

Zhen Ding Technology Holding Limited
2021 Annual Shareholders' Meeting Minutes
(Translation)

Date and Time: **9:00 a.m., July 1, 2021**

Veneue: **No.6, Lane 28, Sanho Road, Sanshi Village, Dayuan District,
Taoyuan City, Taiwan, R.O.C. (conference room on the 1st floor)**

Total outstanding shares: **947,049,161 shares**

Total shares represented by shareholders present in person or by proxy: **752,526,961 shares**
(including 700,920,809 votes casted electronically)

Percentage of shares held by shareholders present in person or by proxy: **79.63%**

Chairman: **Chang-Fang Shen**

Recorder: **Wei-Ping Chen**

Attending Directors: **Che-Hung Yu (Representative of Foxconn (Far East) Limited), Chih-Chen
Chou (Independent Director), Chi-Hsien Lee (Independent Director),
John-See Lee (Director)**

I. Meeting Commencement: The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

II. Chairman's Address (omitted)

III. Report Items

- 1. The Company's 2020 Business Report (please refer to Attachment 1)**
- 2. 2020 Audit Committee's Review Report (please refer to Attachment 2)**
- 3. Distribution of Employees' Profit Sharing and Directors' Remuneration for 2020**
- 4. Distribution of Cash Dividends for 2020**
- 5. Issuance and Execution of Overseas Unsecured Convertible Bonds**
- 6. Proposals Submitted by Shareholders with Shareholding of More Than 1%**

IV. Ratification Items

- 1. Ratification of 2020 Business Report and Consolidated Financial Statements
(Proposed by the Board of Directors)**

Explanation:

- (1) The Company's consolidated financial statements for 2020 were audited by independent auditors, CPA Yung-Chien Hsu, and CPA Min-Chuan, Feng of the CPA firm, PricewaterhouseCoopers (PwC) Taiwan.**
- (2) For the 2020 business report, independent auditors' report and consolidated financial statements, please refer to Attachment 1 and Attachment 3.**
- (3) Please proceed to acknowledge.**

Voting Results:

Shares were represented at the time of voting: 751,605,961 (including a deduction of restricted voting of 921,000 shares)

	Total votes (including votes casted electronically)	% of the total represented share present
Votes in favor	657,462,962 (606,777,810)	87.47%
Votes against	127,385 (127,385)	0.01%
Votes invalid	0 (0)	0.00%
Votes abstained	94,015,614 (94,015,614)	12.50%

RESOLVED, that the above proposal be and hereby were accepted as submitted.

**2. Ratification of 2020 Earnings Distribution
(Proposed by the Board of Directors)**

Explanation:

- (1) The Company's net profit after tax for 2020 was NT\$8,094,547,076 and the retained earnings available to distribute for the year was NT\$27,503,252,128.
- (2) Based on the number of shares outstanding at the end of the reporting period of 947,049,161 shares on December 31, 2020, the distribution of cash dividends per share is NT\$4.5 (allocated to NT\$ 1, and below). The Company's 2020 earning distribution is NT\$4,261,721,224. Please refer to Attachment 4.
- (3) Please proceed to acknowledge.

Voting Results:

Shares were represented at the time of voting: 751,605,961 (including a deduction of restricted voting of 921,000 shares)

	Total votes (including votes casted electronically)	% of the total represented share present
Votes in favor	658,364,289 (607,679,137)	87.59%
Votes against	766,585 (766,585)	0.10%
Votes invalid	0 (0)	0.00%
Votes abstained	92,475,087 (92,475,087)	12.30%

RESOLVED, that the above proposal be and hereby were accepted as submitted.

V. Discussion Items

1. Amendments to the "Rules and Procedures of Shareholders' Meeting" (Proposed by the Board of Directors)

Explanation:

(1) The Company's "Rules and Procedures of Shareholders' Meeting" have been partially amended in accordance with Tai Zhen Zhi Li No. 11000014461 issued by Taiwan Stock Exchange, the competent authority of the listing location, on January 28, 2021. For the comparison table before and after the amendment, please refer to Attachment 5.

(2) Please proceed to discuss.

Voting Results:

Shares were represented at the time of voting: 751,605,961 (including a deduction of restricted voting of 921,000 shares)

	Total votes (including votes casted electronically)	% of the total represented share present
Votes in favor	658,977,047 (608,291,895)	87.67%
Votes against	171,585 (171,585)	0.02%
Votes invalid	0 (0)	0.00%
Votes abstained	92,457,329 (92,457,329)	12.30%

RESOLVED, that the above proposal be and hereby were accepted as submitted.

