on property, plant and equipment	(3,068)	(1,089,779)
Others	(81,835)	(55,917)
	<u>(\$ 1,461,852)</u>	<u>(\$ 1,190,959)</u>

(30) Finance costs

	For the years ended December 31,	
	2020	2019
Interest expense		
Bank borrowings	\$ 332,199	\$ 622,077
Amortisation of convertible bond discounts	105,055	48,862
Amortisation of syndicated loan arrangement fees	7,388	7,728
Interest expense from lease liabilities	18,726	8,531
Total	<u>\$ 463,368</u>	<u>\$ 687,198</u>

(31) Income tax

A. Components of income tax expense

	For the years ended December 31,	
	2020	2019
Current tax:		
Tax payable arising from the current period	\$ 1,260,293	\$ 2,983,083
Adjustments in respect of prior years	(124,805)	(135,815)
Total current tax	<u>1,135,488</u>	<u>2,847,268</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>1,150,212</u>	(297,977)
Total deferred tax	<u>1,150,212</u>	(297,977)
Income tax expense	<u>\$ 2,285,700</u>	<u>\$ 2,549,291</u>

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate (note)	\$ 2,430,922	\$ 2,522,065
Effects from items unrecognised by tax regulations	40,456	137,373
Effects from adjustments in respect of prior years	(124,805)	(135,815)
Effects from re-evaluation of deferred tax liabilities	(60,873)	25,668
Income tax expense	<u>\$ 2,285,700</u>	<u>\$ 2,549,291</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	For the year ended December 31, 2020					
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Business combination	Net exchange differences	December 31
Temporary differences:						
-Deferred tax assets:						
Allowance for inventory valuation loss	\$ 114,051	(\$ 8,281)	\$ -	\$ 55,162	(\$ 18,021)	\$ 142,911
Wages and bonuses payable	328,598	(24,927)	-	5,490	1,987	311,148
Impairment loss on property, plant and equipment	7,975	75,421	-	-	1,814	85,210
Unrealised profit from sales in respect of inventory	210,406	(93,753)	-	-	1,429	118,082
Remeasurement of defined benefit obligations	-	971	(4,410)	16,760	(6)	13,315
Others	<u>747,008</u>	<u>(285,427)</u>	<u>(7,855)</u>	<u>154,019</u>	<u>6,628</u>	<u>614,373</u>
Subtotal	<u>1,408,038</u>	<u>(335,996)</u>	<u>(12,265)</u>	<u>231,431</u>	<u>(6,169)</u>	<u>1,285,039</u>
-Deferred tax liabilities:						
Taxable difference arising from property, plant and equipment	(471,732)	(273,840)	-	-	(13,992)	(759,564)
Remeasurement of defined benefit obligations	(548)	(990)	1,538	-	-	-
Others	<u>(500,512)</u>	<u>(539,386)</u>	<u>-</u>	<u>(234,073)</u>	<u>11,220</u>	<u>(1,262,751)</u>
Subtotal	<u>(972,792)</u>	<u>(814,216)</u>	<u>1,538</u>	<u>(234,073)</u>	<u>(2,772)</u>	<u>(2,022,315)</u>
Total	<u>\$ 435,246</u>	<u>(\$ 1,150,212)</u>	<u>(\$ 10,727)</u>	<u>(\$ 2,642)</u>	<u>(\$ 8,941)</u>	<u>(\$ 737,276)</u>

For the year ended December 31, 2019					
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Net exchange differences	December 31
Temporary differences:					
-Deferred tax assets:					
Allowance for inventory valuation loss	\$ 71,119	\$ 32,016	\$ -	\$ 10,916	\$ 114,051
Wages and bonuses payable	168,501	146,946	-	13,151	328,598
Impairment loss on property, plant and equipment	102,992	(94,693)	-	(324)	7,975
Unrealised profit from sales in respect of inventory	316,954	(99,809)	-	(6,739)	210,406
Others	<u>364,925</u>	<u>444,052</u>	<u>-</u>	<u>(61,969)</u>	<u>747,008</u>
Subtotal	<u>1,024,491</u>	<u>428,512</u>	<u>-</u>	<u>(44,965)</u>	<u>1,408,038</u>
-Deferred tax liabilities:					
Taxable difference arising from property, plant and equipment	(326,139)	(150,573)	-	4,980	(471,732)
Remeasurement of defined benefit obligations	(402)	(24)	(122)	-	(548)
Others	<u>(531,103)</u>	<u>20,062</u>	<u>-</u>	<u>10,529</u>	<u>(500,512)</u>
Subtotal	<u>(857,644)</u>	<u>(130,535)</u>	<u>(122)</u>	<u>15,509</u>	<u>(972,792)</u>
Total	<u>\$ 166,847</u>	<u>\$ 297,977</u>	<u>(\$ 122)</u>	<u>(\$ 29,456)</u>	<u>\$ 435,246</u>

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2020	December 31, 2019
Deductible temporary differences	<u>\$ 9,658,564</u>	<u>\$ 7,694,382</u>
Tax effect	<u>\$ 2,301,329</u>	<u>\$ 1,923,595</u>

E. The income tax returns of the Group's subsidiaries, Zhen Ding Technology Co., Ltd., Garuda Technology Co., Ltd., Boardtek Electronics Corporation and Boardtek Investment Co., Ltd. through 2017, 2018, 2018 and 2018 have been assessed and approved by the Tax Authority.

(32) Earnings per share

For the year ended December 31, 2020			
	<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	<u>\$ 8,094,547</u>	<u>909,001</u>	<u>\$ 8.90</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 8,094,547	909,001	
Assumed conversion of all dilutive potential ordinary shares			
Overseas convertible bonds	105,055	39,429	
Employees' remuneration	<u>-</u>	<u>788</u>	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	<u>\$ 8,199,602</u>	<u>949,218</u>	<u>\$ 8.64</u>
For the year ended December 31, 2019			
	<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	<u>\$ 8,685,202</u>	<u>874,836</u>	<u>\$ 9.93</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 8,685,202	874,836	
Assumed conversion of all dilutive potential ordinary shares			
Employees' remuneration	<u>-</u>	<u>724</u>	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	<u>\$ 8,685,202</u>	<u>875,560</u>	<u>\$ 9.92</u>

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.

