

Zhen Ding Technology Holding Limited

2021

Annual Report

<http://mops.twse.com.tw>

Company Website: <https://www.zdtco.com>

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THIS IS A TRANSLATION OF THE 2021 ANNUAL REPORT (THE "ANNUAL REPORT") OF ZHEN DING TECHNOLOGY HOLDING LIMITED (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE ANNUAL REPORT SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

ZHEN DING TECHNOLOGY HOLDING LIMITED

Addresses and telephone numbers of the head office, main areas of operation, subsidiary companies, and branch companies.

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Telephone: (86)755-3381-0388

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List of the Board of Directors

Title	Name	Nationality	Experience (Education)
Chairman	Chang-Fang Shen	Republic of China	General Manager, Unicap Electronics Industrial Corp. General Manager, Promisedland Resort Executive Vice President, Pacific Securities Vice President of Underwriting, Asia Securities Section Chief, Export-Import Bank of the Republic of China Department of Business Administration, Chinese Culture University
Director	Foxconn (Far East) Limited Representative: Che-Hung Yu, LLM	Republic of China	Director, Avary Holding (Shenzhen) Co., Ltd. Supervisor, Garuda Technology Co., Ltd. Supervisor, Zhen Ding Technology Co., Ltd. Representative of Institutional Director, ShunSin Technology Holdings Limited. Master in Law, American University, United States
Director	John-See Lee, PhD	Republic of China	President, Industrial Technology Research Institute Chairman, Development Center for Biotechnology Chairman, Taiwan Bio Industry Organization PhD in Chemical Engineering, Illinois Institute of Technology
Director	Ting-Chuan Li	Republic of China	Vice President, Unimicron Technology Corp. Vice President, Qi Ding Technology Qinhuangdao Co., Ltd. General Manager, Zhen Ding Technology Holding EMBA, National Taiwan University
Independent Director	Chih-Chen Chou, PhD	Republic of China	CPA and Managing Partner of Taipei Office, WeTec International CPAs Chairman, Taiwan Provincial Accountant Association PhD in Accounting, Shanghai University of Finance and Economics
Independent Director	Chen-Fu Chien, PhD	Republic of China	Director, Artificial Intelligence for Intelligent Manufacturing Systems Research Center Director, National Tsing Hua University Intelligent Manufacturing & Circular Economy Research Center Chairperson, Just College Foundation Independent Director, Uniflex Technology Inc. Ph.D, Decision Science and Operations, University of Wisconsin-Madison
Independent Director	Chi-Hsien Lee	Republic of China	Chairman, Securities and Futures Institute Chairman, Taiwan Ratings Company Chairman, Taiwan Stock Exchange Corp. Chairman, Taiwan Index Plus Corp. General Manager and Acting Chairman, Taipei Exchange Director, Securities and Futures Bureau Chairman, Hua Nan Securities Co., Ltd. Masters of Economics, Chinese Culture University

Designated Domestic Agent

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Email: zdt-ir@zdtco.com

Spokesperson

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Title: Senior Manager
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Deputy Spokesperson

Name: Jin-Ten Chang
Title: Manager
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Stock Transfer Handling Agency

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CPAs Auditing the Financial Statements in Recent Fiscal Year

Name: Yung-Chien Hsu, CPA and Min-Chuan Feng, CPA
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Trading venue/inquiry method for listing and trading of overseas securities:

Singapore Exchange website: <http://www.sgx.com>
Shenzhen Stock Exchange website: <http://www.szse.cn>

Corporate Website

URL: <https://www.zdtco.com>

Zhen Ding Technology Holding Limited

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Chapter 1. Letter to Shareholders

Zhen Ding Technology Holding Limited

Letter to Shareholders

2021 was a challenging and unstable year. With the effects of the Covid-19 pandemic, the global supply chain was in disarray. Various expenses soared and the price of raw materials skyrocketed. However, even with these difficult conditions, the Group's revenue reached new heights. This was the result of the dedication of all employees and the continuous support from shareholders, suppliers, customers, and the government.

Last year, we began the construction of new plants in 4 sites, including the Shenzhen ABF plant, Qinhuangdao BT plant, Kaohsiung FPC plant, and the MSAP and advanced HDI plant in Huai'an Third Park. After two years of developing the India plant, it began mass production on December 24 last year. Although we faced setbacks during the process, the deployment of the India site is extremely necessary for long-term sustainable developments. Although there are still many restrictions for investment and development from an objective standpoint in India, it will become a great market in the future. Therefore, the Company is undeterred in its development and continues to move forward. Because of the successful advancement of our long-term deployment and various strategies, several of our products achieved good results. We continue to lead the world in flexible printed circuits, accounting for 30% of the global market. Our MSAP is also leading the world, with the best yield rate globally. The production capacity for Mini LED ultra-thin HDI also rapidly increased early last year due to the efforts of all our employees, achieving world-leading results. IC substrates grew by 100% last year.

In terms of R&D investments, we have increased the amount from NT\$5.545 billion in 2020 to NT\$7.302 billion in 2021. Discounts and amortization increased from NT\$8.405 billion to NT\$11.875 billion, an increase of NT\$3.470 billion. The total amount increased was NT\$5.227 billion, which fully represents Zhen Ding Group's focus on long-term developments.

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

I. Large increases in revenue and profit

The Company's consolidated revenue for 2021 was NT\$155.022 billion, representing an increase of 18.09% compared to the previous year. Consolidated net profit after tax was NT\$13.694 billion (net profit after tax attributable to the parent company was NT\$9.651 billion), representing an increase of 19.00% compared to the previous year. The consolidated earnings per share (EPS) was NT\$14.49 (consolidated EPS attributable to the parent company was NT\$10.21). The driving forces behind the Company's growth include FPCs, CCLs, ICs, HDI, and MSAP, which all produced strong growth momentum. Several new products were also added, such as battery boards, Mini LED ultra-thin HDIs, etc. Benefiting from the promotion of the one ZDT strategy, 4 major product lines exploded in 2021. The increase in revenue far exceeded previous standards.

II. Active investments to expand production capacity

Last year, the Company launched a new wave of large-scale investment projects. We began construction of 4 new sites, including the FPC and advanced module assembly lines in Kaohsiung Science Park, Taiwan, IC (ABF) products in Shenzhen Leading Park, advanced HDI/MSAP in Huai'an Third Park, and ICs (BT) in Qinhuangdao Leading Park. Additionally, through active interactions with customers and the continuous adoption of circular quality management improvements in each plant, the product lines showed varying degrees of improvement in customer ratings. In the evaluations of major US customers, 4 business units of the Group had an overall score higher than the average score of all suppliers of the customer.

Among the scores, FPC was the leader out of all suppliers.

III. Expanding the future of product deployment

Looking towards the future, apart from the continued cultivation of the FPC business in recent years, the Company is also entering the advanced HDI, AnyLayer, MSAP, CSP, and BGA markets. The products range from traditional PCs and network communication to servers and automobiles. We will also enter the niche areas of aerospace and healthcare in the future. According to the current customer orders, inventory, and needs, the Company's business performance will continue to grow. Moreover, the transition to 5G devices, the need for remote working, and the deployment of various applications, such as new customer products, automobiles, industrial computers, data centers, etc., will inject new energy into the Group's operations.

IV. Digital transformation increased performance

The global pandemic has strengthen the Group's resolve to implement digital transformations. In 2016, the Company's revenue was around NT\$82.4. Compared to revenue now, the Company has grown by 88%. However, the number of employees has only increased by 11%. This shows that automation has improved the Company's performance. We hope that, in the next few years, digital transformations will continue to increase revenue, even without increases in manpower. To this end, the Company has established the Smart Manufacturing Committee and Digital Transformation Center. Apart from smart manufacturing, we will implement digital transformations for people, finance, and business step by step, allowing us to further improve our efficiency.

These have been turbulent times. We are facing more and more challenges. Therefore, the Company must adapt to the changes in the environment and seize new opportunities, thereby providing ourselves with the best positions for development. The circuit board industry was first established more than 140 years ago, and it will continue to exist in the future. Therefore, we must continue to seek innovations and excellence. We uphold the ideals of "respect and love for all" in our active implementation of ESG guidelines. We are realizing our corporate mission of "developing technologies for the betterment of human beings" by bringing the digital world to every person, every home, and every organization. The creation of an interconnected world is the direction of our developments.

Chairman:

Chang-Fang Shen

Chapter 2. Company Overview

I. Date of Incorporation: June 5, 2006

II. Company and Group Profile:

(I) Company Introduction

Zhen Ding Technology Holding Limited was established on June 5, 2006. Its main investment in manufacturing companies includes Avary Holding (Shenzhen) Co., Ltd., which is officially listed on the Shenzhen Stock Exchange on September 18, 2018 (stock symbol: 002938.SZ), Qiding Technology Qinhuangdao Co., Ltd., and BoardTek Electronics Corp. [acquired 100% of shares of BoardTek through capital increase and shares exchange on November 4, 2020]. Avary Holding mainly produces PCB products and Qiding Technology Qinhuangdao Co., Ltd. mainly produces semiconductor-related products. Products are widely used in computing, consumer electronics, communication, networking, automotive, and medical sectors. BoardTek is focused on the development and production of telecommunications, high-speed computing, internet, and automobile related printed circuit board products and services.

Under the leadership of Chairman Chang-Fang Shen, Zhen Ding Holding Group has a management team with extensive experience. The Company cooperates with world's leading customers and uses advanced technologies to establish a comprehensive manufacturing base with high efficiency and low cost. The aim is to develop an efficient, reasonable, automated, and unmanned modern manufacturing process. According to Prismark Printed Circuit, the Company ranked as the largest PCB manufacturing company in the world in terms of 2019 revenue.

While pursuing innovation, the pollution prevention and resources recycling are the Company's social responsibilities and the foundation of sustainable development. Therefore, our investee companies and subsidiary companies have taken on the responsibility of establishing new production sites that meet environmental protection standards and implement pollution prevention and wastewater treatment standards that are superior to government regulations.

Currently, the investee companies and all subsidiaries have passed clean production reviews and they continue to implement greenhouse gas inventory and other carbon emissions reduction management to promote ideals of green environmental protection and establish a green corporate culture. Environmental protection is the most important responsibility and mission of the Company. The Companies uphold the ideas of "One ZDT" (one-stop shopping service), continue to develop advanced production process technology and high-performance and cost-effective products. 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".

All employees of the Group shall maintain a positive and aggressive attitude and focus on their production and operations to create a comprehensive industry platform and develop related industry. The ultimate goal is to continuously promote the Company's leading position in the industry and maximize profits of the Company and Shareholders.

(II) Group Structure: please refer to page 355 of the Annual Report for more information.

III. Company History

Date	Milestones
June 2006	FOXCONN ADVANCED TECHNOLOGY LIMITED was established in the Cayman Islands. The initial capital was US\$70,000,000.
October 2006	FOXCONN ADVANCED TECHNOLOGY LIMITED (CAYMAN ISLANDS) acquired 100% of the shares of Hung Sheng Electric Integration Technology Co., Ltd.
January 2007	The Company established Hongqunsheng Precision Electronics (Yingkou) Co., Ltd. and Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.
April 2007	The Company acquired MONTEREY PARK FINANCE LIMITED and its shares in Fukui Precision Component (Shenzhen) Co., Ltd.
October 2007	FOXCONN ADVANCED TECHNOLOGY LIMITED issued 92,500,000 shares at a nominal value of US\$1 per share. The paid-up capital after the capital increase amounted to US\$162,500,000. The Company acquired LIGHT FLASH INTERNATIONAL LIMITED and its shares in Honghuasheng Precision Electronics (Yantai) Co., Ltd.
April 2008	The Company acquired WORLD BRIGHT GROUP LIMITED and its shares in Honghengsheng Electronical Technology (Huai'an) Co., Ltd.
October 2009	FOXCONN ADVANCED TECHNOLOGY LIMITED issued 39,500,000 shares at a nominal value of US\$1 per share. The paid-up capital after the capital increase amounted to US\$202,000,000.
June 2010	FOXCONN ADVANCED TECHNOLOGY LIMITED applied for guidance from Taiwan Stock Exchange Corporation and planned for immediate listing after return to Taiwan.
October 2010	On October 20, 2010, the shareholders' meeting resolved to convert the nominal value of each share of FOXCONN ADVANCED TECHNOLOGY LIMITED to NT\$10 and the paid-up capital became NT\$6,464,000,000.
June 2011	The shareholders' meeting resolved to rename "FOXCONN ADVANCED TECHNOLOGY LIMITED" to ZHEN DING TECHNOLOGY HOLDING LIMITED. Its Chinese name became. The Company performed a reelection of all directors and elected 7 directors including 3 independent directors. The Company also established an audit committee and a remuneration committee.
December 2011	The Company was listed on the Taiwan Stock Exchange and the paid-up capital increased to NT\$6,699,290,000.
February 2012	The Investment Commission of the Ministry of Economic Affairs approved the sales of Honghuasheng Precision Electronics (Yantai) Co., Ltd.
May 2012	The Company was ranked 82nd in the 2011 Top 1000 manufacturing companies by CommonWealth Magazine.
June 2012	The Company issued the first unsecured international convertible corporate bonds valued at US\$188 million and it was listed on the Singapore Stock Exchange.
September 2012	The Company converted earned surplus into capital increase with 33,496,450 shares and the paid-up capital increased to NT\$7,034,254,500.
September 2013	The Company was ranked 639th in the 2012 "Top 1000 companies in China, Hong Kong, and Taiwan" by Business Today.

Date	Milestones
September 2013	The Company converted earned surplus into capital increase with 35,171,272 shares and the paid-up capital increased to NT\$7,385,967,220.
November 2013	The Board of Directors resolved to acquire FOREVER GROWTH INVESTMENTS LIMITED and its shares in Fubo Industry (Shenzhen) Co., Ltd.
April 2014	The Company was ranked 555th in the 2013 "Top 1000 companies in China, Hong Kong, and Taiwan" by Business Today.
May 2014	The Company was ranked 23rd in operational performance, 38th in net income after tax, and 52nd in business revenue among the Top 1000 manufacturing companies by CommonWealth Magazine.
June 2014	The Company issued the second unsecured international convertible corporate bonds valued at US\$300 million and it was listed on the Singapore Stock Exchange.
August 2014	The Company converted its first international corporate bonds into 34,343 shares and the paid-up capital increased to NT\$7,386,310,650.
November 2014	The Company's first international convertible corporate bonds issued in Taiwan were converted for listing in Taiwan.
March 2015	The Company converted its first international corporate bonds into 29,137,036 shares and the paid-up capital increased to NT\$7,677,681,010.
April 2015	The Company converted its first international corporate bonds into 36,980,258 shares and the paid-up capital increased to NT\$8,047,483,590.
April 2015	The Company was ranked 972nd in the 2014 "Top 1000 companies in China, Hong Kong, and Taiwan" by Business Today.
May 2015	The Company was ranked 38th in net income after tax in the 2014 "Top 2000 manufacturing companies" by CommonWealth Magazine.
May 2015	The Company was ranked 50th in operating revenue in the 2014 "Top 2000 manufacturing companies" by CommonWealth Magazine.
May 2016	The Company was ranked 4th in operational performance among electronics companies in the 2015 "Top 2000 manufacturing companies" by CommonWealth Magazine.
May 2016	The Company was ranked 30th in net income after tax in the 2015 "Top 2000 manufacturing companies" by CommonWealth Magazine.
May 2016	The Company was ranked 43rd in operating revenue in the 2015 "Top 2000 manufacturing companies" by CommonWealth Magazine.
December 2016	The subsidiary company Fukui Precision Component (Shenzhen) Co., Ltd. exchanged shares for the acquisition of Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd., Hongqunsheng Precision Electronics (Yingkou) Co., Ltd., Qingding Precision Electronics (Huaian) Co., Ltd., and Yuding Precision Electronics (Huaian) Co., Ltd.; It also used cash to acquire Fubo Industry (Shenzhen) Co., Ltd. and Honghengsheng Electronical Technology (Huaian) Co., Ltd. to complete shareholding reorganization.
May 2017	The Company's Board of Directors passed the reorganization of the subsidiary company Fukui Precision Component (Shenzhen) Co., Ltd. and officially renamed to Avary Holding (Shenzhen) Co., Ltd.

Date	Milestones
May 2017	The Company was ranked 4th in operational performance among electronics companies in the 2016 "Top 2000 manufacturing companies" by CommonWealth Magazine.
May 2017	The Company was ranked 57th in net income after tax in the 2016 "Top 2000 manufacturing companies" by CommonWealth Magazine.
May 2017	The Company was ranked 42nd in operating revenue in the 2016 "Top 2000 manufacturing companies" by CommonWealth Magazine.
May 2017	The Company was ranked among the top 100 in revenue growth in the 2016 "Top 2000 manufacturing companies" by CommonWealth Magazine.
May 2018	The Company was ranked 4th in operational performance among electronics companies in the 2017 "Top 2000 manufacturing companies" by CommonWealth Magazine.
May 2018	The Company was ranked 52nd in net income after tax in the 2017 "Top 2000 manufacturing companies" by CommonWealth Magazine.
May 2018	The Company was ranked 35th in operating revenue in the 2017 "Top 2000 manufacturing companies" by CommonWealth Magazine.
May 2018	The Company was ranked among the top 100 in revenue growth in the 2017 "Top 2000 manufacturing companies" by CommonWealth Magazine.
September 2018	China Securities Regulatory Commission approved the listing of the subsidiary company Avary Holding (Shenzhen) Co., Ltd. on Shenzhen A-Share.
March 2019	The second overseas conversion of corporate bonds converted 801,313 shares and the paid-up capital increased to NT\$8,055,496,720.
April 2019	The second overseas conversion of corporate bonds converted 96,680,215 shares and the paid-up capital increased to NT\$9,022,298,870.
May 2019	The Company was ranked 4th in operational performance among electronics companies in the 2018 "Top 2000 manufacturing companies" by CommonWealth Magazine.
May 2019	The Company was ranked 38th in net income after tax in the 2018 "Top 2000 manufacturing companies" by CommonWealth Magazine.
May 2019	The Company was ranked 39th in operating revenue in the 2018 "Top 2000 manufacturing companies" by CommonWealth Magazine.
November 2019	The operation suspension of its wholly-owned subsidiary, Hongqunsheng Precision Electronics (Yingkou) Co., Ltd.
March 2020	Completed the business registration of stock transfers for the subsidiary, Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.
November 2020	Through capital increase and shares exchange with BoardTek, 44,819,274 common shares were issued and the paid-in capital increased to NT\$9,470,491,610.
May 2020	The Company was ranked 4th in operational performance among electronics companies in the 2019 "Top 2000 manufacturing companies" by CommonWealth Magazine.
May 2020	The Company was ranked 28th in net income after tax in the 2019 "Top 2000 manufacturing companies" by CommonWealth Magazine.
May 2020	The Company was ranked 35th in operating revenue in the 2019 "Top 2000 manufacturing companies" by CommonWealth Magazine.