VI. Extraordinary Motions: None.

VII. Meeting Adjourned at 9:20 a.m.

Zhen Ding Technology Holding Limited Business Report

Due to the continued impact of the COVID-19 pandemic, the effect on the global economy is still severe. Measures such as work stoppages and quarantines have presented new challenges to the overall global supply chain. Facing the impact of the pandemic on the global supply chain, the Company is ensuring the steady supply of product through active communication between its customers and suppliers and by adjusting product structures. Therefore, the Company is showing overall continued growth and its annual revenue has reached NT\$131,278,000 thousand, setting a new record for the Company. This further demonstrates the Company's flexibility when faced with changing trends and tenacity to maintain steady growth. Furthermore, despite the complicated situation in the past year, the Company continues to promote investments in and construction of various projects, improve its global reach, and optimize product structures. The Company is also increasing its research and development capabilities for new products through cooperation with academia and its own abilities, in order to strengthen the Company's leading position and competitiveness.

The Company's 2020 business overview and 2021 future outlook are as follows:

I. 2020 Business Overview

(I) Financial Results

The Company's consolidated revenue for 2020 was NT\$131,278,000 thousand, representing an increase of 9.34% compared to the previous year. Net income was NT\$11,508,000 thousand (net income attributable to the parent company was NT\$8,094,000 thousand), representing an increase of -7.20% compared to the previous year. The consolidated earnings per share (EPS) was NT\$12.66 (consolidated EPS attributable to the parent company was NT\$8.90).

(II) With a presence on both sides of the strait, the Company looks to the world

In 2020, the Company continued to promote the expansion of existing plants and investment plans for new plant construction. Currently, for the second plant in Shenzhen, the first phase of construction is in partial production and the second phase is also under accelerated construction. The Huai'an FPC expansion project, Qinhuangdao high-end HDI expansion project, and the Huai'an first park upgrade and expansion project continue to be implemented according to plan. Regarding ICS, the Company's subsidiary, Leading Interconnect Semiconductor Technology, has acquired the land for its Shenzhen plant and will begin construction this year. Furthermore, the flexible print circuit production line that the Company has planned to establish in the Southern Taiwan Science Park in Kaohsiung is currently undergoing construction planning. At the same time, production will begin in the India site in the first half of 2021. Further investment strategies will be planned according to market conditions in order to further improve the Company's global layout.

The Company has also acquired BoardTek Electronics Corp. through capital increase and shares exchange, making BoardTek an 100% subsidiary of Zhen Ding. In the future, BoardTek will focus on research, development, and production in telecommunications, high speed computing, and automotive related fields. This will strengthen Zhen Ding's technical competitiveness in the automotive and high-frequency applications. The

Company will fully utilize the advantage of complementary research and development abilities of both parties and deepen its partnerships with international automobile, communications, and AI cloud companies.

(III) Continued investments in research and development to promote industry-academia collaboration

The Company's research and development continues to focus on "new materials, new products, new production processes, new equipment, and new technologies", with the aim of achieving "compact size, faster speeds, and refined design". The Company is committed to the advanced development of 5G to 6G, AI, Internet of Things, and Internet of Vehicles applications to ensure the Company's technological advantage in the industry. In 2020, the Company invested NT\$5,545,000 thousand in research and development, representing 4.22% of business revenue. The Company obtained 153 patents during the year and as of December 31, 2020, the Company now holds 1,057 patents, of which 93% are utility patents.

The Company continues to work with several well-known domestic and foreign universities. It has established the joint research center with Tsinghua University in 2020 to jointly conduct research and development. The work is focused on the smart production, advanced manufacturing, and advanced materials for printed circuits, providing new energy for growth for the Company.

In order to strengthen the research and development of big data images and 5G related technologies, the Guangdong-Hong Kong-Macau Greater Bay Area Big Data Images and Communication Applications Joint Laboratory, established by the Company in partnership with Shenzhen Academy of Information and Communication Technology, Shenzhen University, City University of Hong Kong, Konka Group, and Xiaomi, has been approved by the Department of Science and Technology of Guangdong Province. Additionally, the Company has signed an academia-industry partnership agreement with Hebei University of Technology and submitted the application for "5G communications flexible transmission cable structure development and application". The new generation information technology has been approved by the Qinhuangdao Science and Technology Bureau.