(33) Business combinations

- A. On November 4, 2020, the Group acquired 100% ownership of Boardtek Electronics Corporation and its subsidiaries through share exchange and obtained control of Boardtek Electronics Corporation. As a result of the acquisition, the Group expects to strengthen its presence in these markets and to reduce costs due to economic scale, considering the company's manufacture and sales of PCB operations in Taiwan.
- B. The information on the consideration paid for Boardtek Electronics Corporation and the fair values of the assets acquired and liabilities assumed at the acquisition date is as follows:

	<u>November 4, 2020</u>
Purchase consideration	
Equity instruments	\$ 5,512,771
Fair values of the identifiable assets acquired and liabilities assumed	
Cash	944,497
Notes and accounts receivable	2,031,592
Inventories	952,789
Prepayments	71,877
Non-current financial assets at fair value through other comprehensive income	21,460
Other financial assets	257,489
Property, plant and equipment	5,266,738
Intangible assets	427,480
Deferred tax assets	214,671
Other non-current assets	51,159
Short-term borrowings	(2,610,000)
Notes and accounts payable	(2,134,518)
Other payables	(422,405)
Other current liabilities	(429,430)
Deferred tax liabilities	(217,313)
Other non-current liabilities	(87,415)
Total identifiable net assets	<u>4,338,671</u>
Goodwill	<u>\$ 1,174,100</u>

- C. The fair value of purchase consideration amounted to \$5,512,771 of the 44,819,274 ordinary shares issued by the Company was based on the closing price on November 3, 2020.

- D. The fair value of the acquired identifiable intangible assets (including patents and technological expertise) temporarily amounted to \$419,412 because of the valuation of those assets to be finalised.
- E. The operating revenue and profit before income tax in the consolidated statement of comprehensive income from November 4, 2020 to December 31, 2020 contributed by Boardtek Electronics Corporation were \$972,452 and \$21,228, respectively.
- F. Had Boardtek Electronics Corporation and its subsidiaries been consolidated since January 1, 2020, the operating revenue and profit before income tax of the Group would have been \$136,079,575 and \$12,748,875 for the year ended December 31, 2020, respectively.

(34) Additional information of cash flows

A. Investing activities with partial cash payments

	For the years ended December 31,	
	2020	2019
Acquisition of property, plant and equipment	\$ 24,116,370	\$ 15,111,159
Add: Opening balance of payable on machinery and equipment (within 'other payables')	3,927,125	4,190,436
Less: Ending balance of payable on machinery and equipment (within 'other payables')	(7,060,667)	(3,927,125)
Acquisitions through business combinations	44,849	-
Reclassified as held for sale	-	(27,255)
Net exchange differences	328,561	(152,103)
Cash paid during the period	<u>\$ 21,356,238</u>	<u>\$ 15,195,112</u>

	For the years ended December 31,	
	2020	2019
Acquisition of land right-of-use (within 'right-of-use assets')	\$ 288,300	\$ 719,677
Add: Opening balance of payable on land right-of-use (within 'other payables')	-	292,776
Net exchange differences	-	3,107
Cash paid during the period	<u>\$ 288,300</u>	<u>\$ 1,015,560</u>

B. Financing activities without cash flow effects

	For the year ended December 31, 2019
Convertible bonds converted to ordinary share	\$ 974,815
Capital surplus	
Additional paid-in capital arising from bond conversion	8,251,204
Share options	(819,565)
Convertible bonds converted to equity	<u>\$ 8,406,454</u>

C. Changes in liabilities from financing activities

For the year ended December 31, 2020							
	Bonds payable	Long-term borrowings	Short-term notes and bills payable	Short-term borrowings	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
At January 1	\$ -	\$ 8,980,884	\$ -	\$ 9,682,812	\$239,407	\$ 179,511	\$ 19,082,614
Changes in cash flow from financing activities	11,795,359	(39,952)	-	552,015	(141,251)	2,095	12,168,266
Share options arising from convertible bonds	(996,753)	-	-	-	-	-	(996,753)
Changes in right-of-use assets	-	-	-	-	538,227	-	538,227
Acquisitions through business combinations	-	430,000	950,000	2,610,000	1,410	794	3,992,204
Reclassifications	-	(8,888,520)	-	-	-	-	(8,888,520)
Amortisation on interest expense	105,055	7,388	-	-	18,726	-	131,169
Effect of exchange rate changes	(422,920)	(449,814)	(334)	(6,282)	(698)	4,213	(875,835)
At December 31	<u>\$ 10,480,741</u>	<u>\$ 39,986</u>	<u>\$ 949,666</u>	<u>\$ 12,838,545</u>	<u>\$ 655,821</u>	<u>\$ 186,613</u>	<u>\$ 25,151,372</u>

For the year ended December 31, 2019					
	Bonds payable	Short-term borrowings	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
At January 1	\$ 8,699,319	\$ 9,184,066	\$ -	\$ 110,990	\$ 17,994,375
Effects on initial application of IFRS 16	-	-	330,787	-	330,787
Balance at January 1 after adjustment	8,699,319	9,184,066	330,787	110,990	18,325,162
Changes in cash flow from financing activities	(147,233)	783,662	(101,668)	80,315	615,076
Conversion of convertible bonds	(8,406,454)	-	-	-	(8,406,454)
Changes in right-of-use assets	-	-	13,380	-	13,380
Reclassified as held for sale	-	-	(2,221)	-	(2,221)
Amortisation on interest expense	48,862	-	8,531	-	57,393
Effect of exchange rate changes	(194,494)	(284,916)	(9,402)	(11,794)	(500,606)
At December 31	<u>\$ -</u>	<u>\$ 9,682,812</u>	<u>\$ 239,407</u>	<u>\$ 179,511</u>	<u>\$ 10,101,730</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties and relationship	Relationship with the Company
Hon Hai Precision Industry Co., Ltd. and its subsidiaries	The entity has significant influence over the Group
CyberTAN Technology Inc. and its subsidiaries	Other related parties
Ennoconn Corporation and its subsidiaries	Other related parties
Foxconn Interconnect Technology Limited and its subsidiaries	Other related parties
General Interface Solution Holding Limited and its subsidiaries	Other related parties

(2) Significant related party transactions and balances

A. Sales:

	For the years ended December 31,	
	2020	2019
Sales of goods:		
Entity with significant influence over the Company	\$ 7,485,125	\$ 7,348,959
Other related parties	<u>1,995,804</u>	<u>1,081,932</u>
	<u>\$ 9,480,929</u>	<u>\$ 8,430,891</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 years ended December 31,	
	2020	2019
Purchases of goods:		
Entity with significant influence over the Company	\$ 921,226	\$ 907,573
Other related parties	<u>2,339,161</u>	<u>1,405,211</u>
Total	<u>\$ 3,260,387</u>	<u>\$ 2,312,784</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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable		
- related parties:		
Entity with significant influence over the Company	\$ 2,316,129	\$ 2,587,592
Other related parties	<u>383,216</u>	<u>245,607</u>
	2,699,345	2,833,199
Allowance for bad debts	(<u>6,257</u>)	(<u>5,090</u>)
Total	<u>\$ 2,693,088</u>	<u>\$ 2,828,109</u>