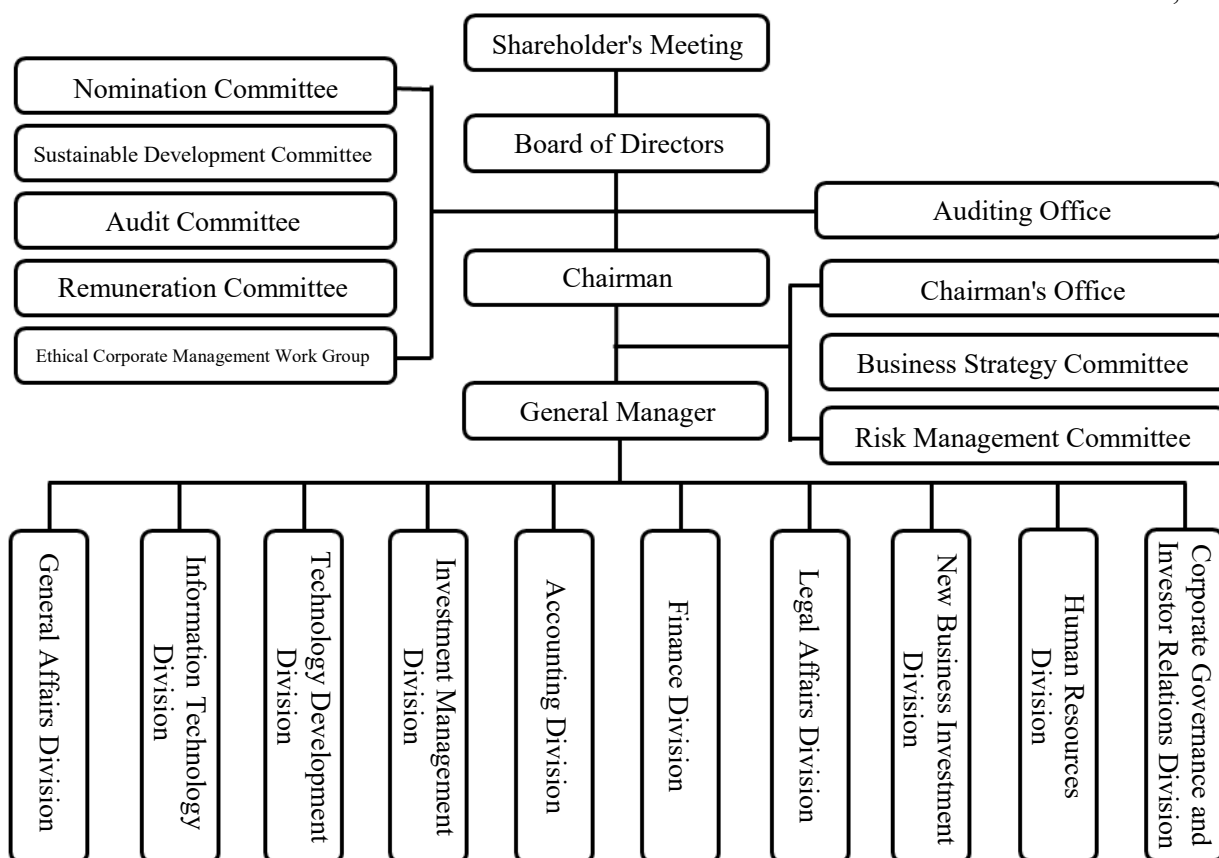
Date	Milestones
May 2021	The Company was ranked 4th in operational performance among electronics companies in the 2020 "Top 2000 manufacturing companies" by Commonwealth Magazine.
May 2021	The Company was ranked 30th in operating revenue in the 2020 "Top 2000 manufacturing companies" by Commonwealth Magazine.
May 2021	The Company was ranked 32nd in net income after tax in the 2020 "Top 2000 manufacturing companies" by Commonwealth Magazine.
May 2021	Avary Holding was ranked 185th in the "2020 Top 1000 companies in China, Hong Kong, and Taiwan" by Business Today

Chapter 3. Corporate Governance

I. Organization

(I) Organization Chart

As of March 31, 2022



(II) Major Corporate Functions

Divisions	Functions
Investment Management Division	The Investment Management Division provides recommendations and decisions for major investments, acquisitions, and other business activities of the Company and participates in risk assessment and controls to maximize the interest of the Company and shareholders. The Investment Management Division is responsible for supervision and management of branch companies, subsidiary companies, and overseas investments.
Finance Division	The Finance Division is responsible for the Company's long-term and short-term fund planning, allocation, and usage.
Accounting Division	The Accounting Division is responsible for the Company's accounting tasks and the formulation and execution of accounting policies and systems.
Legal Affairs Division	The Legal Affairs Division is responsible for the formulation and management of the Company's intellectual property rights policies, review of contracts, and related litigation.
New Business Investment Division	The New Business Investment Division uncovers and consolidates investment opportunities for the Company's goals and development. It plans and implements investment projects and it is also responsible for investments in advanced materials from domestic and foreign sources and the promotion of technology collaboration.

Divisions	Functions
Technology Development Division	The Technology Development Division is responsible for the formulation and implementation of the Company's technology development strategies and goals. It also integrates production, executes development of new technologies and products, and uses technology and creativity to increase the Company's value and competitiveness.
Human Resources Division	The Human Resources Division is responsible for the management of the Company's manpower, attendance management, and recruitment.
Information Technology Division	The Information Technology Division is responsible for the establishment and maintenance of a safe information system and the creation of related mechanisms such as firewalls. It is responsible for the formulation of the Company's information policies, planning and maintenance of information systems, and the creation, stability, timeliness, confidentiality, and security of Internet communication.
Corporate Governance and Investor Relations Division	The Spokesman & Investor Relation Division is responsible for speaking on behalf of the Company to external entities regarding operations, finance, business philosophy, and businesses, delivering the Company's ideals for shareholders' interest, and handling matters related to corporate governance/
General Affairs Division	The General Affairs Division is responsible for repairs and maintenance in plants, management and maintenance of the electricity and water supply system, maintenance of the generators and elevators, management of fire safety systems, and other facility management affairs.

II. Information Regarding Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Subsidiaries

(I) Information regarding Board Members (the Company does not appoint Supervisors)

1. Board Members:

As of April 2, 2022

Title	Nationality or Registry	Name	Gender and Age	Date first elected	Date Elected	Term (yr)	Shares Held When Elected		Shares Currently Held		Shares Held by Spouse & Minors		Shares Held by Nominee Arrangement		Selected Education & Work Experiences	Current Positions at the Company and Other Companies	Board Members who have a spouse or relative within two degrees of consanguinity serving as a manager or director at ZDT			Note
							Shares	%	Shares	%	shares	%	Shares	%			Title	Name	Relation	
Chairman	Republic of China	Chang-Fang Shen	Male 61-70	2006.06.05	2020.06.19	3	4,158,000	0.461%	4,588,000	0.484%	—	—	—	—	General Manager, Unicap Electronics Industrial Corp. General Manager, Promisedland Resort Executive Vice President, Pacific Securities Vice President of Underwriting, Asia Securities Section Chief, Export-Import Bank of the Republic of China Department of Business Administration, Chinese Culture University	Note 1	—	—	—	
Director	CAYMAN ISLANDS	Foxconn (Far East) Limited		2008.02.18	2020.06.19	3	305,515,627	33.862%	305,515,627	32.260%	—	—	—	—	—	—	—	—	—	
Director Representative	Republic of China	CHE-HUNG YU	Male 51-60	—	—	—	—	—	—	—	—	—	—	—	Director, Avary Holding (Shenzhen) Co., Ltd. Director, ShunSin Technology Holdings Limited Master in Law, American University, United States	Note 1	—	—	—	
Director	Republic of China	John-See Lee	Male 71-80	2011.06.07	2020.06.19	3	—	—	—	—	—	—	—	—	President, Industrial Technology Research Institute Chairman, Development Center for Biotechnology PhD in Chemical Engineering, Illinois Institute of Technology	Note 1	—	—	—	

Title	Nationality or Registry	Name	Gender and Age	Date first elected	Date Elected	Term (yr)	Shares Held When Elected		Shares Currently Held		Shares Held by Spouse & Minors		Shares Held by Nominee Arrangement		Selected Education & Work Experiences	Current Positions at the Company and Other Companies	Board Members who have a spouse or relative within two degrees of consanguinity serving as a manager or director at ZDT			Note
							Shares	%	Shares	%	shares	%	Shares	%			Title	Name	Relation	
Director	Republic of China	Ting-Chuan Lee	Male 51-60	2020.06.19	2020.06.19	3	—	—	66,000	0.007%	—	—	—	—	Vice President, Unimicron Technology Corp. Vice President, Qi Ding Technology Qinhuangdao Co., Ltd. General Manager, Zhen Ding Technology Holding EMBA, National Taiwan University	Note 1	—	—	—	
Independent Director	Republic of China	Chih-Cheng Chou	Male 61-70	2011.06.07	2020.06.19	3	—	—	—	—	—	—	—	—	CPA and Managing Partner of Taipei Office, WeTec International CPAs Chairman, Taiwan Provincial Accountant Association PhD in Accounting, Shanghai University of Finance and Economics	Note 1	—	—	—	
Independent Director	Republic of China	Chen-Fu Chien	Male 51-60	2020.06.19	2020.06.19	3	—	—	—	—	—	—	—	—	Lecture Professor, National Tsing Hua University Director, Artificial Intelligence for Intelligent Manufacturing Research Center Independent Director, Uniflex Technology Inc., Ph.D, Decision Science and Operations, University of Wisconsin-Madison	Note 1	—	—	—	

Title	Nationality or Registry	Name	Gender and Age	Date first elected	Date Elected	Term (yr)	Shares Held When Elected		Shares Currently Held		Shares Held by Spouse & Minors		Shares Held by Nominee Arrangement		Selected Education & Work Experiences	Current Positions at the Company and Other Companies	Board Members who have a spouse or relative within two degrees of consanguinity serving as a manager or director at ZDT			Note
							Shares	%	Shares	%	shares	%	Shares	%			Title	Name	Relation	
Independent Director	Republic of China	Chi-Hsien Lee	Male 60-70	2020.06.19	2020.06.19	3	—	—	—	—	—	—	—	—	Chairman, Hua Nan Securities Co., Ltd. Chairman, Securities and Futures Institute Chairman, Taiwan Ratings Company Chairman, Taiwan Stock Exchange Corp. Chairman, Taiwan Index Plus Corp. General Manager and Acting Chairman, Taipei Exchange Director, Securities and Futures Bureau Masters of Economics, Chinese Culture University	Note 1	—	—	—	

Note 1: Directors' concurrent duties in the company and in other companies are summarized in the table below.

Title	Name	Concurrent position in the Company and/or other companies
Chairman	Chang-Fang Shen	Chairman, Avary Holding (Shenzhen) Co., Ltd. Chairman, Zhen Ding Technology Co., Ltd. Chairman, Qiding Technology (Qinhuangdao) Co., Ltd.
Director Representative	Che-Hung Yu	Director, Avary Holding (Shenzhen) Co., Ltd. Supervisor, Garuda Technology Co., Ltd. Supervisor, Zhen Ding Technology Co., Ltd. Representative of Institutional Director, Syntrend Creative Park Co., Ltd. Representative of Institutional Director, ShunSin Technology Holdings Limited
Director	John-See Lee	Independent Director, Far Eastern New Century Corporation Independent Director, Everlight Electronics Co., Ltd. Independent Director, San Fu Chemical Co., Ltd. Chairman, Personal Genomics Taiwan, Inc. Chairman, Quark Biosciences, Inc.
Director	Ting-Chuan Lee	Executive Director, Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. Vice President, Qi Ding Technology Qinhuangdao Co., Ltd. President, Zhen Ding Technology Holding Limited
Independent Director	Chih-Cheng Chou	CPA, WeTec International CPAs Independent Director, Leader Electronics Inc. Independent Director, Sonix Technology Co., Ltd. Independent Director, CoAsia Technology Co., Ltd. Director, UltraChip Inc. Supervisor, Orient EuroPharma Co., Ltd.
Independent Director	Chen-Fu Chien	Chairperson, Just College Foundation Director, Artificial Intelligence for Intelligent Manufacturing Systems Research Center National Quality Award Review Committee Member, Ministry of Economic Affairs Science and Technology Program Review Committee Member, Ministry of Science and Technology Director, Chinese Institute of Decision Sciences Chief Secretary, National Tsing Hua University Deputy R&D Officer and first industry-academia collaboration: CEO, National Tsing Hua University Independent Director, Uniflex Technology Inc.
Independent Director	Chi-Hsien Lee	Consultant, Taiwan-Japan M&A Center Inc. Consultant, Texworld Apparel Co., Ltd.

2. Major Shareholders of Institutional Director

Name of Institutional Director	Major shareholders of Institutional Director
Foxconn (Far East) Limited	HON HAI PRECISION INDUSTRY CO., LTD.

3. Major Institutional Shareholders (Top 10 Shareholders) and Percentage of Shares Held of Hon Hai Precision Industry Co., Ltd./Right Thrive Limited

As of April 2, 2022

Major Shareholder of Institutional Director	Major Institutional Shareholders (Top 10 Shareholders)	Shares Held (share)	Shares Held (%)
Hon Hai Precision Industry Co., Ltd.	Terry Gou	1,742,198,518	12.57%
	Citibank in custody for Government of Singapore Investment Account	329,004,385	2.37%
	Citibank in custody for Hon Hai Precision Industry Co., Ltd. Depositary Receipts Account	177,665,783	1.28%
	Bureau of Labor Funds	175,256,934	1.26%
	JPMorgan Chase Bank N.A. in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	165,781,761	1.20%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	153,359,135	1.11%
	Norges Bank	141,782,796	1.02%
	Standard Chartered Bank in custody for the Fidelity Puritan Trust: Fidelity Low-Priced Stock Fund	133,000,012	0.96%
	Standard Chartered Bank in custody for LGT Bank Investment Account	113,782,190	0.82%
	Datong in custody for the Saudi Central Bank Investment Account	109,789,101	0.79%

(II) Remuneration Paid to Directors and Supervisors in Recent Years

1. Remuneration Paid to Directors and Independent Directors (Note)

Unit: NT\$ thousands

Title	Name	Remuneration Paid to Directors								(A+B+C+D) as % of Net Income		Compensation Earned as an Employee of the Company or of the Company's Consolidated Entities								(A+B+C+D+ E+F+G) as % of Net Income		Compensation from Non- consolidated Affiliates or Parent Company
		Salary (A)		Pension (B)		Remuneration (C)		Allowances (D)				Salary, Bonus and etc. (E)		Pension (F)		Employee Compensation (G)						
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company		Consolidated Entities		The Company	Consolidated Entities	
																Cash	Cash	Cash	Stock			
Chairman	Chang-Fang Shen	2,108	2,108	—	—	10,000	10,000	—	—	0.09	0.09	—	112,591	—	—	—	—	—	—	0.91	0.91	—
Director	Foxconn(Far East) Limited																					
Representative	Che-Hung Yu																					
Director	Ting-Chuan Lee																					
Director	John-See Lee																					
Independent Director	Chih-Cheng Chou	2,540	2,540	—	—	4,500	4,500	—	—	0.09	0.09	—	—	—	—	—	—	—	—	0.09	0.09	—
Independent Director	Chen-Fu Chien																					
Independent Director	Chi-Hsien Lee																					

- (1) Please describe the policies, structure, systems, standards, and structures for the payment of independent director remuneration, and the relationship of the remuneration amount according to the associated responsibilities, risks, and investment time.

With reference to general industry practices and with regard to the responsibilities, risks, investment time and value of individual directors' participation and contribution to the company's operations, the necessity, rationality, legality, company risks and industry considerations are considered based on the salary level of the industry. The standard evaluation is closely related to the business performance of the Company. The independent directors shall focus on good management, always pay attention to the industrial issues related to the company, faithfully perform the duties stipulated by laws and regulations, and report the evaluation results to the Remuneration Committee and the Board of Directors. The remuneration will be distributed after it is approved. It is closely related to business performance. The amount paid has been deemed to be reasonable. Please refer to Other in the annual report for relevant information.

- (2) In addition to the table above, in the most recent fiscal year, compensation for services provided by directors of the company (including as a non-employee advisor for all companies/investees under the parent company/in the Financial Report) is as follows: None.