In terms of material applications, the Company signed a cooperation agreement to jointly build the Electronic Materials Joint Innovation Center with Shenzhen Institute of Advanced Electronic Materials, promoting the Company's research and application of electronic materials and substrate materials. The center will accelerate the process of commercializing the research results and elevate the standards of materials research and new material development.

(IV) Deploying cutting-edge technologies, expanding product applications

The Company has long-term partnerships with first-class international brands. It participates in the early product development process of these brands and creates cutting-edge technologies together, thereby understanding the trends and direction of product technology development. As the technological revolution brought by 5G nears, the Company has prepared the research and development of 5G related technologies in advance. It now possesses the technological capability to manufacture 5G antennas and other key products, and has deployed production capabilities in various sites. Moreover, the Company is one of the few manufacturers in the industry which holds the technology for mini-LED backlight ultra-thin circuit boards, and is currently deploying production capabilities in Huai'an Second Park. The first phase of the project has begun production in the end of 2020 and the second phase is expected to begin production in the second half of 2021. With the continuous research and development of and investment in new

products, the Company's industrial competitiveness will be further enhanced.

In the field of new product applications, after many years of deployment, the Company has made good progress in terms of automotive circuit boards. Among which, the production capacity for electric vehicle automatic driving assistance system (ADAS) related products has been steadily increased. In the face of rapid developments in new energy sources and smart vehicles, the Company will continue to increase its investments and developments in automotive circuit boards in the future, which will further expand the Company's product line.

(V) Promoting Industry 4.0 and realizing smart production

As the long-term strategy for the Company's development, the Company is gradually promoting industry 4.0 for PCB manufacturing. In the construction of new plants, besides the Qinhuangdao high-end HDI project, a MES production management system has been established for the new production line in Huai'an Second Park. The combination of the equipment information connectivity and automated handling and warehouse system forms a comprehensive automated operation system. A new smart module production line has been added to the Shenzhen Second Park. Regarding the transformation of old plants, smart upgrades continue to be implemented in the Shenzhen Park. Information acquisition systems and management systems are added to the production equipment to realize the management goal of unified production parameters.

In response to the production requirements of product refinement, the Company has adopted the methods of the semiconductor industry. For all equipment parameters in the production process, the inspection data and manufacturing process will all be digitized and imported into the Engineering Data Analysis (EDA) software, in order to fully control the stability of production. The experience of skilled employees will also be recorded digitally to form standard operating procedures, thereby reducing the risk of employee changes and improving the implementation of standardized production.

II. Future prospects

After the economic downturn caused by the COVID-19 pandemic and the impact of trade between China and the United States, the global technology industry will rethink its deployment. Corporations must strengthen and hasten their expansion when the global economy recovers to be able to adapt to various changes. Facing new development opportunities, the Company will continue to adhere to the development strategy of "establishing roots in China, deploying on both sides of the strait, looking towards the global market, and developing high-end products". In addition to continued investments in China, Taiwan, and India, development will be pointed towards high-end product technology upgrades. The Company will actively create new products, find new customers, and expand production capacity, in order to realize global deployment. This will become the foundation for the Company's mid- to long-term sustainable development.

The post-pandemic period has accelerated the development of remote working, video conferencing, online retail, and cloud computing. Meanwhile, with the popularization and strengthening of 5G technology applications, the application of 5G related electronic products and IoT related products will also become more extensive. These various factors will bring opportunities for rapid development to the printed circuit board industry. In response to product development trends and directions, the Company will continue to expand and optimize the production capacity of each plant, uphold the ideas of "One ZDT" (one-stop shopping service), continue to develop advanced production process technology and high-performance and cost-effective products, and actively invest in environmental protection and green production. The Company will continue to lead industry developments, strengthen its core

competitiveness, and promote its core values of "integrity, responsibility, innovation, excellence, and benefiting all". Through talent recruitment, the Company will elevate its overall management standard and meet international standards for research and development, production, sales, and operational management. Furthermore, environmental protection and work safety management will be continuously improved to uphold the principles of fair treatment towards employees, the environment, and suppliers. As the Company continues to grow with its strategic partners and innovate and develop, it will move towards the mission of "developing technology, benefiting humanity, protecting the environment, and making the world a better place".