D. Notes and accounts payable:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes payable - related parties:		
Entity with significant influence over the Company	\$ 3,679	\$ -
Accounts payable - related parties:		
Entity with significant influence over the Company	157,834	122,034
Other related parties	<u>825,043</u>	<u>456,976</u>
	<u>\$ 986,556</u>	<u>\$ 579,010</u>

(3) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	<u>\$ 256,138</u>	<u>\$ 236,371</u>

8. PLEDGED ASSETS

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

<u>Pledged assets</u>	<u>Carring amount</u>		<u>Collateral purpose</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>	
Other current assets			
- Time deposits with maturity of over three months	\$ 12,537	\$ -	- Tariff guarantee and governments subsidy guarantee
- Demand deposits	950	-	- Others
Property, plant and equipment	2,624,489	-	- Collateral for short-term borrowings
Other non-current assets			
- Time deposits with maturity of over one year	<u>29,227</u>	<u>-</u>	Tariff guarantee
	<u>\$ 2,667,203</u>	<u>\$ -</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Property, plant and equipment	<u>\$ 10,112,376</u>	<u>\$ 323,591</u>

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

	December 31, 2020	December 31, 2019
Unused letters of credit	\$ 5,866,121	\$ 1,946,326

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The appropriation of 2020 earnings was proposed by the Board of Directors on March 30, 2020. Please refer to Note 6(22).

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

	December 31, 2020	December 31, 2019
<u>Financial assets</u>		
Financial assets at amortised cost	\$ 81,562,240	\$ 71,465,606
Financial assets at fair value through profit or loss	753,522	-
Financial assets at fair value through other comprehensive income	431,266	193,804
	<u>\$ 82,747,028</u>	<u>\$ 71,659,410</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	\$ 73,064,990	\$ 45,710,492
Lease liabilities	655,821	239,407
	<u>\$ 73,720,811</u>	<u>\$ 45,949,899</u>

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

B. Risk management policies

(a) Risk categories:

The Group employs a comprehensive risk management and control system to clearly identify, measure, and control 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 a minimum.
- 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:

	December 31, 2020			For the year ended December 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	256,604	28.48	\$ 7,308,082	1%	\$ 73,081
USD:RMB	1,809,982	6.5249	51,692,160	1%	516,922
<u>Net effect in consolidated entities with foreign currency</u>					
USD:NTD	3,009,546	28.48	85,711,870	1%	857,119
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	171,698	28.48	4,889,959	1%	48,900
USD:RMB	1,232,679	6.5249	35,204,679	1%	352,047
JPY:RMB	8,065,846	0.0632	2,232,498	1%	22,325

(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

- v. Please refer to Note 6(29) for the total exchange gains (losses) including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019.

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 \$32,196 and \$46,692 for the years ended December 31, 2020 and 2019, respectively. The simulation is based on a quarterly basis to ensure that the maximum potential loss is within the limit given by the management.

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

Price risk

The Group's investments in equity securities comprise domestic listed stocks which are classified as investments in financial assets at fair value through other comprehensive income.

The price of equity securities would be affected by the uncertainty of the future value of underlying investment. However, the Group expects the price fluctuations do not have significant impact on the price of equity securities.

(b) Credit risk

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

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

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

- ii. The Group assess whether there has been 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 receivable 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 December 31, 2020 and 2019, 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>December 31, 2020</u>						
Expected loss rate		0.03%	0.07%	0.10%~1.00%	1%~5%	
Total carrying amount	\$ -	\$ 21,958,771	\$ 8,488,341	\$ 677,722	\$ 2,723,780	\$ 33,848,614
Loss allowance	\$ -	(\$ 6,588)	(\$ 5,942)	(\$ 6,777)	(\$ 88,152)	(\$ 107,459)
	<u>Individual</u>	<u>Group 1</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Group 4</u>	<u>Total</u>
<u>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)

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 Ba1 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:

	For the years ended December 31,	
	2020	2019
Opening balance	\$ 81,012	\$ 61,904
Acquisition through business combinations	6,198	-
Provision for impairment	22,837	20,943
Net exchange differences	(2,588)	(1,835)
Ending balance	<u>\$ 107,459</u>	<u>\$ 81,012</u>

Other receivables

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

(c) Liquidity risk

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

ii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Expiring within one year	\$ 62,190,431	\$ 34,800,762
Expiring over one year	5,231,995	11,343,144
	<u>\$ 67,422,426</u>	<u>\$ 46,143,906</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>December 31, 2020</u>	<u>Within one year</u>	<u>Over one year</u>	<u>Total</u>
Bonds payable	\$ -	\$ 11,392,000	\$ 11,392,000
Long-term borrowings (Note)	9,027,198	40,302	9,067,500
Guarantee deposits received	-	186,613	186,613
Lease liabilities	145,543	549,837	695,380
	<u>\$ 9,172,741</u>	<u>\$ 12,168,752</u>	<u>\$ 21,341,493</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	\$ 271,619	\$ 9,197,714	\$ 9,469,333
Guarantee deposits received	-	179,511	179,511
Lease liabilities	95,128	156,246	251,374
	<u>\$ 366,747</u>	<u>\$ 9,533,471</u>	<u>\$ 9,900,218</u>

Note: Imputed interest payable included.

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:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

Level 3: Inputs for the asset or liability that is 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—time 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, other non-current assets—time deposits with maturity of over one year, short-term borrowings, accounts payable (including to related parties), other payables, lease liabilities, and long-term borrowings:

December 31, 2020				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 10,480,741	\$ -	\$ 10,898,838	\$ -
Guarantee deposits received	186,613	-	186,371	-
Total	<u>\$ 10,667,354</u>	<u>\$ -</u>	<u>\$ 11,085,209</u>	<u>\$ -</u>
December 31, 2019				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Guarantee deposits received	<u>\$ 179,511</u>	<u>\$ -</u>	<u>\$ 179,135</u>	<u>\$ -</u>

- (b) The methods and assumptions of fair value measurement is as follows:

- 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.
- 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.
- Financial assets at amortised cost - corporate bond: the fair value is the quoted price in active market.