Table of Remuneration Range Paid to Directors

Remuneration Range	Name of Directors			
	Remuneration Paid to Directors (A+B+C+D)		Total Compensation Paid to Directors (A+B+C+D+E+F+G)	
	The Company	Consolidated Entities (H)	The Company	Consolidated Entities (I)
Less than NT\$1,000,000	Legal representative: Che-Hung Yu	Legal representative: Che-Hung Yu	Legal representative: Che-Hung Yu	Legal representative: Che-Hung Yu
NT\$1,000,000 to NT\$2,000,000	—	—	—	—
NT\$2,000,000 to NT\$3,500,000	Foxconn, Chang-Fang Shen, John-See Lee, Chih-Chen Chou, Chen-Fu Chen-Fu Chien, and Chi-Hsien Lee	Foxconn, Chang-Fang Shen, John- See Lee, Chih-Chen Chou, Chen-Fu Chen-Fu Chien, and Chi-Hsien Lee	Foxconn, Chang-Fang Shen, John- See Lee, Chih-Chen Chou, Chen-Fu Chen-Fu Chien, and Chi-Hsien Lee	Foxconn, John-See Lee, Chih-Chen Chou, Chen-Fu Chen-Fu Chien, and Chi-Hsien Lee
NT\$3,500,000 to NT\$5,000,000	—	—	—	—
NT\$5,000,000 to NT\$10,000,000	—	—	—	—
NT\$10,000,000 to NT\$15,000,000	—	—	—	—
NT\$15,000,000 to NT\$30,000,000	—	—	—	—
NT\$30,000,000 to NT\$50,000,000	—	—	—	Ting-Chuan Lee
NT\$50,000,000 to NT\$100,000,000	—	—	—	Chang-Fang Shen
Above NT\$100,000,000	—	—	—	—
Total	7	7	7	8

2. Remuneration Paid to Supervisors: Not applicable as the Company has not appointed Supervisors.

(III) 1. Information Regarding Management Team

As of April 2, 2022

Title	Nationality	Name	Gender	On-board Date	Shares Held		Shares Held by Spouse & Minors		Shares Held by Nominee Arrangement		Selected Education & Work Experiences	Current Position at Other Companies	Managers who have a spouse or relative within two degrees of consanguinity serving as a manager at ZDT			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	Republic of China	Ting-Chuan Lee	Male	2017/05/11	66,000	0.007%	—	—	—	—	Manager, Compeq Manufacturing Company Limited Vice President, Unimicron Technology Corp. General Manager, Subtron Technology Co., Ltd. EMBA, National Taiwan University	Executive Director, Leading Interconnect Semiconductor Technology	—	—	—	
Vice President	Republic of China	Jing-Hsien Hsieh	Male	2021/08/30	—	—	42,000	0.04%	—	—	Deputy Commissioner, Criminal Investigation Bureau, National Police Agency, Ministry of the Interior Commissioner, Yilan County Police Bureau Masters, Department of Administration Police, Central Police University	Supervisor, Leading Interconnect Semiconductor Technology	—	—	—	
Assistant Vice President (Financial supervisor)	Republic of China	Yuan-Shen Wang	Male	2021/11/11	—	—	—	—	—	—	Business Manager, Nokia Siemens Networks Technology Taiwan Manager, Internal Control Projects, TSMC Section Chief, Qisda Corporation CFO, Creative Sensor Inc. CFO, Getac Technology Corporation Master of Finance, Golden Gate University	—	—	—	—	

Title	Nationality	Name	Gender	On-board Date	Shares Held		Shares Held by Spouse & Minors		Shares Held by Nominee Arrangement		Selected Education & Work Experiences	Current Position at Other Companies	Managers who have a spouse or relative within two degrees of consanguinity serving as a manager at ZDT			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Corporate Governance Supervisor (Originally the financial supervisor)	Republic of China	Duen Ling	Female	2021/05/07	10,000	0.001%	—	—	—	—	Department of Underwriting, Asia Securities General Manager, Apex Investment Consulting Co., Ltd. Supervisor, Ways Technical Corp., Ltd. Bachelor's degree, Tatung University	1. Director of Garuda Technology 2. Spokesperson, Zhen Ding Technology Holding	—	—	—	
Accounting Executive	Republic of China	Jin-Ten Chang	Male	2017/05/11	15,000	0.002%	—	—	—	—	Deputy Manager, Au Optronics Corp.; Deputy Section Chief, Deloitte; Public Finance, National Chengchi University	Supervisor, Leading Interconnect Semiconductor Technology	—	—	—	

Note 1. The Board of Directors passed the appointment of Senior Manager Duen Ling as the corporate governance supervisor on May 7, 2021, and dismissed Duen Ling as the financial supervisor on November 11, 2021.

2. Assistant Vice President Yuan-Shen Wang was appointed as financial supervisor on November 11, 2021.

2. Compensation and Employee Bonus Paid to Management Team

Unit: NT\$ thousands; thousand shares; %

Title	Name	Salary (A)		Pension (B)		Bonuses, Allowances etc. (C)	Employees' Compensation (D)				(A+B+C+D) as % of Net Income		Compensation from Non-consolidated Affiliates or Parent Company
		The Company	Consolidated Entities	The Company	Consolidated Entities	Consolidated Entities	The Company		Consolidated Entities		The Company	Consolidated Entities	
							Cash	Stock	Cash	Stock			
President	Ting-Chuan Lee	4,757	4,757	—	—	2,704	56,238	—	56,238	—	0.47%	0.47%	—
Vice President	Jing-Hsien Hsieh												

Note: The Board of Directors approved the distribution of employees' compensation in total of NT\$150,000,000 for 2021. As of the publication date of the Annual Report, the distribution list of employees has not been determined. The aforementioned amount is only an estimate.

Table of Compensation Range Paid to President and Vice Presidents

Compensation Range	Name of President and Vice Presidents	
	The Company	Consolidated Entities E = (A + B + C + D)
Less than NT\$1,000,000	—	—
NT\$1,000,000 to NT\$2,000,000	—	—
NT\$2,000,000 to NT\$3,500,000	Jing-Hsien Hsieh	Jing-Hsien Hsieh
NT\$3,500,000 to NT\$5,000,000	—	—
NT\$5,000,000 to NT\$10,000,000	—	—
NT\$10,000,000 to NT\$15,000,000	—	—
NT\$15,000,000 to NT\$30,000,000	—	—
NT\$30,000,000 to NT\$50,000,000	—	—
NT\$50,000,000 to NT\$100,000,000	Ting-Chuan Lee	Ting-Chuan Lee
Above NT\$100,000,000	—	—
Total	2	2

(IV) Comparison and analysis of the total remuneration/compensation paid to each Director, Supervisor, President and Vice Presidents over the past two years by the Company and all companies listed in the consolidated financial statement as a percentage of total net income, and descriptions of the policies, standards, and packages for payment of remuneration/compensation, the procedures for determining remuneration/compensation, and its linkage to business performance and future risk exposure:

1. Analysis of the total remuneration/compensation paid to each Director, President and Vice President by the Company and all companies listed in the consolidated financial statement as a percentage of net income:

Unit: NT\$ thousands

Item	2020		2021	
	Amount	%	Amount	%
Directors, President and Vice Presidents	120,281	1.04%	78,595	0.57%
Total Net Income	11,508,290	100.00%	13,694,368	100.00%

2. Policies, standards, and packages for payment of remuneration/compensation, as well as the procedures for determining remuneration/compensation, its linkage to business performance and future risk exposure, and links between Directors' performance evaluation and their salary and remuneration:
 - (1) According to the Article 13.4 of the Articles of Association, director remuneration shall not exceed 0.5% of the profits in the current year, and the remuneration assessment shall be based on the performance evaluation of the Board of Directors and functional committee. In addition to the Company's overall performance, future development trend and risks in the industry, the Company shall also consider individual's contribution to the Company's performance for providing reasonable remuneration. All related performance evaluation and the reasonableness of salary and remuneration shall be reviewed by the Remuneration Committee and the Board of Directors. They shall review the remuneration in a timely manner based on actual business operations and related laws to maintain a balance between sustainable management and risk management. The assessment results shall be discussed and

approved by the Remuneration Committee and the Board of Directors before distribution.

- (2) Compensation paid to President and Vice Presidents is paid based on their positions, their contributions to the Company, and with reference to standards in the industry in accordance with the Company's human resources regulations.

- (V) Strengthening the reasonableness and appropriateness of independent director remuneration
 1. The Company has established a Remuneration Committee. The committee is responsible for assisting the Board to propose the company's overall remuneration policies, remunerations to directors (including independent directors) and managerial officers, and how remunerations are distributed. After the level of participation and contribution by individual directors in company operations, salary levels in the industry, necessity, rationality, legality, company risk appetite, and industry level assessments are taken into consideration. Distribution of remuneration is closely related to business performance.
 2. Independent directors shall exercise the due care of a good administrator, faithfully perform the duties prescribed in laws and regulations, and be accountable to the Board of Directors.
 3. The Company does not pay additional allowance, transportation allowance, resignation, bonuses, severance, and various types of allowances.
- (VI) Goals to strengthen the functionality of the board of directors and assessment of implementation results in the current year and most recent year
 1. To strengthen board functionality and increase transparency of information disclosure, the Company engages in material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, in accordance with the applicable laws and/or regulations. When establishing or revising applicable operating procedures, such procedures shall be reported to and approved in the shareholders meeting, and announced on the Market Observation Post System (MOPS) and the company's website to protect the interests of the shareholders.
 2. For the purpose of developing supervisory functions and strengthening management mechanisms, the Board of Directors of the Company may set up Audit Committee, Remuneration Committee, Business Strategy Committee, Sustainable Development Committee, and Ethical Corporate Management Work Group to achieve sustainability goals.
 3. The Board of Directors establishes or amends handling procedures and organizational charter to strengthen board functionality. Implementation results in the current year and most recent year are described below.

Meeting Date	Session	Handling Procedures Established or Amended and Name of Regulations
March 30, 2020	19th meeting of the 3rd Board of Directors	<ol style="list-style-type: none"> 1. Revision of the "Rules and Procedures of Board of Directors' Meeting" 2. Revision of the "Audit Committee Charter" 3. Revision of the "Remuneration Committee Charter" 4. Revision of the "Corporate Governance Best Practice Principles" 5. Revision of the "Corporate Social Responsibility Best Practice Principles" 6. Revision of the "Ethical Corporate Management Operating Procedures and Code of Conduct" 7. Revision of the "Rules and Procedures of Shareholders' Meeting" 8. Revision of the "Articles of Association"
November 11, 2020	3rd Meeting of the 4th Board of Directors	<ol style="list-style-type: none"> 1. Revision of the "Rules of Performance Evaluating of Board of Directors and Functional Committees" 2. Revision of the "Rules and Procedures of Board of Directors' Meeting" 3. Revision of the "Audit Committee Charter" 4. Revision of the "Rules for the Scope of Responsibilities of Independent Directors" 5. Revision of the "Remuneration Committee Charter" 6. Revision of the "Code of Ethical Conduct" 7. Revision of the "Rules Governing the Election of Directors"
March 30, 2021	4th Meeting of the 4th Board of Directors	<ol style="list-style-type: none"> 1. Revision of the "Rules and Procedures of Shareholders' Meeting"
June 15, 2021	8th Meeting of the 4th Board of Directors	<ol style="list-style-type: none"> 1. Revision of the "Rules of Performance Evaluating of Board of Directors and Functional Committees"
August 30, 2021	9th Meeting of the 4th Board of Directors	<ol style="list-style-type: none"> 1. Revision of the "Corporate Governance Best Practice Principles"
November 11, 2021	10th Meeting of the 4th Board of Directors	<ol style="list-style-type: none"> 1. Stipulate the "Guidelines for Directors' Education" 2. Revision of the "Standard Operating Procedures for Requests filed by Directors"
December 28, 2021	11th Meeting of the 4th Board of Directors	<ol style="list-style-type: none"> 1. Stipulate the "Rules for Director, Independent Director, and Manager Remuneration" 2. Revision of the "Corporate Social Responsibility Best Practice Principles" 3. Revision of the "Corporate Governance Best Practice Principles" 4. Stipulate the "Corporate Sustainable Development Committee Charter" 5. Appointed the members of the Sustainable Development Committee 6. Stipulate the "Nomination Committee Charter" 7. Appointed the members of the Nomination Committee 8. Stipulate the "Risk Management Policies for the Group"

III. Implementation of Corporate Governance

(I) Nomination of Directors

The Company's Board of Directors establishes the "Rules Governing the Election of Directors" that set out the procedures and criteria for the nomination, qualification and evaluation of candidates for Directors. Most of all, the independence of each independent director shall be considered and assessed under relevant laws.

The Company's directors shall be elected by adopting the candidate nomination system and their term of office shall be three years. The independence of each independent director candidate shall meet relevant requirements in accordance with the Taiwan "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". Any shareholders holding one percent or more of our total outstanding common shares may nominate their own candidate to stand for election as a Board member. This democratic mechanism allows our shareholders to become involved in the selection and nomination process of Board candidates. The final slate of candidates is put to the shareholders for voting at the relevant annual shareholders' meeting.

There are no limits on the number of terms that a director may serve. We believe the Company benefits from the contributions of directors who have over their years of dedicated service acquired unique insights into the operations and financial developments of the Company. The Company reviews the appropriateness of each director's continued service to ensure there are new viewpoints available to the Board.

(II) Board of Directors Meeting Status

1. The Board of Directors of the Company shall be convened quarterly. The reasons for calling a Board meeting shall be notified to each director at least seven days in advance. In emergency circumstances; however, a meeting may be called on shorter notice. Except in cases of emergency or for other justifiable reasons, issues must be specified in the meeting notice and shall not be raised as extraordinary motions. Notices may be distributed in electronic form.
2. In the most recent year (January 1, 2021 to December 31, 2021), the Board of Directors met 7 times (A). The attendance of directors is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)
Chairman	Chang-Fang Shen	7	0	100.00%
Director	Foxconn(Far East) Limited Representative: Che-Hung Yu	7	0	100.00%
Director	John-See Lee	7	0	100.00%
Director	Ting-Chuan Lee	7	0	100.00%
Independent Director	Chih-Cheng Chou	7	0	100.00%
Independent Director	Chen-Fu Chien	7	0	100.00%
Independent Director	Chi-Hsien Lee	7	0	100.00%

Other items that shall be recorded:

- I. None of the following conditions occurred in the operations of the Board of Directors:
 - (I) Conditions listed in Article 14-5 of the Securities and Exchange Act.
 - (II) In addition to the preceding matter, no other resolutions of the Board of Directors on which Independent Directors have dissenting opinions or qualified opinions, and that are documented or issued through written statements.
- II. When a director recuses himself/herself from proposals involving the conflict of interest, the director's name, the proposal, cause for the conflict of interest, and the voting shall be specified:
There were no proposals involving the conflicts of interests that the Company's Directors shall recuse themselves from the meetings.
- III. Programs this year and in the most recent year for strengthening the functionality of the Board (establishment of

an audit committee, improve transparency, etc.) and the evaluation of such measures: Please refer to the Annual Report for relevant information.

IV. Targets to Enhance Board Effectiveness:

The Company's Board is comprised of a diverse group of professionals from different backgrounds in industries, academia, accounting, law, etc. All the board members are Taiwanese citizens. The independent directors constitute 43% of the Board.

V. The Chairman of the Board of Directors shall not concurrently hold the executive position of the Company.

VI. "Rules Governing the Election of Directors" shall set out the procedures and criteria for the nomination, qualification and evaluation of candidates for Directors.

(III) Strategies, goals, and implementation of director diversification

1. Board Diversification Policy and Guideline

The Company's Board is comprised of a diverse group of professionals from different backgrounds in industries, academia, accounting, law, etc. All the board members are Taiwanese citizens. The independent directors constitute 43% of the Board. The number of directors who concurrently serve as managers of the Company does not exceed one-third of the total number of directors. The criteria of independence of each independent director shall include but is not limited to the following: any of independent director or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates; the number and holding of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); Any of independent director serve as a director, supervisor, or employee of any company having a specified relationship with the Company (i.e. in accordance with Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the amount(s) of any compensation or benefits received by the independent director for providing commercial, legal, financial, accounting services or consultation to the Company or any its affiliate within the preceding two years.

The Board of Directors of the Company attaches great importance to independence and has formulated appropriate diversification guideline based on its own operations, business models and development needs. The guideline shall include, without being limited to, the following two general standards:

- (1) Basic qualifications and values: Gender, age, nationality, culture, etc.
- (2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties. To achieve an ideal level of corporate governance, the Board of Directors should be equipped with the following abilities:

- (1) Ability to make sound business judgments.
- (2) Ability to perform accounting and financial analyses.
- (3) Ability to manage business activities (including ability to manage subsidiaries).
- (4) Crisis management skills.
- (5) Industrial knowledge.
- (6) An international market perspective.
- (7) Leadership skills.

- (8) Decision-making capabilities.
- (9) Risk management knowledge and skills.

2. Director diversity management goals:

Management objectives	Achievement status
Directors who serve as managers of the Company concurrently shall not exceed one third of the Board of Directors	Achieved
More than one third of the Board consists of independent directors	Achieved
Possesses different industry experiences, professional knowledge and skills	Achieved

In order to continue to improve Board of Directors competency and strengthen gender equality among the directors, the Company has completely changed the next Board of Directors election, with the goal of adding a female director. Each director possesses diverse experiences and professional abilities in the fields of law, accounting, and risk management. For the implementation status of diversity and the professional backgrounds, please refer to Board Diversification Implementation and Professional Qualifications of Directors and Independence Disclosure of Independent Directors.

3. Board Diversification Implementation

As of March 31, 2022

Diversification items Name of Directors	Basic Composition				Practical Experience in the Industry and Professional Capability									
	Nationality and Gender	Age	Number of Years Acting as Independent Director of the Company	Employee of the Company	Insurance	Banks	Securities	Business Management	Asset Management	Finance	Accounting	Law	Technology	Risk Management
Chang-Fang Shen	Republic of China (Male)	60-70		✓		✓	✓	✓	✓	✓	✓		✓	✓
Che-Hung Yu	Republic of China (Male)	50-60						✓				✓		✓
John-See Lee	Republic of China (Male)	70-80	9 years					✓					✓	✓
Ting-Chuan Lee	Republic of China (Male)	50-60		✓				✓					✓	✓
Chih-Chen Chou	Republic of China (Male)	60-70	10.5 years					✓			✓			✓
Chen-Fu Chien	Republic of China (Male)	50-60	1.5 years					✓					✓	✓
Chi-Hsien Lee	Republic of China (Male)	60-70	1.5 years		✓	✓	✓	✓						✓

4. Professional Qualifications of Directors and Independence Disclosure of Independent Directors:

The Company's Board is comprised of a diverse group of professionals from different backgrounds in industries, academia, accounting, law, etc. All the board members are Taiwanese citizens. The independent directors constitute 43% of the Board. The number of directors who concurrently serve as managers of the Company does not exceed one-third of the total number of directors. The criteria of independence of each independent director shall include but is not limited to the following: any of independent director or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates; the number and holding of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); Any of independent director serve as a director, supervisor, or employee of any company having a specified relationship with the Company (i.e. in

accordance with Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the amount(s) of any compensation or benefits received by the independent director for providing commercial, legal, financial, accounting services or consultation to the Company or any its affiliate within the preceding two years.