Chairman:
Chang-Fang Shen

General Manager:
Ting-Chuan Lee

Accounting Manager:
Jin-Ten Chang

Zhen Ding Technology Holding Limited

Audit Committee's Audit Report

The Board of Directors has prepared and submitted the 2020 business report, consolidated financial statements, and earnings distribution proposal, of which the consolidated financial statements have been audited by the CPAs Yung-Chien Hsu and Min-Chuan Feng of PricewaterhouseCoopers, Taiwan and an Audit Report is submitted. The Audit Committee has reviewed the business report, consolidated financial statements, and the earnings distribution proposal and did not find any incompliance. According to the regulations in the Articles of Association, it is hereby submitted for your examination.

To:

2021 Shareholders' Annual General Meeting

Zhen Ding Technology Holding Limited
Audit Committee Convener: Chih-Chen Chou

March 30, 2021

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.

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.

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

- 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
1170	Accounts receivable, net	6(4)			31,048,067	17
1180	Accounts receivable due from related parties, net	6(4) and 7			2,693,088	2
1200	Other receivables	6(5)			1,002,641	1
130X	Inventories	6(6)			12,998,784	7
1410	Prepayments	6(5)			4,780,208	3
1460	Non-current assets or disposal groups classified as held for sale, net	6(12)			-	-
						161,211
1470	Other current assets	8			14,115	-
11XX	Total current assets		<u>99,312,005</u>	<u>55</u>	<u>83,203,716</u>	<u>59</u>
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	-
1600	Property, plant and equipment	6(8) and 8			68,177,175	38
1755	Right-of-use assets	6(9)			8,609,465	5
1780	Intangible assets	6(10)			2,165,029	1
1840	Deferred income tax assets	6(30)			1,285,039	1
1990	Other non-current assets	6(11)(18) and 8			386,986	-
15XX	Total non-current assets		<u>81,808,482</u>	<u>45</u>	<u>56,677,619</u>	<u>41</u>
1XXX	Total assets		<u>\$ 181,120,487</u>	<u>100</u>	<u>\$ 139,881,335</u>	<u>100</u>

(Continued)

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		<u>63,423,798</u>	<u>35</u>	<u>39,032,879</u>	<u>28</u>
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		<u>13,658,813</u>	<u>8</u>	<u>10,504,355</u>	<u>7</u>
2XXX	Total liabilities		<u>77,082,611</u>	<u>43</u>	<u>49,537,234</u>	<u>35</u>
Equity						
Equity attributable to owners of parent						
3110	Share capital	6(20)				
3110	Ordinary share		9,470,492	5	9,022,299	7
3200	Capital surplus	6(21)				
3200	Capital surplus		35,671,212	19	29,534,781	21
3200	Retained earnings	6(22)				
3310	Retained earnings		5,219,158	3	4,350,638	3
3320	Legal reserve		5,014,697	3	2,948,306	2
3350	Special reserve					
3350	Unappropriated retained earnings		27,429,476	15	26,318,375	19
3400	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		<u>78,417,230</u>	<u>43</u>	<u>67,159,702</u>	<u>48</u>
36XX	Non-controlling interest		<u>25,620,646</u>	<u>14</u>	<u>23,184,399</u>	<u>17</u>
3XXX	Total equity		<u>104,037,876</u>	<u>57</u>	<u>90,344,101</u>	<u>65</u>
3X2X	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	Total liabilities and equity		<u>\$ 181,120,487</u>	<u>100</u>	<u>\$ 139,881,335</u>	<u>100</u>

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 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		26,584,148	20	27,222,009	23	
	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		14,140,216	11	14,800,808	13	
	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		\$ 11,508,290	9	\$ 12,401,617	11	

(Continued)

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)						
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss			80,705	-	11,474	-	
8310	Components of other comprehensive income that will not be reclassified to profit or loss			(10,727)	-	(122)	-	
				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	
8610	Profit attributable to:							
8620	Owners of the parent			\$ 8,094,547	6	\$ 8,685,202	8	
	Non-controlling interests			3,413,743	3	3,716,415	3	
				\$ 11,508,290	9	\$ 12,401,617	11	
8710	Comprehensive income attributable to:							
8720	Owners of the parent			\$ 8,990,427	7	\$ 6,619,298	6	
	Non-controlling interests			3,711,964	3	2,469,815	2	
				\$ 12,702,391	10	\$ 9,089,113	8	
9750	Basic earnings per share	6(32)		\$ 8.90		\$ 9.93		
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)