C. Financial instruments measured at fair value

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

<u>December 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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 753,522</u>	<u>\$ 753,522</u>
Financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 431,266</u>	<u>\$ 431,266</u>
<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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,804</u>	<u>\$ 193,804</u>
<u>Non-recurring fair value measurements</u>				
Non-current assets classified as held for sale	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,211</u>	<u>\$ 161,211</u>

- (b) The methods and assumptions that the Group used to measure fair value are as follows:
- The instruments the Group used market quoted prices as their fair values (i.e., Level 1).
 - 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.
 - 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.
 - 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, 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 years ended December 31, 2020 and 2019 are as follows:

	For the years ended December 31,		
	2020		2019
	Financial assets at fair value through profit or loss-debt securities	Financial assets at fair value through other comprehensive income-equity securities	Financial assets at fair value through other comprehensive income-equity securities
Opening balance	\$ -	\$ 193,804	\$ 52,473
Acquisitions through business combinations	-	21,460	-
Acquisition of financial assets	666,775	130,800	136,192
Unrealised gains (losses) from financial assets	67,484	80,705	11,474
Net exchange differences	19,263	4,497	(6,335)
Ending balance	<u>\$ 753,522</u>	<u>\$ 431,266</u>	<u>\$ 193,804</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 December 31, 2020	Valuation technique	Significant unobservable input	Range [weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted shares	\$ 102,503	Market comparable companies	Enterprise value to EBIT multiple	6.01~43.88 [8.19]	The higher the EBIT, the higher the fair value
			Price to net value multiple	1.59~6.16 [2.46]	The higher the net value, the higher the fair
Unlisted shares	\$ 173,524	Market comparable companies	Enterprise value to EBIT multiple	29.89~57.44 [44.46]	The higher the EBIT, the higher the fair value
Unlisted shares	\$ 23,929	Income approach	weighted average cost of capital	7.91%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	40%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	\$ 131,310	The last transaction price	Not applicable	Not applicable	Not applicable

	Fair value as of December 31, 2020	Valuation technique	Significant unobservable input	Range [weighted average]	Relationship of inputs to fair value
Debt securities:					
Private fund	\$ 572,651	Net asset value	Not applicable	42.53	The higher the net asset value, the higher the fair value
Private fund	\$ 59,978	The last transaction price	Not applicable	Not applicable	Not applicable
Unlisted partnership share	\$ 120,893	Market comparable companies	Price to earnings multiple	114	The higher the PE multiple, the higher the fair value
			Discount for lack of marketability	41%	The higher the discount for lack of marketability, the lower 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	9.40~33.88 [10.01]	The higher the EBIT, the higher the fair value
			Price to net value multiple	1.19~8.41 [1.83]	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

	Fair value as of December 31, 2019	Valuation technique	Significant unobservable input	Range [weighted average]	Relationship of inputs to fair value
Non-current assets classified as held for sale:					
Right-of-use assets	\$ 10,302	Market approach/ replacement cost method	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 on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		For the year ended December 31, 2020				
		Recognised in profit or loss		Recognised in other comprehensive income		
		Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets	Input	Change				
Debt instrument	Enterprise value to EBIT	±1%	\$ 7,535	(\$ 7,535)	\$ -	\$ -
Equity instrument	multiple, etc.	±1%	-	-	4,313	(4,313)
			<u>\$ 7,535</u>	<u>(\$ 7,535)</u>	<u>\$ 4,313</u>	<u>(\$ 4,313)</u>

			For the year ended December 31, 2019	
			Recognised in other comprehensive income	
			Favourable change	Unfavourable change
	Input	Change		
Financial assets				
	Enterprise value to			
Equity instrument	EBIT	±1%		
	multiple, etc.			
			\$ 1,938	(\$ 1,938)

E. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.

(4) Others

Due to the COVID-19 pandemic, some of the Group's subsidiaries were eligible to the exemptions or subsidies for the year ended December 31, 2020 in accordance with the policy of Temporary Reduction and Exemption of Corporate Contributions to Social Insurance Funds implemented by the local governments. Apart from that, the pandemic has no significant impact on the Group's operations.

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 auditors. 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 securities at the end of the period (excluding the investment in subsidiaries, associates and joint ventures): Please refer to table 3.

D. Aggregate purchases or sales of the same securities reaching 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: Please refer to table 5.

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 6.

H. Receivables from related parties reaching NT \$100 million or 20% of paid-in capital or more: Please refer to table 7.

I. Trading in derivative financial instruments: None.

J. The business relationship and significant transactions between the parent company and the subsidiaries and between each subsidiary: Please refer to table 8.

(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 auditors. 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 9.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

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 11.

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 years ended December 31,	
	2020	2019
Revenue from external customers	\$ 131,278,537	\$ 120,067,508
Inter-segment revenue	-	-
Segments' revenue	<u>\$ 131,278,537</u>	<u>\$ 120,067,508</u>
Measure of segment profit	<u>\$ 11,693,667</u>	<u>\$ 13,828,045</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 from segment profit from reportable segment to the net income for the period is as follows:

	For the years ended December 31,	
	2020	2019
Reportable segment's revenue	\$ 131,278,537	\$ 120,067,508
	For the years ended December 31,	
	2020	2019
Reportable segment's profit	\$ 11,693,667	\$ 13,827,367
Interest income and finance costs	223,432	558,219
Net foreign exchange (losses) gains	(1,226,078)	20,191
Net (losses) gains on disposal of property, plant and equipment	(150,871)	9,697
Others	968,140	(2,013,857)
Profit	\$ 11,508,290	\$ 12,401,617

(4) Information on products and services

Revenues from external customers are primarily from the manufacturing of PCB products as follows:

	For the years ended December 31,	
	2020	2019
Revenues from the manufacturing PCB products	\$ 131,278,537	\$ 120,067,508

(5) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	For the years ended December 31,			
	2020		2019	
	Revenue	assets	Revenue	assets
U.S.A	\$ 88,249,583	\$ -	\$ 78,179,028	\$ -
Mainland China	27,878,274	70,786,944	28,111,801	54,580,460
Taiwan	6,487,395	7,576,551	6,994,641	326,731
Singapore	1,649,817	-	1,932,194	-
Others	7,013,468	975,160	4,849,844	168,586
Total	\$ 131,278,537	\$ 79,338,655	\$ 120,067,508	\$ 55,075,777

The Group's geographical revenue is based on the countries where customers are located. Non-current assets are property, plant, equipment, right-of-use assets, intangible assets and other non-current assets.