Criteria Name and title	Professional qualifications and experience	Independence	Number of positions as an independent director in other public companies
Chang-Fang Shen (Chairman)	Once held the positions of General Manager, Unicap Electronics Industrial Corp., Executive Vice President, Pacific Securities, and Vice President of Underwriting, Asia Securities. Possesses professional qualifications and experience.	Not Applicable	None
Foxconn (Far East) Limited Representative: Che-Hung Yu (director representative)	Holds the positions of director of ShunSin Technology Holdings Limited and Syntrend Creative Park Co., Ltd., and possesses professional qualifications and experience.		None
John-See Lee (Director)	Once held the position of President, Industrial Technology Research Institute, and independent director of Far Eastern New Century Corp., Everlight Electronics, and San Fu Chemical, and possesses professional qualifications and experience.		Serves 3 companies concurrently Independent Director
Ting-Chuan Lee (Director)	Once held the position of Vice President, Unimicron Technology Corp., and possesses professional qualifications and experience.		None
Chih-Chen Chou (Independent Director)	Holds the positions of Partner in WeTec International CPAs and Director of Leader Electronics, Inc., Sonix Technology, and CoAsia Technology Co., Ltd. Possesses professional qualifications and experience.	All directors that are independent by meeting following criteria: 1. In accordance with the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by Financial Supervisory Commission. 2. Independent Director (or nominee arrangement) as well as his/her spouse and minor	Serves 3 companies concurrently Independent Director
Chen-Fu Chien (Independent Director)	Once held the position of independent director, BoardTek Electronics Corp. Currently holds the position of director, Uniflex Technology Inc., and possesses professional qualifications and experience.		Serves 1 company concurrently Independent Director

Criteria Name and title	Professional qualifications and experience	Independence	Number of positions as an independent director in other public companies
Chi-Hsien Lee (Independent Director)	Once held the position of Director, Securities and Futures Bureau, Financial Supervisory Commission, Chairman of Taiwan Stock Exchange and Securities and Futures Institute, Chairman, Hua Nan Securities Co., Ltd., and possesses professional qualifications and experience.	children do not hold any shares of the Company. 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service".	None

5. Succession Planning and Implementation of Members of the Board of Director

- (1) Regarding the succession planning for the Board of Directors, the Company has cultivated senior executives to join the Board of Directors. The executives are well-versed in the operations of the Board of Directors and the business of the units in the Group. Currently, there are several senior management experts in the Group, providing a rich pool of talent for director selection. Besides considerations related to diversity, directors who also serve as managers of the Company shall not exceed one third of the Board of Directors. The Company will focus on gender equality and the directors must have the knowledge, skills, and competency to carry out their duties.
- (2) The Company continues to implement director succession planning, and establishes the director candidate database according to the following standards:
 - Integrity, responsibility, innovation, and decision-making ability. The standards comply with the core values of the Company and improves the professional knowledge and abilities related to management of the Company.
 - Possesses industry experience related to the business of the Company.
 - The participation of the member is expected to provide an effective and diverse Board of Directors that complies with the requirements of the Company.
 - The nomination and selection of directors and independent director candidates shall comply with the qualifications review and related regulations, in order to effectively select a suitable director candidate when there is a vacancy in the Board or if new director positions are added.

(IV) Board Performance Evaluation

Evaluation Cycle	At least once a year. An evaluation shall be conducted by an external professional institution or expert team at least once every 3 years.
Evaluation Period	From January 1, 2021 to December 31, 2021
Evaluation Scope	Performance evaluation of the board as a whole, individual directors and functional committees
Evaluation Method	Performance evaluation of the board as a whole, individual directors and functional committees
Evaluation Measures	Commissioned the external professional institution, "Taiwan Corporate Governance Association"

1. The "Regulations Governing the Evaluation of the Performance of the Board of Directors and Functional Committees" of the Company states that the Board of

Directors performance evaluation shall be conducted by an external, independent institution or external expert team at least once every 3 years. The internal and external performance evaluation results should be completed before the end of the first quarter of the following year.

2. Measures of the Company's board performance evaluation include the following five dimensions:
 - (1) Level of participation in the Company's corporate operations
 - (2) Improvement in the quality of decision-making
 - (3) Composition and structure
 - (4) Election and continuing education
 - (5) Internal controls
3. The items of self-assessment for directors should encompass at least the following six dimensions
 - (1) Familiarity with the Company's goals and mission
 - (2) Understanding of the role and responsibilities
 - (3) Level of participation in the Company's operations
 - (4) Internal relations management and communication
 - (5) Professionalism and continuing education
 - (6) Internal controls
4. The Company's evaluation items for the performance evaluation of functional committees shall include at least the following five dimensions:
 - (1) Level of participation in the Company's operations
 - (2) Understanding of the committee's role and responsibilities
 - (3) Improvement in the quality of decision-making by the functional committees
 - (4) The composition of functional committees and the election of committee members
 - (5) Internal controls
5. Board performance evaluation results of the previous years and the current year:

- (1) 2020 Board of Directors Performance Evaluation self-evaluation results are as follows: Excellent

Directors participating in the evaluation: 7 directors. Directors: Chang-Fang Shen, Che-Hung Yu, John-See Lee, and Ting-Chuan Lee
Independent Directors: Chih-Chen Chou, Chen-Fu Chen-Fu Chien, and Chi-Hsien Lee

The 5 major aspects of the performance evaluation		Average grade
1	Level of participation in the Company's operations	5
2	Improvement of the quality of the Board of Directors' decision making	4.92
3	Composition and structure of the Board of Directors	5
4	Election and continuing education of the directors	4.86
5	Internal controls	5

- Self-evaluation grade: 4.96
- Positive responses: Operational efficiency and results

The Board of Directors and Functional Committees can fulfill their management supervising and strengthening functions, and perform their duties.

Note: The evaluation results are presented as a grade from 1 to 5.

- (2) The Company engaged the external institution, Taiwan Corporate Governance Association, to conduct the Board of Directors performance evaluation on October 21, 2021, for the period between January 1, 2021 and December 31,

2021. The Association sent 3 evaluation experts to evaluate the performance of the Board of Directors through questionnaires and interviews based on the composition, authorization, supervision, communication, and self-discipline of the Board of Directors and the internal control systems and risk management. The Association and experts have no business relationship with the Company and are independent. The evaluation report was submitted on January 7, 2022, and the Company reported the results to the Board of Directors on March 16, 2022 to seek improvements. The overall evaluation results, suggestions, and improvements proposed by the institution are as follows:

Overall result:

- A. The Company conducted the Board of Directors reelection in 2020 and elected 7 directors. The members of the Board of Directors have expertise and experience in business management, financial accounting, etc., which are in line with the combination of diverse talents required for the Company's operation and development. The Chairperson respects the diverse professions of the directors and various proposals to the Board are fully discussed before the meeting. The management team also actively consults independent directors about the important strategies related to the company's development, so as to improve the efficiency of decision-making and form a good Board of Directors' meeting culture.
- B. The Remuneration Committee of the Company focuses on the relationship between the performance evaluations of senior managers and the remuneration structure. The 360-degree performance evaluation system includes the results of self-assessments, immediate supervisor assessments and cross-departmental assessments to determine remuneration. Besides the profit goals, the performance indicators include ESG's long-term development goals, which effectively motivates the team to pursue long-term interests and lays the foundation for sustainable development.
- C. The Company has established a Risk Management Guidance Committee, an executive committee, a task force and a working group to assess the company's various risks and propose countermeasures. The Committee reports to the Audit Committee and the Board of Directors. It introduces corporate risk management mechanisms and promotion measures according to the "Corporate Governance 3.0 - Sustainable Development Blueprint". At the same time, a 2-day management meeting is also held every year. The heads of all departments of the Group report the annual business performance and future development direction, and the Board of Directors is invited to participate, so that they can develop a deeper understanding of the group's overall development strategy, which helps directors to control the company's overall risk and the strategic directions.
- D. The Board of Directors of the company attaches great importance to the training and inheritance of high-level management talents. The Company cultivates a professional team from within, arranges senior managers to take turns to serve as the chairman of the meeting, and conducts special reports to develop reserve talent for the sustainable developments of the Company.

Recommendations:

- A. It is suggested that the company should use the Corporate Governance 3.0 - Sustainable Development Blueprint as the basis, and refer to the requirements of "Project 1 - Strengthening the Board of Director's Functions, and Enhancing the Sustainable Value of the Company". The composition of

the next Board of Directors may be increased to consider adding female directors, in addition to the needs of the company's operation and development. This will serve as a basis for future board members to enhance the independence and diversity of the overall Board of Directors.

- B. In order to help new directors become familiar with the Company's business and directors' responsibilities as early as possible, it is suggested that your company may arrange a pre-employment seminars to enable them to understand the company's operating status, operations and processes. At the same time, we may consider establishing a "Director's Handbook" and use this training session to create documents for reference during future implementation.
- C. The company has formulated the "Emergency Response Method", which clearly defines emergency events, notification and handling procedures, and reports to the Chairperson of the Board depending on the severity of the incident, but it has not yet been linked to the Board of Directors. It is recommended that the Company can plan to raise the reporting level to the Board of Directors (especially if the release of material company information is required by law) to ensure that all board members are kept up-to-date on company contingencies.

Implementation status of improvements:

- A. During the election of the next term of directors, the addition of female directors is considered.
 - B. In order to help new directors become familiar with the Company's business and directors' responsibilities as early as possible, the Company will establish a "Director's Handbook" and use this training document as reference during future implementation.
 - C. The Company reported in the Board of Directors on March 16, 2022 that in the "Emergency Response Measures", the "reporting procedure for incidental major events (especially for the Company's material information required to be released by law)" raised the reporting level to the Board of Directors. To ensure that all board members can keep up to date with the latest status of the Company's incidents.
6. Rules of performance evaluating of Board of Directors and functional committees and evaluation results is disclosed on the Company's website.

(V) Supervisors' participation in board meetings:

The Company has not appointed supervisors.

(VI) Corporate governance practice and compliance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies

Assessment items	Implementation Status			Deviate from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
I. Does the Company abide by the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies when establishing and disclosing its corporate governance code of conduct?	✓		The Company stipulated and disclosed best practice principles for corporate governance according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies on the Company's website and in the annual report.	No discrepancies
II. Shareholding structure and shareholders' equity of the Company				
(I) Does the Company have the internal operating procedure for handling shareholders' suggestions, questions, disputes, or legal action in place and abide by it?	✓		(I) To protect shareholders' rights and interests, the Company has established the "Corporate Governance Best Practice Principles" and assigned a spokesperson to process shareholders' recommendations and questions. Disputes and litigation are processed by the Legal Affairs Division in accordance with the Corporate Governance Best Practice Principles.	No discrepancies
(II) Does the Company possess a list of major shareholders and a list of ultimate owners of these major shareholders?	✓		(II) The Company reports changes in the number of shares held by insiders each month on the Market Observation Post System (MOPS) designated by the Financial Supervisory Commission in accordance with regulations. We also possess the list of major shareholders of the Company and individuals with ultimate control over main shareholders.	No discrepancies
(III) Does the Company have a risk management mechanism and "firewall" against its	✓		(III) The assets and financial management duties of affiliated companies are independent from one	No discrepancies

Assessment items	Implementation Status			Deviate from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
<p>affiliates in place or implement it?</p> <p>(IV) Does the Company have internal regulations in place to prevent its people from trading securities based on information yet to be public on the market?</p>	✓		<p>another and the implementation of risk management and firewall mechanism are processed in accordance with the internal control system of the Company to prevent irregular transactions. Please refer to the annual report for more information.</p> <p>(IV) The Company has established the "Procedures for the Prevention of Insider Trading" to prevent the Company's insiders and employees from using information that has not been disclosed on the market to purchase and sell securities. Please refer to the annual report for the related rules.</p>	No discrepancies
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Have diversification policies and specific management goals been formulated and implemented by the Board of Directors according to director composition?</p> <p>(II) Besides the Remuneration Committee and the Audit Committee set up according to law, does the Company have other types of functional committees in place that it spontaneously set up?</p>	<p>✓</p> <p>✓</p>		<p>(I) Members of the Board of Directors have strategic leadership, knowledge of the industry, international perspectives, professional skills, leadership skills, business decision-making skills, and knowledge of business management and the industry. Please refer to the annual report for more information.</p> <p>(II) The Company has voluntarily set up the Nomination Committee, the Sustainable Development Committee, and the Ethical Corporate Management Work Group. These groups operate in accordance with related regulations. The Company shall set up other functional committees based on the Company's requirements in future operations. Please refer to the annual report for more information.</p>	<p>No discrepancies</p> <p>No discrepancies</p>

Assessment items	Implementation Status			Deviate from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
(III) Has the company established and implemented methods for assessing the performance of the Board of Directors, conducted performance evaluation annually, presented the performance evaluation results to the Board of Directors, and used the results as reference for individual director remuneration and re-election nomination?	✓		(III) The Company has established and implemented methods for assessing the performance of the Board of Directors, and the evaluation results were reported to the Board of Directors on March 16, 2022. The results are used as reference for individual director remuneration and re-election nomination. Please refer to the annual report for more information.	No discrepancies
(IV) Does the Company evaluate the independence of CPAs regularly?	✓		(IV) 1. The Company reviews the independence of CPAs each year and evaluates their competency. The Company verifies that with the exception of expenses for auditing and taxation cases, the CPAs and the Company have no other common financial interests or business relations. After receiving approval from the Audit Committee and the Board of Directors, the company continued to review CPAs and fees. 2. The most recent 2 years were discussed by the Audit Committee on March 30, 2021 and March 16, 2022, and were reported to the Board of Directors for resolution. Please refer to the annual report for more information.	No discrepancies
IV. Does the Company have a suitable number of competent corporate governance personnel? Has it appointed a chief governance officer responsible for corporate governance matters (including but not limited to providing	✓		The Board of Directors' meeting on May 7, 2021, appointed a corporate governance supervisor to protect shareholders' rights and strengthen the functions of the board of directors. The supervisor has rich experience in finance and other aspects. The supervisor's main	No discrepancies

Assessment items	Implementation Status			Deviate from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
information for directors to perform their duties, assisting directors with regulatory compliance, and preparing meeting minutes for Board meetings and shareholders' meetings)?			responsibilities are to handle matters related to the board of directors and shareholders' meetings, prepare minutes of the board of directors' and shareholders' meetings, assisting directors to take office and continue their education, providing directors with materials necessary for business execution, and assisting directors in complying with laws and regulations.	
V. Does the Company have a communication channel in place with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and set up a stakeholders only section on its website to properly address stakeholders' concerns such important corporate social responsibilities?	✓		The Company has set up channels of communication for stakeholders (including but not limited to shareholders, employees, customers and suppliers) and it uses telephone, email, or meetings to adequately respond to stakeholders' inquiries on significant corporate social responsibility issues and present communication reports to the Board of Directors. Please refer to the annual report for more information.	No discrepancies
VI. Does the Company hire professional stock agencies to take care of shareholders' meetings-related affairs?	✓		The Company has engaged Grand Fortune Securities to handle affairs related to shareholders' meetings and ex-dividend matters.	No discrepancies
VII. Information Disclosure				
(I) Has the company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status?	✓		(I) The Company discloses financial information and corporate governance items on its English and Chinese website, https://www.zdtco.com .	No discrepancies
(II) Has the company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson	✓		(II) The Company has established a company website in Chinese and English. The spokesperson is responsible for the collection and disclosure of company information in Chinese and English, implementing the spokesperson system, and	No discrepancies

Assessment items	Implementation Status			Deviate from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
<p>system, and disclosing the process of investor conferences on the company's website)?</p> <p>(III) Does the company publicly disclose its annual financial report at the end of the accounting year within the prescribed time limit, and publicly disclose its Q1, Q2, and Q3 financial reports and monthly operation status ahead of the prescribed time limit?</p>		✓	provide related information for investors' conferences on the MOPS and company website at least one day before the investor conference.	The Company handles it in accordance with the financial report announcement and reporting period specified in Article 36 of the Securities and Exchange Act of the place where the company is listed.
VIII. Does the Company have other important information to facilitate better understanding of the its corporate governance practices (including without limitation employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		Please refer to the annual report for other key information useful for understanding the status of corporate governance practices.	No discrepancies
<p>IX. Describe the status of improvements, priority for improvement, and measures based on the most recent corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange. As of the publication of the annual report, the 2021 Corporate Governance Evaluation results have not been announced. Only the 2020 Disclosure Evaluation results have been announced.</p> <p>(1) A total of 905 listed companies and 712 listed and OTC companies have undergone corporate governance evaluation in 2020, totaling 1,617 companies. The Company scored 84.22 points in the corporate governance evaluation. The range of our ranking by listed companies: 6%~20%。</p> <p>(2) The Company has numerous improvement measures in place to address the items which failed the 2020 evaluation. These measures include:</p>				

Assessment items	Implementation Status			Deviate from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
Disclosure of the insider trading prevention system and implementation for directors and employees, stipulation and disclosure of the human rights policy and specific management solutions.				