Notes	Equity attributable to owners of the parent										Non-controlling interest	Total equity		
	Retained Earnings					Other equity interest								
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total					
<u>For the year ended December 31, 2019</u>														
Balance at January 1, 2019	\$ 8,047,484	\$ 22,000,657	\$ 3,505,859	\$ 1,717,913	\$ 23,731,600	(\$ 2,879,635)	(\$ 68,671)	\$ 56,055,207	\$ 22,053,373	\$ 78,108,580				
Profit for the 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	38,251	140,736		
Changes in non-controlling interests-distribution of retained earnings by subsidiaries	-	-	102,485	-	-	-	-	-	-	-	-			
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				
<u>For the year ended December 31, 2020</u>														
Balance at January 1, 2020	\$ 9,022,299	\$ 29,534,781	\$ 4,350,638	\$ 2,948,306	\$ 26,318,375	(\$ 4,960,710)	(\$ 53,987)	\$ 67,159,702	\$ 23,184,399	\$ 90,344,101				
Profit for the 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		<u>16,948,028</u>	<u>16,273,464</u>

(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)

	Notes	For the years ended December 31,	
		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
ZHEN DING TECHNOLOGY HOLDING LIMITED
Earnings Distribution for 2020

Units: NT\$

Items	Amount
Net income after tax	\$ 8,094,547,076
Add: Unappropriated earnings adjustments for the current year (Note 2)	11,499,084
Adjusted net profit after tax (Note 3)	\$ 8,106,046,160
Less: 10% general reserve (Note 3)	810,604,616
Add: Reversal of special reserve (Note 4)	884,382,344
Add: Undistributed earnings in previous years	19,323,428,240
Retained earnings available for distribution for this year	\$ 27,503,252,128
Distribution Project Cash dividends (NT\$4.50 per share)	4,261,721,224
Accumulated undistributed earnings at the end of the period	\$ 23,241,530,904

Note:

1. As of December 31, 2019, the Company's outstanding shares were 947,049,161 shares.
2. The actuarial gains and losses of defined benefit plans are recognized in other comprehensive income (net), and is an adjustment for distributable earnings for the current year.
3. Using the "total amount of after-tax net income for the period and other profit items adjusted to the current year's undistributed earnings other than after-tax net income for the period" as the basis for allocating statutory reserve can be applied to the 2020 earning distribution. The statutory reserve allocated in the previous year does not need to be adjusted retrospectively. (Reference to Letter No. 1082432410 issued by the Ministry of Economic Affairs)
4. Pursuant to the Order No. Financial-Supervisory-Securities-Corporate-1010012865 of the Financial Supervisory Commission's Securities and Futures Commission, a special surplus reserve of the same amount should be included for the net amount of other shareholders' equity deducted for the current year. Later when the other shareholders' equity deductions have been reversed, the reversal in surplus will be distributed.
5. The amount of NT\$ is converted according to the balance of US\$, the functional currency.
6. The cash dividends shall be calculated in NT\$ (allocated to NT\$1) in accordance with distribution ratio, and below NT\$1 will be rounded down.

Chairman:
Chang-Fang Shen

General Manager:
Ting-Chuan Lee

Accounting Manager:
Jin-Ten Chang

Zhen Ding Technology Holding Limited
ZHEN DING TECHNOLOGY HOLDING LIMITED
Comparison Table before and after amendment of the Rules and Procedures of Shareholders' Meeting

After amendment	Before amendment	Reason for amendment
<p>Article 3.</p> <p>Paragraphs 1, 2, and 3 omitted.</p> <p>Election or dismissal of directors (including independent directors), amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under the law of R.O.C., shall be set out and the essential contents shall be explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>Omitted.</p>	<p>Article 3.</p> <p>Paragraphs 1, 2, and 3 omitted.</p> <p>Election or dismissal of directors or supervisors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under the law of R.O.C., shall be set out and the essential contents shall be explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. <u>The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u></p> <p>Omitted.</p>	Amended in accordance with laws and regulations of the listing location.
<p>Article 9.</p> <p>Paragraph 1 omitted.</p> <p>2. The chair shall call the meeting to order at the appointed meeting time, <u>and simultaneously announce information in relation to the number of shares that are not entitled to vote and the number of shares in attendance.</u> However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.</p>	<p>Article 9.</p> <p>Paragraph 1 omitted.</p> <p>2. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.</p>	Amended in accordance with laws and regulations of the listing location.

After amendment	Before amendment	Reason for amendment
the meeting adjourned. Omitted.	Omitted.	
Article 14. 1. The election of directors (including independent directors) at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected <u>and the names of those who were not elected and the number of votes they received.</u>	Article 14. 1. The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.	Amended in accordance with laws and regulations of the listing location.
Paragraph 2 omitted.	Paragraph 2 omitted.	