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2020 and 2019 is as follows:

For the years ended December 31,				
2020		2019		
	Revenue	Segment	Revenue	Segment
Company B	\$ 87,964,942	Manufacturing of PCB products	\$ 77,134,598	Manufacturing of PCB products
Company A	<u>7,485,125</u>	Manufacturing of PCB products	<u>7,369,127</u>	Manufacturing of PCB products
	<u>\$ 95,450,067</u>		<u>\$ 84,503,725</u>	

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

LOANS TO OTHERS

FOR THE YEAR ENDED DECEMBER 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 year ended December 31, 2020 (Note 3)	Balance at December 31, 2020 (Note 4)	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
0	The Company	Monterey Park Financial Limited	Other receivables	Yes	\$ 284,800	\$ 284,800	\$ -	-	Short-term financing	\$ -	Operation requirements	\$ -	None	\$ -	\$ 31,366,892	\$ 31,366,892	
1	FAT Holdings Limited	Monterey Park Financial Limited	Other receivables	Yes	284,800	284,800	-	-	Short-term financing	-	Operation requirements	-	None	-	3,571,326	4,999,856	
2	Zhen Ding Technology Co., Ltd.	Boardtek Electronics Corporation	Other receivables	Yes	800,000	800,000	-	-	Short-term financing	-	Operation requirements	-	None	-	1,039,491	1,039,491	
3	Mayco Industrial Limited	The Company	Other receivables	Yes	4,670,720	1,708,800	-	-	Short-term financing	-	Operation requirements	-	None	-	322,442,085	451,418,919	
3	Mayco Industrial Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	1,424,000	1,424,000	569,600	1.30%- 3.10%	Short-term financing	-	Operation requirements	-	None	-	322,442,085	451,418,919	
3	Mayco Industrial Limited	Henley International Limited	Other receivables	Yes	854,400	854,400	-	-	Short-term financing	-	Operation requirements	-	None	-	322,442,085	451,418,919	
3	Mayco Industrial Limited	Boardtek Electronics Corporation	Other receivables	Yes	1,424,000	1,424,000	-	-	Short-term financing	-	Operation requirements	-	None	-	25,795,367	25,795,367	
4	Pacific Fair International Limited	The Company	Other receivables	Yes	3,417,600	3,417,600	2,563,200	1.30%	Short-term financing	-	Operation requirements	-	None	-	47,428,667	66,400,134	

No.	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended December 31, 2020 (Note 3)	Balance at December 31, 2020 (Note 4)	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
					Item	Value											
5	Monterey Park Finance Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	\$ 284,800	\$ 284,800	\$ -	-	Short-term financing	\$ -	Operation requirements	-	None	-	\$ 391,219,161	\$ 547,706,825	
6	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	656,550	328,275	5,252	3.85%	Short-term financing	-	Operation requirements	-	None	-	8,922,339	12,491,274	
7	Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	1,424,000	1,424,000	712,000	0.55%	Short-term financing	-	Operation requirements	-	None	-	31,743,148	44,440,408	
7	Garuda International Limited	Avary Technology (India) Private Limited	Other receivables	Yes	1,139,200	1,139,200	569,600	1.15%	Short-term financing	-	Operation requirements	-	None	-	2,539,452	2,539,452	
7	Garuda International Limited	Avary Singapore Private Limited	Other receivables	Yes	1,139,200	1,139,200	-	-	Short-term financing	-	Operation requirements	-	None	-	31,743,148	44,440,408	
8	Avary Holding (Shenzhen) Co., Limited	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Other receivables	Yes	87,540	-	-	-	Short-term financing	-	Operation requirements	-	None	-	-	-	(Note 5)
8	Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Other receivables	Yes	10,942,500	10,942,500	2,144,730	3.85%	Short-term financing	-	Operation requirements	-	None	-	37,697,502	37,697,502	

Table 1, Page 2

No.	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended December 31, 2020 (Note 3)	Balance at December 31, 2020 (Note 4)	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
													Item	Value			
8	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	\$ 5,252,400	\$ 5,252,400	\$ 4,558,646	3.85%-4.15%	Short-term financing	-	Operation requirements	-	None	-	\$ 37,697,502	\$ 37,697,502	
8	Avary Holding (Shenzhen) Co., Limited	Fu Bo Industrial (Shenzhen) Co., Ltd	Other receivables	Yes	875,400	875,400	196,965	3.85%	Short-term financing	-	Operation requirements	-	None	-	37,697,502	37,697,502	
8	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	6,565,500	6,565,500	2,350,449	3.85%-4.15%	Short-term financing	-	Operation requirements	-	None	-	37,697,502	37,697,502	
8	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	2,188,500	2,188,500	704,697	3.85%-4.05%	Short-term financing	-	Operation requirements	-	None	-	37,697,502	37,697,502	
8	Avary Holding (Shenzhen) Co., Limited	Kui Sheng Technology (Shenzhen) Limited	Other receivables	Yes	350,160	350,160	-	-	Short-term financing	-	Operation requirements	-	None	-	37,697,502	37,697,502	

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 Loans to Others", 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 Loans to Others", 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 sold Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd. on March 12, 2020, and the credit line to this company was approved to cancel by the Board of Directors on April 30, 2020.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
PROVISION OF ENDORSEMENTS AND GUARANTEES TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	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 year ended December 31, 2020 (Note 5)	Outstanding endorsement/ guarantee amount at December 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	\$ 7,841,723	\$ 569,600	\$ 569,600	\$ 569,600	\$ -	0.73%	\$ 78,417,228	Y	N	Y	
1	Zhen Ding Technology Co., Ltd.	Zhen Ding Technology Co., Ltd.	1	7,841,723	5,000	5,000	5,000	-	0.01%	78,417,228	N	N	N	(Note 9)
2	Qi Ding Technology Qinhuangdao Co., Ltd.	Qi Ding Technology Qinhuangdao Co., Ltd.	1	7,841,723	8,754	8,754	8,754	-	0.01%	78,417,228	N	N	Y	(Note 9)
3	Garuda Technology Co., Ltd.	Garuda Technology Co., Ltd.	1	7,841,723	15,000	15,000	15,000	-	0.02%	78,417,228	N	N	N	(Note 9)
4	Avary Holding (Shenzhen) Co., Limited	Avary Holding (Shenzhen) Co., Limited	1	7,841,723	284,505	284,505	284,505	-	0.36%	78,417,228	N	N	Y	(Note 9)
5	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	1	7,841,723	122,556	122,556	74,409	-	0.16%	78,417,228	N	N	Y	(Note 9)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	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 year ended December 31, 2020 (Note 5)	Outstanding endorsement/ guarantee amount at December 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
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	1	\$ 7,841,723	\$ 65,655	\$ 65,655	\$ 65,655	\$ -	0.08%	\$ 78,417,228	N	N	Y	(Note 9)
7	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Qing Ding Precision Electronics (Huaian) Co., Ltd.	1	7,841,723	236,358	236,358	218,850	-	0.30%	78,417,228	N	N	Y	(Note 9)
8	Avary Technology (India) Private Limited	Avary Technology (India) Private Limited	1	7,841,723	284,800	284,800	110,218	28,288	0.36%	78,417,228	N	N	N	(Note 9)

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.