1. Employee rights and benefits: To mitigate employees' risks of excessively long working hours, the Company has established regulations on working hours and regularly inspected and managed employees' attendance to protect their legal rights.
2. Investor relations: The Company values investors' interest. In addition to publishing related information on MOPS in accordance with regulations, it also assigned dedicated personnel to process shareholders' recommendations.
3. Supplier relations: Supplier relations are processed in accordance with the Company's regulations for operations. Partners perform their obligations in accordance with contracts to protect the rights of both parties. The Company maintains good relations with suppliers.
4. Rights of stakeholders: Where necessary, stakeholders may communicate and provide recommendations to the Company through the telephone or mail. The Company has established a section on its website for stakeholders and properly respond to corporate social responsibility issues of concern to the stakeholders to protect their legal rights and interests.
5. Implementation of risk management policies and risk assessment standards: The Company has established various internal control systems and internal management regulations for risk management and assessment. The Company analyzes, tracks, and responds to high-risk incidents that may affect operations to improve risk management mechanisms. (Please refer to the annual report for more information)
6. Implementation of customer relations policies: The One ZDT one-stop shop ideal of the Company continues to develop advanced production technologies and high performance and cost effective products. We continue to lead industry developments and strengthen our core competitiveness. We select the right customers and established a classification system. The Company is building good upstream, midstream, and downstream relationships and finding new product development opportunities. We establish good, stable relationships with customers and create company profits together. We will achieve world class R&D, manufacturing, sales, and operation management for Zhen Ding.

7. The Company purchases liability insurance for all Directors (including Independent Directors).

Insured Individuals	Insurance Company	Insurance Amount (NT\$)	Insurance Period (start and expiry)	Insurance Status
All directors and key manager	Ace American Insurance Company	570,000,000	From January 1, 2021 to December 31, 2021	Renewed

* Starting in 2012, the Company has purchased liability insurance for directors (including independent directors) and key managers. At the board meeting on December 28, 2020, the premium purchased for directors (including independent directors) of US\$20,000,000 in 2021, insurance coverage, and insurance rates were reported.

8. The Company places great emphasis on human rights issues and regularly discloses the following information regarding related risks:

(1) Human rights policies and regulations, and specific management solutions:

ZDT strictly abides by Taiwan's Labor Standard Act and the laws and regulations of People's Republic of China, including the Labor Law, Employment Contracts Law, Social Insurance Law and Provisions on the Prohibition of Using Child Labor. On the foundation of a respect for internationally recognized labor human rights principles, the Company constructs a human resource management system that collectively applies to Taoyuan, Shenzhen, Hua'an, Qinghuangdao, and India to protect the legal rights of all employees. In addition to self-discipline, the Company also voluntarily complies with and regularly collects information on, assesses the social laws of competent authorities and customer requirements to ensure the legitimacy and appropriateness of these laws and requirements.

Zhen Ding supports international human rights standards. In compliance with the basic human rights principles such as the "United Nations Universal Declaration of Human Rights", the "United Nations Global Compact", the "United Nations Guiding Principles on Business and Human Rights", and the "Responsible Business Alliance Code of Conduct", as well as the laws and regulations of each location where we operate worldwide, we have established the "Human Rights Policy of Zhen Ding Technology Holding Limited" to protect the rights and interests of our employees.

ZDT complies with the Responsible Business Alliance (RBA) and internationally recognized labor and human rights principles. The BSR organization assists the Company in conducting internal human rights evaluations and stipulating related internal management policies. In terms of human rights concerns such as labor, child labor, discrimination, forced labor, freedom of association, provision of a safe working environment, and corporate culture building, we ensure that labor and human rights are protected through measures such as awareness-raising and regular risk assessment. Human rights concerns and practices are as follows:

Issues Item	Providing a safe and healthy work environment	Prohibition of child labor	Anti-discrimination/anti-harassment	Prohibition of forced labor	Helping employees maintain physical and mental health and work-life balance	Freedom of association
Target	<ul style="list-style-type: none"> All employees Number of high risk employees: 2,844 person, 	<ul style="list-style-type: none"> Child labor Number of high risk employees: 0 person, 	<ul style="list-style-type: none"> All employees/females Number of high risk employees: 8,289 person, 	<ul style="list-style-type: none"> All employees Number of high risk employees: 0 person, 	<ul style="list-style-type: none"> All employees Number of high risk employees: 0 person, 	<ul style="list-style-type: none"> All employees Number of high risk employees: 0 person,
Objectives and Actions	<ul style="list-style-type: none"> Preventing disasters, caring responsibly, and providing a safe and healthy environment. Comply with laws and regulations and make continuous improvements to become a zero-incident company. 	<p>The Company has revised and implemented the "Direct Employee Recruitment Methods" in accordance with the Responsible Business Alliance (RBA) Code of Conduct. The Company does not employ child laborers under the age of 16, and employs underage workers over the age of 16 and under the age of 18 in strict accordance with the Law of the People's Republic of China on the Protection of Minors. Applicants are checked during the application process and double-checked to ensure that nothing is amiss.</p>	<ul style="list-style-type: none"> Comply with local government labor laws and regulations, international standards and the Company's SER policy, and implement internal regulations. Promote and implement internal control procedures and implement anti-discrimination policies in the "Humane Management Rules". The Company conducts interview officer training and certification for hiring supervisors, which includes anti-discrimination regulations, and only those who obtain an interview officer certificate are allowed to participate in interviews. New employee training/classes for different levels/anti-discrimination/anti-harassment training for existing employees. 	<ul style="list-style-type: none"> Comply with local government labor laws and regulations, international standards, and the company's "Humane Management Rules", respect employees and eliminate any forced or involuntary labor. In accordance with the "Working Hours and Employee Overtime Regulations", employees must apply for overtime work voluntarily and are not forced to work overtime in any form, and are provided with compensatory time off or overtime pay in accordance with the law. 	<ul style="list-style-type: none"> The Company carries out diversified activities under the theme of "Six Assistances and Six Loves" to pay attention to the physical and mental health of employees. Through activities, we relieve work pressure and enrich employees' lives to achieve work-life balance. Establishing cultural venues: gym, cinema, dance studio, library, basketball court, badminton court, etc. to provide employees with rich entertainment venues. We actively mobilize the 	<p>The Company revised the "Management Regulations for the Right to Join Trade Unions and Collective Bargaining". Employees can organize freely and join the union they choose according to the law. Their rights to collective bargaining and peaceful gatherings are maintained. At the same time, we respect the employees' right to abstain from such activities. Employees or employee representatives are able to communicate openly and share their thoughts and concerns with management about working conditions and management</p>

Issues Item	Providing a safe and healthy work environment	Prohibition of child labor	Anti-discrimination/anti-harassment	Prohibition of forced labor	Helping employees maintain physical and mental health and work-life balance	Freedom of association
					participation of employees through a wide range of club activities	practices without fear of discrimination, retaliation or harassment.
Risk assessment	<ul style="list-style-type: none"> Employees in occupational hazard management positions are recorded and tracked. Non-compulsory health programs and independent participation to present the Company's effectiveness in assisting employees to promote health. 	Applicants are required to provide relevant identification documents to the Company for age verification, and face-to-face checks are conducted using an ID card authentication machine.	The Company follows internal control procedures to eliminate unlawful discrimination and harassment, and conducts regular anti-discrimination and anti-harassment campaigns and employee seminars through employee seminars or regular onsite visits.	In addition to the internal system for controlling work hours, an effective complaint and communication mechanism is established to strengthen internal supervision and inspection (such as employee forums, telephone interviews, on-site random visits, etc.). The Company regularly accepts or invites external authoritative organizations to conduct inspections.	Employee participation rate.	The Company holds annual meetings with employee representatives and ensures that they are accessible to employees in all environments to ensure mutual communication.
Mitigation Measures	<ul style="list-style-type: none"> The Company has established the Safety Production Committee, which performs periodic review of the company's safety, occupational health, fire 	From the beginning of the recruitment process, the Company conducts the hiring process in accordance with the law to eliminate the issue of child labor.	From the beginning of the recruitment, the Company conducts the process according to the law to eliminate illegal discrimination/harassment. Annual regular training assessments at all levels and monthly on-site audits through random visits or telephone interviews.	<ul style="list-style-type: none"> Conduct annual training on forced labor for recruiters and employees Set up an working hour early warning function in the attendance system to review and control 	The welfare committee, labor union, and the Company work together and actively promote and encourage employee participation.	<ul style="list-style-type: none"> The Company supports employees to join and organize labor unions, and provides office and activity space for labor unions. The unions

Issues Item	Providing a safe and healthy work environment	Prohibition of child labor	Anti-discrimination/anti-harassment	Prohibition of forced labor	Helping employees maintain physical and mental health and work-life balance	Freedom of association
	<p>management system, and implementation statuses to continuously improve the company's safety management.</p> <ul style="list-style-type: none"> Frequency of Safety Production Committee meetings: Once a month to discuss the establishment of safety standards, audit analysis statistics on safety problems, and safety project implementation. 			<p>employees' working hours on a daily basis. Annual regular training assessments at all levels and monthly on-site audits through random visits or telephone interviews.</p>		<p>conduct annual family care activities to encourage employee participation.</p>
Remedial Measures	<ul style="list-style-type: none"> Immediate job transfer. Provide medical assistance. Provide leave of absence and salary compensation in accordance with the law. Prevent recurrence. 	<p>In the event of an incident, refer to the "Regulations for the Protection of Special Groups" to carry out remedial action.</p>	<p>In the event of discrimination/harassment, the responsible person shall carry out corrective actions immediately and handle it according to the "Employee Reward and Punishment Management Measures". Project education and training is conducted for related personnel.</p>	<p>In the event of forced labor, the responsible person shall carry out corrective actions immediately and handle it according to the "Employee Reward and Punishment Management Measures". Project education and training is conducted for related personnel.</p>	<p>Conduct employee satisfaction surveys as a basis for continuous improvement.</p>	<p>The union has set up a complaint window to find out the situation of employees in a timely manner and to serve as a basis for improvement.</p>

Issues Item	Providing a safe and healthy work environment	Prohibition of child labor	Anti-discrimination/anti-harassment	Prohibition of forced labor	Helping employees maintain physical and mental health and work-life balance	Freedom of association
Channels for Filing Complaints	Each manufacturing site has a 24-hour on-call telephone number, which is manned by the industrial safety department.	ZDT attaches great importance to the opinions and rights of employees. The Company has carried out the comprehensive promotion and upgrade of existing communication channels, such as employee communication hotlines, mailboxes, suggestion boxes and the employee service center. The Company has conducted diversified promotion of these measures through online, offline and multimedia methods. The online promotion methods include the internal corporate communication app (Team+), Ding Sheng E-Learning College, Ding Ding app, and announcements on the company website. The offline promotion methods include orientation speeches for new employees, SER cards, bulletin boards, and around the living areas, garage, cafeteria, and dorm entrances. The multimedia promotion methods include LED screens in living areas, garages, and displays and PA systems in the public areas of the dormitories. In addition to a number of channels for employee feedback, the identity of the complainants is kept confidential, and the complaint records are kept by dedicated personnel. The complaints are handled and responded to immediately to effectively increase employee satisfaction.				

(2) Human Rights Protection Promotion and Training:

To mitigate human rights risks and ensure that the work environment, labor health and safety, and compliance with relevant laws and regulations are maintained during the work process, the Company conducts human rights protection-related training and promotion for employees in accordance with the concept corporate social responsibility. The training and promotion are mainly conducted through online and offline courses, announcements, communication channels, posters, SER policy card promotion, and promotion meetings. In 2021, the total number of training hours for human rights protection exceeded 600,000 hours, and 100% of employees have completed human rights-related training. The Company will continue to promote related education and training to raise awareness on human rights protection.

- Provide employees with awareness on compliance with relevant laws and regulations: these include prohibition of forced labor, prohibition of child labor, anti-discrimination, anti-harassment, management of working hours, wages and benefits, freedom of association, humane treatment, communication channels, occupational safety, and management systems.
- Implementation of promotion through communication channels: assist employees in resolving issues in work and life, and create a harmonious working environment where they are happy to communicate with each other.
- Provide complete occupational safety training: we provide different safety training for different workplace situations, such as new employee safety training, fire-fighting training, emergency first aid training, and on-the-job safety training.
- To ensure the basic labor and human rights and workplace safety of our employees, as well as to comply with the laws and regulations of each operating location, the Company established a Social and Environmental Responsibility (SER) Committee in 106, whose management responsibilities cover labor, health and safety, environment, code of ethical conducts, and management systems. The Social and Environmental Responsibility (SER) Committee clearly defines the mission of the Committee and its members' duties and responsibilities, formulates relevant policies and performance targets, tracks implementation plans, and conducts regular evaluations and reviews. In order to fully implement the codes of conduct for the electronics industry, the Company reviews whether our internal structure complies with the latest RBA guidelines. ZDT became an official member of RBA on May 24, 2021.

Apart from passing the RBA third party company evaluation, the Company also actively joined the international non-profit organization, Business for Social Responsibility (BSR) in 2021. Self-evaluation of human rights was conducted internally by the Company. The Company is dedicated to realizing its educational and social responsibilities, identifying potential risks, and completing alleviation and compensation measures, in order to further provide protections for employee labor and human rights.

- (3) The Company has established an Employee Welfare Committee to implement various welfare activities. Manufacturing sites in Taiwan convene labor-management meetings each quarter according to the law, to facilitate bidirectional communication and coordination on the Company's recent and future policies to reach a consensus. In addition, the Company has established Management Rules for Employees to Seek Consultation and File a Complaint. Our employees can also use the Company's employee opinion box, digital platform, and other grievance channels to provide suggestions and feedback to the Human Resources Department or senior managers in order to ensure unrestricted communication. An union has been established in the sites in China, in order to protect employee interests and provide various benefits. The labor union stipulates that all workers, regardless of ethnicity, race, gender, occupation, religious belief, and education level, can apply for membership through the employees' own will and approval by the grassroot trade union committees. At present, the percentage of employees covered by collective bargaining is 100% in each manufacturing site in China.

9. Continuing education status of directors and remuneration committee members: the education status in 2021 is compiled as follows

Title	Name	Date	Host by	Course Title	Hours
Chairman	Chang-Fang Shen	2021.11.11	Taiwan Corporate Governance Association	The latest developments and measures for tax avoidance prevention in China and Taiwan (part 1) (part 2)	6 hours
Director Representative	Che-Hung Yu	2021.11.11	Taiwan Corporate Governance Association	The latest developments and measures for tax avoidance prevention in China and Taiwan (part 1) (part 2)	6 hours
Director	Ting-Chuan Lee	2021.11.11	Taiwan Corporate Governance Association	The latest developments and measures for tax avoidance prevention in China and Taiwan (part 1) (part 2)	6 hours
Director	John-See Lee	2021.05.05	Taiwan Corporate Governance Association	Corporate governance and performance management	3 hours
Director	John-See Lee	2021.11.11	Taiwan Corporate Governance Association	The latest developments and measures for tax avoidance prevention in China and Taiwan (part 1) (part 2)	6 hours
Director	John-See Lee	2021.12.15	Taiwan Corporate Governance Association	Accelerators of corporate sustainability - CSR, ESG and SDGs	3 hours
Independent Director	Chih-Chen Chou	2021.11.11	Taiwan Corporate Governance Association	The latest developments and measures for tax avoidance prevention in China and Taiwan (part 1) (part 2)	6 hours
Independent Director	Chi-Hsien Lee	2021.01.15	Taiwan Listed Company Association	Economic developments and future prospects in Taiwan in the post-pandemic era	2 hours
Independent Director	Chi-Hsien Lee	2021.01.21	Taiwan Stock Exchange Corp.	First listed company independent director function seminar	3 hours
Independent Director	Chi-Hsien Lee	2021.03.19	Taiwan Listed Company Association	Disputes and practical analyses of corporate management rights and the Board of Directors' duties and practical analysis	3 hours
Independent Director	Chi-Hsien Lee	2021.04.15	Taiwan Corporate Governance Association	Director duties and risk management seminar	3 hours
Independent Director	Chi-Hsien Lee	2021.11.11	Taiwan Corporate Governance Association	The latest developments and measures for tax avoidance prevention in China and Taiwan (part 1) (part 2)	6 hours
Independent Director	Chen-Fu Chien	2021.10.22	Securities and Futures Institute	2021 Insider Trading Compliance Seminar	3 hours
Independent Director	Chen-Fu Chien	2021.11.11	Taiwan Corporate Governance Association	The latest developments and measures for tax avoidance prevention in China and Taiwan (part 1) (part 2)	6 hours
Remuneration Committee member	Cheng-En Ko	2021.09.08	Taiwan Academy of Banking and Finance	Corporate governance lecture - Corporate digital transformations	3 hours
Remuneration Committee member	Cheng-En Ko	2021.11.10	Taiwan Academy of Banking and Finance	Corporate governance lecture	3 hours
Remuneration Committee member	Cheng-En Ko	2021.11.13	Taiwan Corporate Governance Association	Understanding related party transactions and irregular transactions from practical cases	3 hours
Remuneration Committee member	Cheng-En Ko	2021.12.22	Taiwan Corporate Governance Association	Realizing ESG to implement governance and sustainable developments	3 hours

10. Legal information for directors, managers, and employees
- (1) The Company has conducted legal education and promotion for current directors, managers, and employees on March 30, 2021 and August 30, 2021. The content included "Procedures for the Prevention of Insider Trading", "Corporate Management Best Practice Principles", "Code of Ethical Conduct", and "Procedures for Handling Material Inside Information". A total of 112 participants underwent the 6 hours of education.
 - (2) Course content includes: Scope of material information, confidentiality procedures, open processes, violation handling, reasons for insider trading, verification process and case studies, management ideals and policies, corporate governance, and risk management mechanisms.
 - (3) After the course ended, the presentation and video files were uploaded to the internal employee system for reference by those who could not attend.
11. The appointment and dismissal, evaluation, and remuneration of the Company's internal audit personnel are handled according to the Human Resources Division's "Recruitment Procedures", "Remuneration Management Rules", "Performance Evaluation Guidelines", and "Resignation Application Procedures". The evaluation is conducted twice a year. The appointment and dismissal, evaluation, and remuneration of internal audit personnel shall be approved by the audit supervisor and the Chairperson. The aforementioned regulations have been disclosed in the Company's internal regulation section.
12. Remuneration Policy: The Company provides an externally competitive and internally reasonable salary management system to effectively retain talented people. We also review overall compensation and develop strategies to ensure that the Company has sufficient market competitiveness. In addition to paying monthly salaries, the Company also gives out various types of monetary rewards as a form of encouragement to boost morale when needed and retain well-performing employees. These rewards include year-end performance bonuses, bonuses for continuous services, employee bonus, and monetary rewards for innovative research and development and for proposing improvement ideas. A certain percentage of the annual "profits" is set aside for the employee bonuses.

To keep the company's general salary offers competitive and according to external economic changes, the Company plans and reviews remuneration policies of the Company's manufacturing sites. We also draft salary adjustment plans as needed by referring to the minimum wage policies of local governments and measuring the salary levels of the local market where the manufacturing site is located. Furthermore, employees' individual job performance is accounted for when adjusting their salary.

The Company determines the salary of new employees by considering the employees' educational background, work experience, and competency (years of seniority and level of expertise) without discrimination on the basis of gender, age, nationality, race, ethnicity, gender identity, religion, marital status, disabilities, and political affiliation.

13. Occupational, Health, Safety, and Management Policies

"Care for employee health and safety" is the guarantee endorsed by modern corporate development, and safety is the basis and prerequisite of all activities.

In a constantly developing society wherein economic globalization intensifies and technological advancement continues, safe production has become a blatant problem in socioeconomic development. ZDT establishes environmental protection and safety as the foundation for the company's development. The Chairman stated that the first and foremost core competitiveness of the Company is environmental protection and safety. He also stated that he would rather not run this business if he cannot protect and safeguard the environment properly.



(1) Personal safety and protections in the workplace for employees

- A. The Company attaches great importance to safety production work and has formulated various measures to protect employees' personal safety and environment. Whether it's new employees, returning workers, personnel changing to different posts, or contractors, they will all undergo safety training, and will not be assigned to work without obtaining the professional certification.
- B. Employees are required to wear protective equipment according to their posts before work, and employees with long hair must tuck their hair into their hats or put it in a bun
- C. All equipment, tools, and instruments have emergency stop buttons, lit-up barriers, and other protective measures, and on-site inspections must be conducted before starting the machinery. Equipment, carriers, and clamps are positioned and managed at the work site, with a high degree of consideration and requirements according to the actual situation at the site, to prevent injuries caused from falling and collapsing. In places, production lines, or equipment that generate gases, liquids, dust and debris, radiation, and noise harmful to humans, there are dust and poison prevention devices on location and corresponding safety technical measures.
- D. For high-level operations, electrically powered operations, fire operations, and operations with poisoning or asphyxiation hazards, the industrial safety personnel will conduct verification and testing, as well as take reliable safety precautions before operation.
- E. The moving of movable equipment such as electric fans, grinding wheels, welding machines that are in operation is prohibited. If there is a need to move these equipment, cut off the power supply to prevent electric shock or injury caused by the rotating parts. At least once a year, training and assessment is arranged for all employees in the relevant positions to ensure that the knowledge of safe production has been disseminated.

(2) Occupational Safety Incident Management

In order to ensure that relevant units can respond quickly when an occupational safety incident occurs, the Company has stipulated the SOP, "Occupational Safety Management Regulations", which clearly stipulates reporting after the fact, the handling procedures, and subsequent investigation procedures. The responsible unit after the fact shall review the causes of the incident and propose short- and long-term policy adjustments according to the classification of the causes. The amended policies are implemented in every plant to prevent the recurrence of similar incidents.

ZDT regularly requires its employees to practice safety drills to improve their emergency preparedness and ability to handle emergency situations. Fire drills are held once every six months. In 2021, the Company continued to improve its fire prevention training (raising fire alarms, extinguishing fires, switching off the power supply, switching off the ventilator, evacuation) and training on emergency responses in facilities.

(3) Apart from the education and training courses required by law, the "occupational safety

column" has been added to the Company's internal publication, "Ding Shen Monthly". The safety videos are played on all televisions and advertising displays in all plants of the Company. The videos are played on a loop to convey safety related information and are changed regularly. Through the text messaging app "Ding Ding"/Ding Sheng E-Learning College, safety information is dispersed to improve safety awareness among employees.

In 2021, Shenzhen, Qinhuangdao, Huai'an and Taiwan plants provided employee safety training, which includes A-level personnel training, emergency response, fire drills, safety training for new equipment introduction, and licenses required by laws and regulations (e.g. electrician's license, pressure container operation certification). The teaching method uses the local language or the language used by foreign workers. Interviews are conducted after the education and training to ensure the effectiveness of the training. The time used for training is the employee working hours.

The Company plans a series of safety awareness tests on the basis of its safety training. The tests are aimed at improving the safety competency of employees and improving their ability to respond to emergency situations and provide first aid assistance in the event of danger. An online safety awareness test was integrated into the Company's internal app. The safety awareness test can extend employees' safety knowledge and check the effectiveness of safety trainings. Results are stored in data systems to facilitate test result analysis for improving training contents.

(VII) Composition, duties, and operation of the Remuneration Committee:

1. The Company's Remuneration Committee was established based on the resolution of the board meeting on July 20, 2011. The board resolved to elect three members of the Remuneration Committee in the board meeting on June 19, 2020. Information on members is as follows:

Identity	Name	Criteria	Independence	Number of other public companies in which the member also serves as a member of their remuneration committee
		Professional qualifications and experience		
Convener	Chih-Chen Chou	Holds the positions of Partner in WeTec International CPAs and Director of Leader Electronics, Inc., Sonix Technology, and CoAsia Technology Co., Ltd. Possesses professional qualifications and experience	All the Remuneration Committee members meet any of the following situations: 1. Satisfy the requirements of Article 14-6 of "Securities and Exchange Act" and the requirements of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" (Note) issued by Financial Supervisory Commission. 2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any shares of the Company. 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service".	5
Committee member	Cheng-En Ko	Holds the positions of Chairperson of the Supervisory Committee of Avary Holding, Independent Director of Far Eastern New Century Corp., Independent Director of Everlight Electronics, Remuneration Committee Member of Usun Technology, and Remuneration Committee Member of ATEN International. Possesses professional qualifications and experience.		3
Committee member	Chi-Hsien Lee	Once held the position of Director, Securities and Futures Bureau, Financial Supervisory Commission, Chairman of Taiwan Stock Exchange and Securities and Futures Institute, Chairman, Hua Nan Securities Co., Ltd., and possesses professional qualifications and experience		0

Note: The criteria of independence of each independent director shall include but is not limited to the following: any of independent director or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates; the number and holding of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); Any of independent director serve as a director, supervisor, or employee of any company having a specified relationship with the Company (i.e. in accordance with Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the amount(s) of any compensation or benefits received by the independent director for providing commercial, legal, financial, accounting services or consultation to the Company or any its affiliate within the preceding two years.

2. The "Remuneration Committee Charter" was approved in the board meeting on July 20, 2011, and the Remuneration Committee was established.

The duties of the Remuneration Committee include:

Exercise the care of a good administrator, faithfully fulfill the following functions and powers, and submit the recommendations to the Board of Directors for deliberation. It shall also establish a system of evaluation and regularly review the performance of the Directors, members of the Audit Committee, and managerial officers as well as remuneration policies, systems, standards, and structures. And, periodically evaluate and establish standards for salaries and remuneration for Directors, members of the Audit Committee, and managerial officers.

3. According to regulations of the Company's "Organizational Regulations of the Remuneration Committee", the reasons for convening committee meetings must be specified in the meeting notice and the members of the Committee shall be notified at least seven days before the meeting. The notice may be issued electronically.
4. From 19 June, 2020, the term of the 4th Remuneration Committee shall be the same as the current term of Directors. The Remuneration Committee convened 3 meetings (A) in 2021 and the attendance of the members is as follows:

Title	Name	Attendance in person B	Attendance by proxy	Actual attendance rate (%) B/A	Notes
Convener	Chih-Chen Chou	3	0	100%	
Member	Cheng-En Ko	3	0	100%	
Member	Chi-Hsien Lee	3	0	100%	
Other items that shall be recorded:					
I. If the board meeting does not adopt or revise the remuneration committee's proposals, the board meeting's date, period, motion contents, and resolution decisions as well as the method in which the Company handles the remuneration committee's opinions shall be disclosed in detail: The Company's Directors have fully expressed their opinions in the meeting and they did not fail to adopt or revise the remuneration committee's proposals.					
II. If there are objections or reservations by the members that have been recorded in writing during the remuneration committee resolution, the remuneration committee meeting's date, period, motion content, the opinions of all of the members, and treatment of the member's opinions must be disclosed in detail: Members of the Company's Remuneration Committee have fully expressed their opinions in the meeting and there were no records or written statements of dissenting or qualified opinions.					

(VIII)Key focuses and Operation of the Audit Committee for the year

1. Key focuses of the Audit Committee for the year:
 - (1) Financial statement audit and accounting policies and procedures.
 - (2) Evaluation of the effectiveness of internal control systems.
 - (3) Adoption or amendment of operating procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivative transactions, outward loans to others, and endorsements or guarantees to others.

- (4) Significant assets or derivative transactions.
- (5) Significant outward loans to others and/or endorsements and guarantees to others.
- (6) Transactions of public offering or issuance of equity-type securities.
- (7) Transactions of derivative financial products.
- (8) Legal and regulatory compliance.
- (9) Evaluation of certifying CPAs.
- (10) Evaluation of CPA qualifications and their independence and performance.
- (11) Appointment, dismissal, and remuneration for the certifying CPAs.

2. Review Financial Reports

The Board of Directors has prepared and submitted the 2021 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 Committee has reviewed the business report, consolidated financial statements, and the earnings distribution proposal and did not find any incompliance.

3. Evaluate the effectiveness of internal control systems

The Committee evaluates the internal control policies and procedures of the Company (including financial, operating, risk management, and legal compliance control measures) and reviews the suitability of the Company's audit department and CPAs. The Committee deemed the Company's risk control and internal control systems as effective.

4. The reasons for convening committee meetings must be specified in the meeting notice and the members of the Committee shall be notified at least seven days before the meeting. The notice may be issued electronically.
5. The Company's Audit Committee consists of 3 independent directors. From June 19, 2020, the term of the Audit Committee shall be the same as the current term of Directors. The Audit Committee convened 5 meetings (A) in 2021 and the attendance of all members is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate % (B/A)	Notes
Independent Director	Chih-Cheng Chou	5	0	100%	
Independent Director	Chen-Fu Chien	5	0	100%	
Independent Director	Chi-Hsien Lee	5	0	100%	
Other items that shall be recorded:					
I. None of the following conditions occurred in the operations of the Audit Committee:					
(I) Items listed in Article 14-5 of the Securities and Exchange Act.					
(II) Resolutions approved by two-thirds or more of all directors, but without the approval of the Audit Committee.					
II. When an independent director recuses himself/herself from proposals involving the conflict of interest, the independent director's name, the proposal, cause for the conflict of interest, and the voting shall be specified: The Company had no independent director who recused himself/herself from proposals involving the conflict of interest.					
III. Communications between independent directors and the head of internal audit division and CPAs:					
For the communication policies and records, please refer to the annual report.					

6. Communication Between Independent Directors and Head of Internal Audit Office and CPAs:

(1) Communications between the Audit Committee and CPAs:

With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the Company shall faithfully implement improvement actions in accordance with the Corporate Governance Best Practice Principles. The Company should establish channels and mechanisms of communication between the independent directors, the Audit Committee, and CPAs, and incorporate procedures for that purpose into the Company's internal control system for management purposes.

The Company has established an Audit Committee comprising independent directors. The Audit Committee supervises the fair presentation of the Company's financial reports and the independence of CPAs for the purpose of improving operational efficiency and effectiveness and strengthening interactions with CPAs. The following regulatory matters are communicated:

A. Audit Planning:

In the audit planning phase, CPAs communicate applicable audit plans for the year, including quarterly audits for the year.

B. Audit Implementation:

CPAs report any material irregularity discovered in the audit implementation phase to members of the Audit Committee and discuss the various effects of such irregularity.

C. Audit Completion:

CPAs attend a post-audit meeting and work with the Audit Committee on the disclosure of material items in the report for the year.

D. CPAs meet up with members of the Audit Committee periodically or as needed, and keep in contact with the chairperson of the Audit Committee to discuss new special industry rules, products, and businesses.

With regards to the aforementioned regulatory matters communicated, the Company's Audit Committee and CPAs meet up regularly every year. At the Audit Committee meeting, CPAs discuss the audit/inspection status of the Group's financial reports and internal control inspection situations, and fully communicate any significant influence that major adjusting entries or regulatory amendments have on the Group.

(2) Records of communication between the Audit Committee and CPA from January 1, 2021, to December 31, 2021:

Date	Main Points of Communication	Suggestions and Results
2021.01.12	Verbal Communication: Matters communicated with the governance unit in the 2020 financial report audit planning phase: Detailed description of the audit plan: 1. Audit method, including remote methods of obtaining audit evidence through information technologies. 2. Audit scope and time. 3. Audit team members. 4. Report submission time.	The Audit Committee has been informed and has no other opinions.
2021.03.26	Verbal Communication: 1. CPAs reported the 2020 company business performance and financial analysis. 2. 2020 Audit Report: The type of audit report issued by CPAs, materiality for the current period, major audit	The Audit Committee approved the financial report and presented it to the

Date	Main Points of Communication	Suggestions and Results
	<p>items, material adjusting entries and unadjusted entries, related party transactions, group financial report auditing, fraudulent and non-compliance events, quality of accounting practices, post-event matters, and customer declarations.</p> <ol style="list-style-type: none"> 3. Impact of COVID-19. 4. Verification of CPA independence. 5. CPAs communicated and discussed independent directors' inquiry. 	Board of Directors for approval, and announced and submitted it to the competent authority as scheduled.
2021.05.07	<p>Verbal Communication:</p> <ol style="list-style-type: none"> 1. CPAs participated in the discussion of Q1 2021 Financial Statements. 2. CPAs communicated and discussed independent directors' inquiry. 	The Audit Committee approved the financial report and presented it to the Board of Directors for approval, and announced and submitted it to the competent authority as scheduled.
2021.07.08	<p>Written Communication:</p> <p>Matters communicated with the governance unit in the 2021 (first half of the year and the entire year) financial report audit planning phase:</p> <ol style="list-style-type: none"> 1. Communication Plan: Annual audit planning and annual audit conclusion. 2. Role and responsibilities of the principal auditor. 3. Auditing plan: Audit methods, scope and time, audit team members, and report presentation schedule. 4. CPA Independence. 	The Audit Committee has been informed and has no other opinions.
2021.08.24	<p>Verbal Communication:</p> <ol style="list-style-type: none"> 1. CPAs reported the company business performance and financial analysis for the first half of 2021. 2. Audit Report for the first half of 2021: The type of audit report issued by CPAs, materiality for the current period, major audit items, material adjusting entries and unadjusted entries, related party transactions, group financial report auditing, fraudulent and non-compliance events, quality of accounting practices, post-event matters, and customer declarations. 3. Impact of COVID-19. 4. Verification of CPA independence. 5. CPAs communicated and discussed independent directors' inquiry. 	The Audit Committee approved the financial report and presented it to the Board of Directors for approval, and announced and submitted it to the competent authority as scheduled.
2021.11.11	<p>Verbal Communication:</p> <ol style="list-style-type: none"> 1. CPAs participated in the discussion of Q3 2021 Financial Statements. 2. CPAs communicated and discussed independent directors' inquiry. 	The Audit Committee approved the financial report and presented it to the Board of Directors for approval, and announced and submitted it to the competent

Date	Main Points of Communication	Suggestions and Results
		authority as scheduled.
2022.3.9	Verbal Communication: <ol style="list-style-type: none"> 1. CPAs reported the 2021 company business performance and financial analysis. 2. 2021 Audit Report: The type of audit report issued by CPAs, materiality for the current period, major audit items, material adjusting entries and unadjusted entries, related party transactions, group financial report auditing, fraudulent and non-compliance events, quality of accounting practices, post-event matters, and customer declarations. 3. Impact of remote auditing. 4. Verification of CPA independence. 5. CPAs communicated and discussed independent directors' inquiry. 	The Audit Committee approved the financial report and presented it to the Board of Directors for approval, and announced and submitted it to the competent authority as scheduled.

(3) Communication Policy for Audit Committee Members and Head of Audit Office

Apart from sending monthly audit reports to the independent directors for review, the communication methods between the internal audit department and independent directors also includes the report related to the future development planning and important discoveries of audits, submitted to the Audit Committee and Board of Directors by the internal audit supervisor. The internal audit supervisor shall conduct audit reporting and discussion with the Audit Committee members at least once every quarter. To strengthen interactions among internal auditors, the audit supervisor and independent directors shall meet up regularly at least once every year to present reports and conduct discussions on the Company's internal audit implementation status and internal control operations in one on one meetings. When material violations or concerns involving material impairment to Company are found by internal audit personnel upon investigation, the information shall be immediately prepared into a report and reported to the Board of Directors and Audit Committee.

(4) Records of Communication between the Audit Committee and Head of Audit Office

Date	Main Points of Communication	Guidance comments
2021.03.30	Implementation results of the audit plan for the fourth quarter of 2020 and improvements to defect tracking.	The Audit Committee has no opinions on this report.
2021.05.07	Implementation results of the audit plan for the first quarter of 2021 and improvements to defect tracking.	The Audit Committee has no opinions on this report.
2021.08.18	The internal audit implementation status, material matters of the Group, and applicability of new laws in the first half of 2021.	Independent director suggestions: Derivative financial products shall be handled by the senior manager authorized by the Board of Directors according to the regulations for acquisition and disposal. The response and handling status shall be reported to the Board of Directors: Response and handling status:

Date	Main Points of Communication	Guidance comments
		1. The matter has been handled according to the rules of derivatives trading in chapter 4 of the acquisition and disposal regulations 2. The financial department has reported the matter during the Board of Directors' meeting on August 30, 2021
2021.08.30	Implementation results of the audit plan for the second quarter of 2021 and improvements to defect tracking.	The Audit Committee has no opinions on this report.
2021.11.11	Implementation results of the audit plan for the third quarter of 2021 and improvements to defect tracking.	The Audit Committee has no opinions on this report.
2021.03.16	Implementation results of the audit plan for the fourth quarter of 2021 and improvements to defect tracking.	The Audit Committee has no opinions on this report.