Note 9: The Company's subsidiaries provided guarantees for its tariff, technology development programs (TDPs) and leases.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

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

DECEMBER 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	At the end of period				Footnote (Note 4)
				Number of shares	Carrying amount (Note 3)	Ownership (%)	Fair value	
Zhen Ding Technology Co., Ltd.	Synpower Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	2,200,000	\$ 102,503	9.02%	\$ 102,503	
Avary Holding (Shenzhen) Co., Limited	Jiangsu Aisen Semiconductor Material Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	2,600,000	173,524	4.26%	173,524	
Avary Holding Investment (Shenzhen) Co., Ltd.	Sixpure Intellignet Technology (Dongguan) Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	1,461,039	131,310	3.55%	131,310	
Boardtek Electronics Corporation	Chipboard Technology Corporation	None	Non-current financial assets at fair value through other comprehensive income	1,337,068	23,929	15.60%	23,929	
Avary Holding (Shenzhen) Co., Limited	Jingning Dingqing Electronic Technology Limited Partnership	None	Non-current financial assets at fair value through profit or loss	-	120,893	12.53%	120,893	
Avary Holding Investment (Shenzhen) Co., Ltd.	Beijing Chenyi M&A Fund	None	Non-current financial assets at fair value through profit or loss	-	572,651	3.08%	572,651	
Zhen Ding Technology Co., Ltd.	Zoyi Capital Investment Fund II L.P.	None	Non-current financial assets at fair value through profit or loss	-	59,978	13.50%	59,978	

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

AGGREGATE PURCHASES OR SALES OF THE SAME SECURITIES REACHING \$300 MILLION OR 20% OF PAID-IN CAPITAL OR MORE

FOR THE YEAR ENDED DECEMBER 31, 2020

Table 4

Expressed in thousands of foreign currency
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2020		Purchases (Note 3)		Number of shares	Sales (Note 3)		Gain (loss) on disposal	Balance as at December 31, 2020	
					Number of shares	Amount	Number of shares	Amount		Selling price	Carrying amount		Number of shares	Amount
Avary Holding Investment (Shenzhen) Co., Ltd.	Beijing Chenyi M&A Fund	Non-current 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 each reaches 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
ACQUISITION OF REAL ESTATE REACHING NT\$300 MILLION OR 20% OF PAID-IN CAPITAL OR MORE
FOR THE YEAR ENDED DECEMBER 31, 2020

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

If the counterparty is a related party, information on the penultimate transfer of the real estate is as follows:														
Real estate acquired by	Real estate Name	Date of occurrence	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Penultimate Owner	Relationship between the owner and the issuer	Date of transfer	Amount	Price determination and supporting reference materials	Purpose and use of acquisition	Other commitments	
Garuda Technology Co., Ltd.	Land Right-of- use	September 11, 2020	\$ 346,160	\$ -	Southern Taiwan Science Park Bureau, Ministry of Science and Technology	None	Not applicable	Not applicable	Not applicable	Not applicable	Market price	Operation requirements	None	

Note 1: Fill in the appraisal result in the 'price determination and supporting reference materials' column if the real estate acquired shall be appraised in accordance with regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. If the shares issued by an issuer have no par value or a par value other than NT\$10 per share, the threshold transaction amount of 20% of paid-in capital shall be replaced attributable to owners of the parent as stated in the balance sheet.

Note 3: Date of occurrence referred to herein is the date of contract signing date, date of payment, date of consignment trade, date of transfer, date of boards of directors resolutions, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever date is earlier.

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 YEAR ENDED DECEMBER 31, 2020

Table 6

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 wholly- owned subsidiary	Sales	\$ 43,968,624	77	60 days from the shipping date	Note 2	Note 2	\$ 17,515,226	87	
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect wholly- owned subsidiary	Sales	11,515,557	20	90 days from the shipping date	Note 2	Note 2	2,332,277	12	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	An indirect wholly- owned subsidiary	Sales	39,444,585	90	90 days from the shipping date	Note 2	Note 2	10,559,222	93	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly- owned subsidiary	Sales	4,031,155	9	90 days from the shipping date	Note 2	Note 2	706,015	6	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect wholly- owned subsidiary	Sales	259,851	1	90 days from the shipping date	Note 2	Note 2	16,987	-	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly- owned subsidiary	Sales	3,934,288	75	60 days from the shipping date	Note 2	Note 2	726,971	67	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly- owned subsidiary	Sales	1,011,344	19	90 days from the shipping date	Note 2	Note 2	305,820	28	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect wholly- owned subsidiary	Sales	198,400	4	30 days from the shipping date	Note 2	Note 2	23,876	2	

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 wholly-owned subsidiary	Sales	\$ 34,826,810	90	60 days from invoice date	Note 2	Note 2	\$ 8,387,351	91	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	3,462,283	9	90 days from the shipping date	Note 2	Note 2	745,349	8	
Qi Ding Technology Qinhuangdao Co., Ltd.	Henley International Limited	An indirect wholly-owned subsidiary	Sales	1,979,994	74	90 days from the shipping date	Note 2	Note 2	527,611	62	
Kui Sheng Technology (Shenzhen) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	1,254,431	100	60 days from the received date	Note 2	Note 2	331,145	100	
Henley International Limited	Zhen Ding Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	1,980,266	100	90 days from the shipping date	Note 2	Note 2	526,142	100	
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	10,886,046	9	90 days from the first day of next month of shipping	Note 2	Note 2	4,769,654	14	
Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	924,295	1	90 days from the first day of next month of shipping	Note 2	Note 2	222,920	1	
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	9,042,914	7	90 days from the first day of next month of shipping	Note 2	Note 2	4,404,658	12	
Zhan Yang Automation (Dongguan) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	188,769	55	90 days from the first day of next month of shipping	Note 2	Note 2	24,544	16	

							Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term					
Zhan Yang Automation (Dongguan) Co., Ltd.	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	\$ 108,704	32	90 days from the first day of next month of shipping	Note 2	Note 2	\$ 102,881	67	
Garuda International Limited	Foxconn (Far East) and subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	7,376,397	6	90 days from the first day of next month of shipping	Note 2	Note 2	2,204,641	6	
Garuda International Limited	Interface Technology (ChengDu) Co., Ltd.	An investee company accounted for under the equity method of Hon Hai	Sales	458,539	-	60 days from the first day of next month of shipping	Note 2	Note 2	71,058	-	
Garuda International Limited	Interface Optoelectronics (ShenZhen) Co., Ltd.	An investee company accounted for under the equity method of Hon Hai	Sales	175,705	-	60 days from the first day of next month of shipping	Note 2	Note 2	78,353	-	
Garuda International Limited	Foxconn Interconnect Technology Limited and subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	203,783	-	60 days from the first day of next month of shipping	Note 2	Note 2	-	-	
Garuda Technology Co., Ltd.	Reco Technology (ChengDu) Co., Ltd.	An investee company accounted for under the equity method of Hon Hai	Sales	1,094,273	5	90 days from the first day of next month of receipt	Note 2	Note 2	208,998	4	
Avary Holding (Shenzhen) Co., Limited	Foxconn (Far East) and subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	751,010	1	90 days from invoice date	Note 2	Note 2	(109,376)	1	
Avary Holding (Shenzhen) Co., Limited	Foxconn Interconnect Technology Limited and subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	950,838	2	90 days from invoice date	Note 2	Note 2	(384,291)	3	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	General Interface Solution Ltd.(Taiwan)	An investee company accounted for under the equity method of Hon Hai	Purchases	853,069	2	30 days from invoice date	Note 2	Note 2	(179,416)	3	

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)	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Foxconn Interconnect Technology Limited and subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	\$ 471,298	1	90 days from invoice date	Note 2	Note 2	(\$ 238,176)	4	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Foxconn (Far East) and subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	106,536	-	90 days from invoice date	Note 2	Note 2	(23,606)	-	

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
DECEMBER 31, 2020

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship	Receivables from related parties as of December 31,	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			2020		Amount	Action taken		
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	An indirect wholly-owned subsidiary	\$ 17,515,226	3	\$ -	-	\$ 2,960,682	\$ -
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	2,332,277	3	-	-	643,535	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	10,559,222	4	-	-	5,009,406	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	706,015	7	-	-	179,958	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	726,971	6	-	-	739,312	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	305,820	6	-	-	167,432	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	8,387,351	5	-	-	5,062,113	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	745,349	5	-	-	535,743	-

Creditor	Counterparty	Relationship	Receivables from related parties as of December 31,	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			2020		Amount	Action taken		
Qi Ding Technology Qinhuangdao Co., Ltd.	Henley International Limited	An indirect wholly-owned subsidiary	\$ 527,611	5	\$ -	-	\$ 184,154	\$ -
Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	331,145	4	-	-	172,909	-
Henley International Limited	Zhen Ding Technology Co., Ltd.	An indirect wholly-owned subsidiary	526,142	5	-	-	177,646	-
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	4,769,654	2	-	-	193,945	-
Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	An indirect wholly-owned subsidiary	222,920	3	29,101	Subsequent collection	89,884	-
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	4,404,658	2	-	-	2,181,535	-
Zhan Yang Automation (Dongguan) Co., Ltd.	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	102,881	4	-	-	34,534	-
Garuda International Limited	Foxconn (Far East) and subsidiaries	An investee company accounted for under the equity method of Hon Hai	2,204,641	3	142,009	Subsequent collection	434,322	-
Garuda Technology Co., Ltd.	Foxconn (Far East) and subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	208,998	5	-	-	4,175	-

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

THE BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT COMPANY AND THE SUBSIDIARIES AND BETWEEN EACH SUBSIDIARY

FOR THE YEAR ENDED DECEMBER 31, 2020

Table 8

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	Qi Ding Technology Qinhuangdao Co., Ltd.	3	Other receivables	\$ 569,600	Note 5	-
2	Pacific Fair International Limited	The Company	2	Other receivables	2,563,200	"	1
3	Garuda International Limited	Avary Technology (India) Private Limited	3	Other receivables	569,600	"	-
3	Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Other receivables	712,000	"	-
4	Avary Holding (Shenzhen) Co., Limited	Fu Bo Industry (Shenzhen) Co., Ltd	3	Other receivables	196,965	"	-
4	Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Other receivables	2,144,730	"	1
4	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Other receivables	4,558,646	"	3
4	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	2,350,449	"	1
4	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	704,697	"	-
4	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Sales	43,968,624	Note 8	33
4	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Accounts receivable	17,515,226	"	10
4	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Sales	11,515,557	Note 7	9
4	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Accounts receivable	2,332,277	"	1
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Sales	39,444,585	Note 8	30
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Accounts receivable	10,559,222	"	6
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	4,031,155	Note 7	3
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	706,015	"	-
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Sales	259,851	Note 9	-

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	
6	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	\$ 3,934,288	Note 8	3
6	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	726,971	"	-
6	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Sales	198,400	Note 9	-
6	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	1,011,344	Note 7	1
6	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	305,820	"	-
7	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	34,826,810	Note 8	27
7	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	8,387,351	"	5
7	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	3,462,283	Note 7	3
7	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	745,349	"	-
8	Qi Ding Technology Qinhuangdao Co., Ltd.	Henley International Limited	3	Sales	1,979,994	Note 6	2
8	Qi Ding Technology Qinhuangdao Co., Ltd.	Henley International Limited	3	Accounts receivable	527,611	"	-
9	Kui Sheng Technology (Shenzhen) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Sales	1,254,431	Note 10	1
9	Kui Sheng Technology (Shenzhen) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	331,145	"	-
10	Henley International Limited	Zhen Ding Technology Co., Ltd.	3	Sales	1,980,266	Note 6	2
10	Henley International Limited	Zhen Ding Technology Co., Ltd.	3	Accounts receivable	526,142	"	-
11	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Sales	10,886,046	"	8
11	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	4,769,654	"	3
11	Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Sales	924,295	"	1
11	Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Accounts receivable	222,920	"	-
11	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Sales	9,042,914	"	7
11	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Accounts receivable	4,404,658	"	2

Table 8, Page 2

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	
12	Zhan Yang Automation (Dongguan) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Sales	\$ 188,769	Note 6	-
12	Zhan Yang Automation (Dongguan) Co., Ltd.	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Sales	108,704	"	-
12	Zhan Yang Automation (Dongguan) Co., Ltd.	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Accounts receivable	102,881	"	-

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 first day of shipping.