(IX) Profile of Nomination Committee members and information on the operating status

1. Describe the qualifications for appointment and the duties of the Nomination Committee members
 - (1) Qualifications for appointment: The Committee reports to the Board of Directors. It is composed of at least 3 directors, with independent directors accounting for over half of the members, chosen by the Board of Directors. The term of the Audit Committee shall be the same as the term of the Board of Directors, which shall be 3 years in principle.
 - (2) Responsibilities: Stipulate the professional knowledge, skills, experience, and other diverse backgrounds and independence standards required for directors. Based on these requirements, it seeks, reviews and nominates director candidates, and submits the suggestions to the Board of Directors for discussion.
2. Main expertise, experience, and operating status of the Nomination Committee members
 - (1) The Company established the Nomination Committee on December 28, 2021. The Committee is composed of 3 members (including 2 independent directors).
 - (2) Current term of office: From December 28 2021 to June 18, 2023, or from the establishment of the Nomination Committee, there have been no meeting records.
 - (3) Main expertise and experience of committee members:

No.	Title	Name	Main expertise and experience
1	Convener	Chairman Chang-Fang Shen	Main expertise: Business management, finance, leadership and decision making Experience: Once held the positions of General Manager, Unicap Electronics Industrial Corp., Executive Vice President, Pacific Securities, and Vice President of Underwriting, Asia Securities. Possesses professional qualifications and experience.
2	Committee member	Independent Director Chih-Chen	Main expertise: Accounting, auditing, corporate governance, and risk management Experience: Holds the positions of Partner in WeTec

No.	Title	Name	Main expertise and experience
		Chou	International CPAs and Director of Leader Electronics, Inc., Sonix Technology, and CoAsia Technology Co., Ltd. Possesses professional qualifications and experience.
3	Committee member	Independent Director Chen-Fu Chien	Main expertise: Information technology, smart manufacturing, and circular economy Experience: Once held the position of independent director, BoardTek Electronics Corp. Currently holds the position of director, Uniflex Technology Inc., and possesses professional qualifications and experience.

- (4) The Nomination Committee aims to improve the effectiveness of the Board of Directors. Its main responsibilities are to recommend suitable candidates and put forward a list of director candidates to the Board of Directors. The candidates' qualifications, educational background and whether they satisfy any of the conditions listed in Article 30 of the Company Act of the place where the Company is listed will be reviewed first. The review results and the reference list of candidates are submitted to the Board of Directors. After the Board of Directors has approved the list, it will be provided as reference to the Shareholders' Meeting to elect suitable directors.

(X) Profile of Sustainable Development Committee members and information on the operating status

1. Describe the qualifications for appointment and the duties of the Sustainable Development Committee members
 - (1) Qualifications for appointment: The Committee reports to the Board of Directors. It is composed of at least 3 directors, with independent directors accounting for over half of the members, chosen by the Board of Directors. The term of the Audit Committee shall be the same as the term of the Board of Directors, which shall be 3 years in principle.
 - (2) The Committee assists the Board of Directors in the continued implementation of corporate sustainable management and improvement of corporate governance, in order to implement sustainable management. The duties of the Committee are as follows:
 - A. Stipulate the corporate social responsibilities and sustainable development directions and goals. Formulate related management approaches and specific implementation plans.
 - B. Promote and implement corporate ethical management and risk management.
 - C. Tracking, review, and revision of the implementation status and results of corporate sustainable developments.
 - D. Other matter to be handled by the Committee according to Board of Directors' resolutions.
2. Main expertise, experience, and operating status of the Sustainable Development Committee members
 - (1) The Company established the Sustainable Committee on December 28, 2021. The Committee is composed of 3 members (including 2 independent directors).
 - (2) Current term of office: From December 28 2021 to June 18, 2023, or from the establishment of the Sustainable Development Committee, there have been no meeting records.
 - (3) Main expertise and experience of committee members:

No.	Title	Name	Main expertise and experience
1	Convener	Chairman Chang-Fang Shen	Main expertise: Business management, finance, leadership and decision making Experience: Once held the positions of General Manager, Unicap Electronics Industrial Corp., Executive Vice President, Pacific Securities, and Vice President of Underwriting, Asia Securities. Possesses professional qualifications and experience.
2	Committee member	Independent Director Chih-Chen Chou	Main expertise: Accounting, auditing, corporate governance, and risk management Experience: Holds the positions of Partner in WeTec International CPAs and Director of Leader Electronics, Inc., Sonix Technology, and CoAsia Technology Co., Ltd. Possesses professional qualifications and experience.
3	Committee member	Independent Director Chen-Fu Chien	Main expertise: Information technology, smart manufacturing, and circular economy Experience: Once held the position of independent director, BoardTek Electronics Corp. Currently holds the position of director, Uniflex Technology Inc., and possesses professional qualifications and experience.

(XI) Promotion status of sustainable development and discrepancy with industry standards in sustainable development practices and reasons

Assessment Items	Implementation Status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
I. Does the Company have a governance structure for promoting sustainable developments and exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing sustainable development, and let the Board of Directors entrust the high-ranking management with the implementation and supervise the status?	✓		<p>I. The Sustainable Development Committee reports to the Board of Directors and has established 4 major implementation teams: Sustainable Governance Team, Green Product Team, Environment and Energy Conservation Team, and Social Inclusion Team. The Corporate Governance and Investor Relations Division is responsible for the promotion of corporate sustainable developments, and for the preparation of the corporate sustainability report.</p> <p>II. The implementation statuses of the organizations within the Company include, but are not limited to:</p> <p>(I) The Sustainable Development Committee was established on December 28, 2021 and the Corporate Governance and Investor Relations Division shall act as the responsible unit for promotion. The execution of tasks relating to resolutions adopted by the Committee may be delegated to the convener or other Committee members for follow-up, with a written or verbal report to be presented to the Committee during the implementation period. When necessary, the matter shall be presented for ratification or a report made at the next meeting of the Committee.</p> <p>(II) Report the implementation status of the current year to the Board of Directors at least once a year. The reporting date to the Board of Directors for 2021 was June 15.</p>	No discrepancies

Assessment Items	Implementation Status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
			<p>III. Sustainable development supervision status of the Board of Directors:</p> <p>(I) Each implementation team shall provide their annual plan and implementation status to the corporate governance unit every year.</p> <p>(II) Each implementation team shall convene an implementation meeting each quarter to discuss the latest developments and future direction of related matters. The meeting minutes and related information shall be compiled and provided to the Corporate Governance and Investor Relations Division within 20 days of the end of the quarter.</p> <p>(III) Resolutions of the Committee shall be divided according to the division of duties amongst the organization and implemented by appropriate units.</p> <p>(IV) The Corporate Governance and Investor Relations Division is responsible for the following matters:</p> <ol style="list-style-type: none"> 1. Responsible for the meeting agenda, meeting minutes, follow up on resolutions, and attendance data and sign in. 2. Collect and compile the meeting minutes and implementation results of each implementation center, and compile the information for discussion. 3. Facilitating communication and coordination between various promotion units and integration of related activities. 4. Other matters that assist the Committee to fulfill its duties. 5. Responsible for the formulation and 	

Assessment Items	Implementation Status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
			compilation of the structure of the sustainability report. Relevant departments and implementation teams should provide relevant information to the compilation team. Please refer to Other in the annual report for more information.	
II. Does the Company conduct risk assessment of environment, society, and corporate governance issues related to company operations, and establish applicable risk management policy or strategy in accordance with principles of materiality?	✓		The Company's risk management policy is to uphold corporate sustainable development ideals, introduce international trends, and actively promote and strengthen the Company's sustainable management, in order to lower the potential risks from operations. The Company stipulated the "Risk Management Policy" through the Board of Directors' resolution on December 28, 2021. The Policy is to be used for reference during the formulation of business strategies, in order to ensure the long-term stable development of the Company's business and overall operations. Please refer to Other in the annual report for more information.	No discrepancies
III. Environmental Issues (I) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		(I) Because the Company is part of the PCB industry, we introduced ISO14001 Environmental Management System, ISO50001 Energy Resource Management System, ISO14064-1 Greenhouse Gas Audit, etc. The obtainment rate of certifications was 100%. We implemented wastewater and sewage management system at production sites and we also established comprehensive exhaust gas management regulations and implemented waste management projects throughout the process to minimize the	No discrepancies

Assessment Items	Implementation Status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
			impact of wastewater, exhaust gas, and waste on the environment. In addition, the procurement departments conduct environmental protection and energy conservation evaluation when purchasing equipment to learn about water/electricity consumption, greenhouse gas emissions, and pollutant emissions. For the major plants that have received environmental management system certification, please refer to Other in the annual report for more information.	
(II) Does the Company endeavor to improve energy usage efficiency and use renewable materials which have a low impact on the environment?	✓		(II) The Company introduced innovative energy-saving technologies. It is committed to increasing the efficiency of the use of various resources and using renewable materials with lower impact on the environment. The resource recycling rate of waste in 2021 was 93%. Recycled pure copper amounted to 5,624 tons and we will continue to introduce other green circular economy projects such as electrolysis, conservation of various resources, and energy reduction methods. Please refer to the annual report for more information.	No discrepancies
(III) Does the Company evaluate potential risks and opportunities brought by climate change, and take response measures to climate-related issues?	✓		(III) The company assessed the current and future potential risks and opportunities of climate change for the company and took the following measures to address climate-related issues: 1. Purchased, used, and established preventive equipment. 2. Carried out prevention plans; and 3. Modified product designs and manufacturing	No discrepancies

Assessment Items	Implementation Status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
(IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon reduction, greenhouse gas reduction, water reduction, or waste management?	✓		<p>processes.</p> <p>4. Preventative measures for climate risks, such as storms, droughts, high temperatures, extreme cold, and other extreme weather.</p> <p>5. Deployment of renewable energies.</p> <p>6. Continued introduction of high energy efficiency equipment and advanced energy conservation technologies.</p> <p>7. Forest conservation and ecological protection. (Please refer to Other in the annual report for more information)</p> <p>(IV) The Company actively promoted a series of energy conservation and carbon emissions reduction measures to reduce greenhouse gas emissions:</p> <p>1. The production departments and other peripheral units shall establish energy and water conservation targets based on actual water and electricity consumption.</p> <p>2. The various sites continue to implement ISO14064 certification of its fabs each year to control the carbon emissions status more accurately. We establish reduction strategies based on business activities to respond to the impact of climate change on operations. In addition, we continue to request our main suppliers to obtain environmental management system certification to create a green supply chain and promote environmental protection ideals.</p>	No discrepancies

Assessment Items	Implementation Status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
			<p>3. The Company was rated B in the 2021 CDP climate and water questionnaire, which was higher than the average score in Asia and the industry. We shall continue to advance green upgrade and reforms and accelerate our efforts on becoming a company dedicated to the circular economy and green development.</p> <p>4. The Company continues to refine our management system. We were the first in the industry to introduce and pass Alliance for Water Stewardship (AWS) platinum certification. In 2021, all ZDT plants in China passed AWS platinum certification.</p> <p>5. In order to promote the recycling of waste, we continue to increase the waste recycling ratio. We have banned landfilling to protect the natural environment. We were the first to introduce UL Certification for zero-landfill in waste processing (ZWP). In 2021, all plants in China passed ZWP platinum certification. (Please refer to Other in the annual report for more information)</p>	
<p>IV. Social Issues</p> <p>(I) Does the Company comply with relevant laws and regulations and internationally recognized covenants on human rights, and have related management policies and procedures in place?</p>	✓		<p>(I) 1. The Company also actively joined the international non-profit organization, Business for Social Responsibility (BSR) in 2021. Self-evaluation of human rights was conducted internally by the Company. The Company is dedicated to realizing its educational and social responsibilities, identifying potential risks, and</p>	No discrepancies

Assessment Items	Implementation Status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
			<p>completing alleviation and compensation measures, in order to further provide protections for employee labor and human rights. To mitigate human rights risks and ensure that the work environment, labor health and safety, and compliance with relevant laws and regulations are maintained during the work process, the Company stipulates related management policies and conducts human rights protection-related training and promotion for employees in accordance with the concept corporate sustainable development.</p> <p>2. The training and promotion of the Company are mainly conducted through online and offline courses, announcements, communication channels, posters, SER policy card promotion, and promotion meetings. 100% of employees have completed human rights-related training in 2021. Related education and training will continue to be promoted to raise awareness on human rights protection. (Please refer to Other in the annual report for more information).</p>	
(II) Does the company formulate and implement reasonable employee benefits measures (including compensation, leave, and other benefits), and appropriately reflect its business performance or achievement in employee compensation?	✓		(II) The Company declared a reasonable salary compensation policy, and integrates the employee performance evaluation system with its corporate social responsibility policy. We also established an effective reward and disciplinary system, a performance evaluation system, and promotion and salary adjustment system for implementation. We	No discrepancies

Assessment Items	Implementation Status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
			appropriately reflected our business performance or achievement in employees' compensation (please refer to Other in the annual report for more information).	
(III) Does the Company provide its employees with safe and healthy workplaces, and organize training on safety and health for its employees on a regular basis?	✓		(III) The Company promotes the 8S principles with the aim of providing employees with a clean environment. The Company implements fire drills every six months and access controls to ensure employees' safety. In addition, the Company organizes annual health examination for employees and provide safety and health education for employees. Occupational safety units also review the work environment every month to provide employees with the safest environment for operations. There were no cases of occupational injuries in 2021. (Please refer to Other in the annual report for more information)	No discrepancies
(IV) Does the Company offer its employees effective occupational empowerment training programs?	✓		(IV) The Company upholds a people-oriented corporate philosophy and values each employee's value for growth to provide education based on their talents. We also actively establish diverse development and training programs for each employee to learn from different disciplines, make full use of their skills, and achieve their dreams to become the key for the Company's continued growth. The Company's education and training include training for new employees, quality management training, professional skills training, management skills	No discrepancies

Assessment Items	Implementation Status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
(V) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and has it established relevant consumer or customer protection policies and grievance procedures?	✓		<p>training, language skills training, online learning, and self-development training. Mini MBA management courses were introduced to improve the core competencies of managers at different levels. ZDT aims to provide systematic support for managers at all levels and training for different management functions. (Please refer to Other in the annual report for more information)</p> <p>(V) The Company takes responsibility for their products and services, and takes marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the Company ensures the transparency and safety of its products and services. It establishes and discloses policies for consumer rights and interests and enforces them in the course of business operations to prevent the products or services from adversely impacting the rights, interests, health, and safety of consumers (please refer to Other in the annual report for more information).</p>	No discrepancies
(VI) Does the Company formulate supplier management policies and request its suppliers to comply with applicable regulations regarding environmental protection, occupational safety and health or labor rights and to describe their implementation status?	✓		<p>(VI) 1. The Company has established a complete supply chain management system and set up a department in charge of supplier management. By using the Supplier (Contractor) Management System, we systematically and comprehensively manage the quality, delivery, service, and prices of goods supplied. The</p>	No discrepancies

Assessment Items	Implementation Status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
			<p>Company also established the Supplier Social Responsibility Management Regulations, Supplier Conflict Minerals Management Regulations, and other regulatory documents to conduct integrity, honesty, and supplier social responsibility management training for internal procurement staff, extending our social responsibility ideals to the supply chain and establish partnerships with suppliers for joint management. We require companies to adhere and commit to such regulations and ensure that all of their operations meet the applicable environmental laws, labor laws, and international corporate social responsibility regulations. We have requested suppliers to provide a Letter of Commitment before working with them. The Letter covers ethical conduct, human rights, and environmental aspects, as well as provisions that state that agreements shall be terminated or canceled when suppliers violate corporate social responsibility policies to an extent that poses significant impact on the environment and society. In 2021, 100% of our suppliers have signed this Letter.</p> <p>2. The Company's contracts with primary suppliers contain immediate termination clause for cases where the supplier violates corporate social responsibility and poses significant impacts to the environment and the society.</p>	

Assessment Items	Implementation Status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
V. Does the Company adopt internationally widely recognized standards or guidelines when producing sustainability reports and reports disclosing the Company's non-financial information? Does the company obtain a third-party assurance or verification for such reports?	✓		The company's CSR report has obtained a limited assurance report issued by PricewaterhouseCoopers Taiwan on the selected subject matter information in accordance with the Assurance Standard No. 1 "Assurance Engagement of Examinations or Audits of Non-Historical Financial Information" of the Republic of China Accounting Research and Development Foundation, which is based on the International Standard on Assurance Engagement ISAE 3000, CDP, TCFD, and RBA Code of Conduct. The sustainable development performance results are disclosed in the report and sustainability section of the website each year.	No discrepancies
VI. If the Company has established sustainable development principles based on Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the principles and their implementation: The Company has established the "Sustainable Development Best Practice Principles", formulated related policies, and regularly reviews results. There are no deviations between actual operations and the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".				
VII. Other key information useful for understanding the status of sustainable development implementation: (I) For information on the Company's systems and measures and implementation status with respect to environmental protection, community involvement, social contribution, social service, public interest, safety and health, and other social responsibility activities, please refer to the Company's website, http://www.zdtco.com/index/index.asp , and related content in the Annual Report. (II) The Company has received the following certifications: ISO9001, ISO14001, ISO45001, QC080000, ISO14064, IATF16949, ISO50001, ISO27001, ESD, ISO22301.				