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

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

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

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2020

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance at December 31, 2020	Balance at December 31, 2019	Number of shares	Ownership (%)	Carrying amount			
The Company	Monterey Park Finance Limited	British Virgin Islands	Investment holding	\$ 25,810,000	\$ 24,386,000	906,250,000	100	\$ 77,932,438	\$ 9,048,977	\$ 9,048,977	
The Company	Zhen Ding Technology Co., Ltd.	Taiwan	Trading	125,488	125,488	12,548,800	100	2,598,727 (	432,261) (	432,261)	
The Company	Boardtek Electronics Corporation	Taiwan	Manufacturing	5,512,771	-	224,096,373	100	5,180,707 (	28,000) (	39,592)	
The Company	Zhen Ding Technology Singapore Private Limited	Singapore	Investment holding	3	-	100	100	3	-	-	
Monterey Park Finance Limited	Coppertone Enterprises Limited	British Virgin Islands	Investment holding	2,927,340	2,927,340	102,785,806	100	64,538,320	8,146,131	8,145,189	
Monterey Park Finance Limited	Pacific Fair International Limited	Hong Kong	Investment holding	7,789,280	7,789,280	2,133,300,000	100	9,485,733	862,505	862,505	
Monterey Park Finance Limited	Henley International Limited	Hong Kong	Trading	-	-	1	100	10,404 (	6,925) (	6,925)	
Coppertone Enterprises Limited	Mayco Industrial Limited	Hong Kong	Investment holding	34,036,674	34,036,674	9,321,841,932	100	64,488,417	8,146,225	8,146,225	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited	Cayman Islands	Investment holding	142	142	5,000	100	714,014	7,831	7,831	
Boardtek Electronics Corporation	Boardtek Investment Corporation	Taiwan	Investment	170,000	170,000	17,000,000	100	272,011	28	28	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held at December 31, 2020			Net profit (loss)	Investment income (loss)	Footnote
				Balance at December 31, 2020	Balance at December 31, 2019	Number of shares	Ownership (%)	Carrying amount	of the investee for the	recognised by the Company	
									year ended December 31, 2020	for the year ended December 31, 2020	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	Hong Kong	Trading	\$ 1,680,320	\$ 284,800	460,200,000	73	\$ 4,439,457	\$ 1,992,781	\$ 1,642,737	
Avary Holding (Shenzhen) Co., Limited	Avary Singapore Private Limited	Singapore	Investment holding	416,662	3	14,630,000	73	202,149 (	119,787) (	87,229)	
Garuda International Limited	Garuda Technology Co., Ltd.	Taiwan	Trading	1,525,000	25,000	152,500,000	73	1,147,212	191,798	139,669	
Garuda International Limited	Avary Japan Co., Ltd.	Japan	Trading	24,863	5,525	1,800	73	4,888 (	15,341) (	11,171)	
Avary Singapore Private Limited	Avary Technology (India) Private Limited	India	Manufacturing	279,097	279,097	71,620,000	73	110,325 (	117,029) (	85,221)	

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020

Table 10

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 year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net profit (loss) of investee for the year ended December 31, 2020	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 3)	Carrying amount of investments as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
				Remitted to Mainland China	Remitted back to Taiwan								
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacture and sales of PCB	\$ 10,235,435	2	\$ -	\$ -	\$ -	\$ -	\$ 5,695,431	73	\$ 4,161,001	\$ 18,018,310	\$ -	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Manufacture and sales of PCB	4,055,240	2	-	-	-	-	(196,824)	73	(143,328)	446,239	-	
Avary Holding (Shenzhen) Co., Limited	Manufacture and sales of PCB	10,117,146	2	-	-	-	-	12,583,711	73	9,163,521	68,628,772	-	
Fu Bo Industrial (Shenzhen) Co., Ltd.	Manufacture and sales of PCB	481,777	2	-	-	-	-	16,284	73	11,858	464,299	-	
Yu Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	1,054,596	2	-	-	-	-	12,265	73	8,932	695,283	-	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	11,601,367	2	-	-	-	-	(369,730)	73	(137,998)	11,588,803	-	
Qi Ding Technology Qinhuangdao Co., Ltd.	Development, manufacture and sales of electronic products and goods imports and exports	2,087,946	2	-	-	-	-	118,400	100	118,400	1,784,468	-	

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 year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China	Net profit (loss) of investee for the year ended December 31, 2020	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Carrying amount of investments as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
				as of January 1, 2020	Remitted to Mainland China	Remitted back to Taiwan	as of December 31, 2020	December 31, 2020	by the Company	December 31, 2020 (Note 3)	of December 31, 2020	December 31, 2020	
Kui Sheng Technology (Shenzhen) Limited	Manufacture and sales of PCB	\$ 87,540	2	\$ -	\$ -	\$ -	\$ -	\$ 28,897	73	\$ 21,043	\$ 105,289	\$ -	
Yun Ding Technology (Shenzhen) Limited	Manufacture and sales of PCB	-	2	-	-	-	-	(76)	73	(55)	-	-	
Huaian Jia Wei Industrial Development Co., Ltd.	Manufacture and sales of Building materials, Furniture and hardware tools	714,273	2	-	-	-	-	(2,623)	100	(2,623)	708,389	-	
Avary Holding Investment (Shenzhen) Co., Ltd.	Investment of business	709,075	2	-	-	-	-	3,442	73	2,507	518,914	-	
Zhan Yang Automation (Dongguan) Co., Ltd.	Research and development, sales, processing of automation equipment as well as imports and exports of goods or technology	30,639	2	-	-	-	-	33,385	44	(7,042)	6,187	-	
Leading Interconnect Semiconductor Technology (Shenzen) Co., Ltd.	Development, manufacture and sales of electronic products and goods imports and exports	1,496,039	2	-	-	-	-	(69,792)	100	(69,792)	1,424,692	-	Note 4

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 year ended December 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
DECEMBER 31, 2020

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Foxconn (Far East) Limited	305,515,627	32.26%
Segregated Capital Securities account for 2018 second discretionary investment of Labor Pension Fund under the Labor Pension Act.	54,699,811	5.78%