(XII) Implementation of Ethical Corporate Management

Assessment Items	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
I. Establishment of ethical corporate management policies and solutions				
(I) Does the Company formulate ethical corporate management policies that have been approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board of Directors and management team to implementing policies?	✓		(I) The Company has established the "Ethical Corporate Management Best Practice Principles", "Ethical Corporate Management Operating Procedures and Code of Conduct", and "Code of Ethical Conduct", which have been approved by the Board of Directors and details the specific content of ethical management, in order to implement ethical management policies. The Company's external standard contract documents require the counterparty of transactions to comply with ethical management policies. The Board of Directors and senior management are actively implementing the ethical management policies. The policies shall be implemented in the Company's internal management and business activities, including employment conditions requiring employees to comply with ethical management policies.	No discrepancies
(II) Does the company establish a mechanism for assessing the risk of unethical conduct, regularly analyze and evaluate business operations at a relatively high risk of unethical conduct, and accordingly formulate solutions to prevent unethical conducts, which covers at least preventive measures against conducts as indicated in Article 7 Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	✓		(II) The Company has listed unethical behavior related to the "Code of Ethical Conduct" in the "Ethical Corporate Management Operating Procedures and Code of Conduct". Risk assessment measures have been formulated, including: Collect information through interviews, email tracking by the information unit, and other methods, identify higher risks through regular analyses and evaluations, and assist in the audit mechanism of the internal audit unit, in order to stipulate measures against unethical behavior, such as bribery, providing illegal political contributions or gains, infringing intellectual property rights, unfair competition, etc. The Company must comply with laws and regulations when engaging in any activity. Before information is officially disclosed, participants must sign a	No discrepancies

Assessment Items	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
(III) Does the Company have any measures against unethical conducts? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions and complaint systems? Does the company implement and regularly review and revise such measures?	✓		<p>confidentiality agreement and shall not disclose any important internal information of the Company to others. Information security is also rigorously controlled and protected. (Please refer to Other in the annual report for more information)</p> <p>(III) The Company abides by the "Ethical Corporate Management Operating Procedures and Code of Conduct" and the "Anti-Corruption Policies" to evaluate the legal compliance and unethical conduct records of its agents, suppliers, customers, or other transaction counterparties before conducting business transactions to prevent transactions with companies that have records of unethical conduct. The reporting of any illegal or unethical conduct shall be encouraged and the importance of ethical conduct shall be regularly promoted to directors and employees.</p>	No discrepancies
II. Implementation of ethical management (I) Dose the Company evaluate the integrity records of its business partners, and specify ethical-related clauses in business contracts?	✓		(I) The Company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties before conducting business and whether any of them have a history of unethical conduct, and shall avoid any dealings with persons so involved. When entering into contracts others, the Company includes in such contracts terms requiring compliance with ethical management policies. In the event that the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts, ensuring the compliance of others with the Company's ethical management policies.	No discrepancies
(II) Does the Company establish a dedicated unit supervised by the Board, to be in charge of corporate integrity, report its integrity policy and unethical conduct prevention solutions as	✓		(II) The Company's Human Resources Division, Legal Affairs Division, and Corporate Governance and Investor Relations Division jointly formed the "Ethical Corporate Management Work Group" under the Board of Directors. The Chairperson's	No discrepancies

Assessment Items	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
well as supervision implementation status to the Board of Directors on a regular basis?			<p>Office is responsible for the establishment, supervision, and execution of ethical corporate management policies and prevention solutions. It was reported to the Board of Directors on June 15, 2021. The implementation status of ethical management in the current year is as follows</p> <ol style="list-style-type: none"> 1. For the stipulation and review of ethical management related policies, the Company has established the "Corporate Management Best Practice Principles", "Code of Ethical Conduct", "Ethical Corporate Management Operating Procedures and Code of Conduct", and "Anti-Corruption Policies", which clearly stipulates that no improper gains shall be accepted and there should be no unethical or unlawful behavior. The above-mentioned internal regulations are reviewed, adjusted and revised from time to time with reference to changes in external regulations and the implementation of internal supervision. 2. The internal and external promotion of the Company's "Corporate Management Best Practice Principles", "Code of Ethical Conduct", "Ethical Corporate Management Operating Procedures and Code of Conduct", "Anti-Corruption Policies", and relevant important policies have been announced on the Company's website and internal network for external parties or internal employees to view at any time. The content of the standard contract signed with the business transaction partner also contains the relevant clauses for compliance with the ethical management behaviors. 3. Whistleblowing channel, handling, and whistleblower protection The Company has established and publicly announced an independent mailbox (zdt-report@zdtco.com) and hotline (03-3835678) for Company insiders and outsiders to submit complaints. 	

Assessment Items	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
			The Company permits anonymous reporting and will keep the whistleblower's identity and contents of the report confidential, and protects the whistleblower from any retaliation. The responsible unit shall verify and handle the report. Anyone who violates the ethical management regulations will be dealt with appropriately according to the seriousness of the circumstances, and should be reported to the competent authority or transferred to the judicial authority for investigation if necessary. The handling method and subsequent review and improvements shall be reported to the Board of Directors.	
(III) Does the Company have policies that help prevent against conflict of interests and appropriate channels for filing related complaints in place and precisely enforce them?	✓		<p>(III) The Company has stipulated policies that help prevent against conflict of interests, provided appropriate channels for filing related complaints, and precisely enforces them. The description is as follows:</p> <ol style="list-style-type: none"> 1. The Company's "Code of Ethical Conduct" stipulates that personnel should handle business in an objective and efficient manner, and avoid using their positions to obtain improper gains for themselves, others, or other companies. The conflict of interest policy is to prevent conflicts of interest. In addition, the "Ethical Corporate Management Operating Procedures and Code of Conduct" specify in detail how stakeholders should avoid conflicts of interest with respect to various proposals of the Board of Directors. 2. Information shall be reported to the department head if involving general employees and to an independent director or Audit Committee if involving a director or a senior executive. When material violations or concerns involving material impairment to Company come to their awareness upon investigation, information shall be immediately prepared into a report and the independent directors or Audit Committee shall be informed in writing. 	No discrepancies

Assessment Items	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
(IV) Has the Company implemented effective accounting and internal control systems for the purpose of maintaining business integrity? Does the internal audit unit establish applicable audit plans based on the results of unethical conduct risk assessment, and use the plans to audit unethical conduct prevention solutions or engage a CPA to carry out the audit?	✓		(IV) The Company has established the accounting system and internal control system, and implements the systems. The internal audit personnel shall establish applicable audit plans, which include the audit target, scope, items, and frequency, based on the results of unethical conduct risk assessment, and use the plans to audit unethical conduct prevention solutions. The audit results shall be presented to top management and the dedicated ethical corporate management unit and shall be produced into an audit report for the Board of Directors. In addition, in order to ensure the continuous and effective design and implementation of the system, the Company conducts annual inspections and revisions to establish good corporate governance and risk control mechanisms as the basis for evaluating the effectiveness of the overall internal control system and issuing internal control system declarations.	No discrepancies
(V) Does the Company organize internal and external educational trainings periodically to help enforce honest operations?	✓		(V) The Company has organized 2,248 related internal and external courses on ethical management (including new employee training, quality management training, professional skill training, management talent training, ethical corporate management regulations, ethical conduct, material internal information, food safety and health management, accounting system, internal control system, and insider trading) in 2021 with more than 1,042,118 participants in these courses. Among which, 100% of employees have completed confidentiality and integrity education and training by passing the examination.	No discrepancies

Assessment Items	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
III. Implementation status of the Company's reporting system				
(I) Does the Company have a substantial reporting and reward system as well as a convenient reporting channel in place with appropriate personnel to be assigned to assist the party being reported on?	✓		(I) The Company has indicated in its Ethical Corporate Management Operating Procedures and Code of Conduct the need to establish a reward/punishment system with a convenient and independent mailbox and hotline. We have also appointed dedicated units and personnel to take charge of investigations. The identity of the whistleblower and contents of the report are kept confidential, and the whistleblower is protected from inappropriate actions due to whistleblowing.	No discrepancies
(II) Has the Company established standard operating procedures for investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measure system?	✓		(II) 1. The Company indicated in its Ethical Corporate Management Operating Procedures and Code of Conduct the standard operating procedures for reported matters and the need to keep records of accepted cases, investigation process, investigation results, and related documents. 2. With respect to a confirmed report, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence. 3. The Company's dedicated unit shall report the whistleblowing case, actions taken, and subsequent reviews and corrective measures to the Board of Directors.	No discrepancies
(III) Has the Company provided proper whistleblower protection?	✓		(III) The Company handles the reporting cases in a confidential manner, and makes every effort to protect the whistleblower, whose identity will be kept strictly confidential, and will not be improperly handled due to the reporting situation. The personnel handling the report shall also issue a written statement declaring that the identity of the whistleblower and the contents of the report shall be kept confidential.	No discrepancies

Assessment Items	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
IV. Enhance information disclosure (I) Has the Company disclosed its integrity principles and progress onto its website and MOPS?	✓		(I) The Company fully discloses corporate governance information such as financial information, stock prices and dividends, organizational structure, and the Company's results in operations in quarterly reports, annual reports, and the Company's website to truthfully reflect the performance of business operations and allow stakeholders to obtain information on the Company's operations in a timely manner.	No discrepancies
V. If the Company has established Ethical Corporate Management Principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the principles and their implementation: No discrepancies between the two.				
VI. Other key information useful for explaining status of ethical management practices: (Such as the Company's review and revision of its Corporate Management Best Practice Principles): Please refer to the Company's website and Annual Report for related information.				

(XIII) If the Company has established corporate governance principles and related guidelines, the means of accessing this information should be disclosed:

The Company has disclosed the "Corporate Governance Best Practice Principles" and other related regulations on MOPS, the Company's website (<https://www.zdtco.com>) and, and in the Annual Report. The Company also operates and implements related corporate governance regulations in accordance with corporate governance principles.

(XIV) Other Important Information that Facilitates a Better Understanding of the Company's Corporate Governance Activities: Please refer to the following information, the Company's website (<https://www.zdtco.com>), and related contents in the Annual Report.

1. Management's Profession Enhancement Status (i.e. Corporate Governance related Training)

Title	Name	Date	Host By	Course Title	Hours
President	Ting-Chuan Li	2021.11.11	Taiwan Corporate Governance Association	The latest developments and measures for tax avoidance prevention in China and Taiwan (part 1) (part 2)	6 hours
Financial supervisor	Yuan-Shen Wang	2021.11.11	Taiwan Corporate Governance Association	The latest developments and measures for tax avoidance prevention in China and Taiwan (part 1) (part 2)	6 hours
Accounting Manager	Chin-Teng Chang	2021.11.11	Taiwan Corporate Governance Association	The latest developments and measures for tax avoidance prevention in China and Taiwan (part 1) (part 2)	6 hours
Corporate Governance Supervisor	Tun Ling	2021.11.11	Taiwan Corporate Governance Association	The latest developments and measures for tax avoidance prevention in China and Taiwan (part 1) (part 2)	6 hours
		2021.09.25 2021.10.29	Taiwan Corporate Governance Association	Corporate governance training course	18 hours
Audit supervisor	Ching-Rong Yen	2021.9.8~10	The Institute of Internal Auditors, R.O.C.	Orientation training course for newly appointed internal audit personnel of the Company	18 hours
		2021.11.11	Taiwan Corporate Governance Association	The latest developments and measures for tax avoidance prevention in China and Taiwan (part 1) (part 2)	6 hours

2. Licenses held by personnel involved in the transparency of financial information (e.g. internal auditors and finance and accounting personnel):

Certification	Number of people
Certified Public Accountant of the Republic of China (CPA)	6
Certified Public Accountant of the United States (US CPA)	1
Certified Securities Investment Analyst (CSIA)	1
International Certified Internal Auditor (CIA)	2

3. Employee Code of Conduct

The Company has established the "Employee Code of Conduct", "Code of Ethical Conduct", "Procedures for Handling Material Information", and related regulations for compliance by all employees in order to establish good conduct for employees, encourage compliance with ethical standards, and provide employees with a deeper understanding of the Company's moral standards. The "Employee Code of Conduct" is described as follows:

- (1) New employee guide: The guide allows new employees to quickly learn about the Company's environment and operations of related attendance systems after reporting for duties.

- (2) Employee Handbook: The Work Rules are specified in the Employee Handbook as well as the Ding Sheng e-learning platform for employees' reference and compliance to protect their rights and interests. The main chapters contain the following items:

Item	Description	Item	Description
A	Working hours, leave, and holidays	J	Business travel
B	Extended unpaid leave and reinstatement	K	Discharge, layoff, and resignation
C	Attendance management	L	Retirement
D	Salary	M	Occupational injuries, illnesses, and compensation
E	Overtime work	N	Industrial safety and sanitation
F	Rewards and penalties	O	Communication between labor and management
G	Performance evaluation	P	Sexual harassment prevention
H	Benefits	Q	Confidentiality regulations, etc.
I	Education and training		

- (3) Employment Agreement: The Agreement specifies terms the employee must abide by after negotiations between labor and management to protect the interests of both parties. The main terms are as follows

Item	Description	Item	Description
A	Terms of services	F	Information security
B	Intellectual property right ownership	G	Integrity and self-disciplinary clause
C	Non-infringement guarantee	H	Non-compete clause
D	Confidentiality	I	Avoidance of conflicts of interest, etc.
E	External communication		

4. Code of Ethical Conduct

Article 1 Purpose and basis for adoption

The Code is enacted in accordance with the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies" to establish good models of conduct for the Company for the compliance of ethical standards as well as to allow all stakeholders of the Company to gain a deeper understanding of the Company's ethical business conduct regulations and abide by them.

Article 2 The Code includes the follows eight items

(1) Prevention of conflicts of interest:

Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall Gains of the Company. As an example, when a director, supervisor, or person officer of the Company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the Company to obtain improper benefits for either themselves, their spouse, or relatives within the second degree of kinship. The Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving affiliated companies at which the aforementioned individuals work. The Company shall prevent conflicts of interest and provide suitable channels for Directors and managerial officers to explain any potential conflict of interest with the Company.

(2) Minimizing incentives to pursue personal gain:

The Company shall prevent Directors and managerial officers from taking the following actions:

- 1) Seeking an opportunity to pursue personal gain by using the Company property or information or taking advantage of their positions.
- 2) Obtaining personal gain by using company property or information or taking advantage of their positions;
- 3) Competing with the Company. When the Company has an opportunity for profit, it is the responsibility of the Directors and managerial officers to maximize the reasonable and proper benefits that can be obtained by the Company.

(3) Duty of confidentiality:

The Directors and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.

(4) Fair transactions:

Directors and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of

the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

(5) Protection and proper use of company assets:

All Directors and managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the Company's profitability.

(6) Legal compliance:

In addition to enhancing the internal staff's legal compliance to the Securities and Exchange Act and other regulations, the Company has established the "Business Ethical Conduct Principles" to regulate the conduct all employees of the Company.

(7) Encouraging reporting on illegal or unethical activities:

The Company shall raise awareness of ethics and encourage employees to report to the Board of Directors, managerial officer, chief internal auditor, or other appropriate individuals upon suspicion or discovery of any activity in violation of a law or regulation or the Code of Ethical Conduct. To encourage employees to report illegal conduct, the Company has established a concrete whistle-blowing system for anonymous reporting and informed employees that the Company will use its best efforts to ensure the safety of whistleblowers and protect them from reprisals.

(8) Disciplinary measures:

When a Director or managerial officer violates the code of ethical conduct, the Company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall disclose in time on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. The Company also established a relevant complaint system to provide the violator with remedies.

Article 3 Procedures for exemption

The exemption of a Director or managerial officer of the Company from compliance with the Company's Code of Ethical Conduct shall require a resolution by the Board of Directors and the information on the date on which the Board of Directors adopted the resolution for exemption, the period of the exemption, Independent Directors' objections or qualified opinions, reasons for the exemption, and principles behind the application of the exemption shall be disclosed on MOPS within two days.

Article 4 Method of disclosure

The Code shall be disclosed on the Company's annual report, prospectus, and MOPS. The same shall apply to any revision.

Article 5 Implementation

The Code shall be delivered to the Audit Committee for discussion and submitted to the Board of Directors for approval before implementation. The same shall apply to any revision.

7. Ethical Corporate Management Best Practice Principles

- Article 1 (Objective and scope of application)
- Zhen Ding Technology Holding Limited and all subsidiaries (hereinafter referred to as the Company) established the Principles to foster a corporate culture of ethical management and sound development.
- This Principle is applicable to the business groups and organizations of the Company, which comprise its subsidiaries, any affiliate companies to which the Company's direct or indirect contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons that are substantially controlled by the Company ("business group").
- Article 2 (Prohibition on unethical conduct)
- When engaging in commercial activities, directors, managerial officers, employees of the Company, mandataries, or persons having substantial control over the Company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.
- Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managerial officers, employees or substantial controllers or other stakeholders.
- Article 3 (Patterns of benefits)
- "Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.
- Article 4 (Legal compliance)
- The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflict of Interest, TWSE/TPEX listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.
- Article 5 (Policies)
- The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism after receiving board approval to create an operational environment for sustainable development.
- Article 6 (Prevention programs)
- The Company shall establish ethical management policies clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the Company and its business group are operating.

In the process of developing the prevention programs, the Company should negotiate with staffs, labour unions members, important trading counterparties, or other stakeholders.

Article 7 (Scope of prevention programs)

When establishing the code of conduct, the Company shall develop a mechanism for assessing the risk of unethical conduct, regularly analyzes and evaluates business operations at a relatively high risk of unethical conduct, and accordingly formulate unethical conduct prevention solutions and regularly review the appropriateness and effectiveness of such prevention plans.

Such prevention solutions shall give due consideration to standards or guidelines generally used in Taiwan and abroad and shall encompass at least the following measures:

- (1) Offering and accepting bribes.
- (2) Illegal political donations.
- (3) Improper charitable donations or sponsorship.
- (4) Offering or acceptance of unreasonable gifts or hospitality, or other improper benefits.
- (5) Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
- (6) Engaging in unfair competitive practices.
- (7) Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8 (Guarantee and execution)

The Company shall request its directors and management to issue statements of compliance with ethical corporate management policies, and incorporate employment conditions that require employees to abide by the ethical corporate management policies.

The Company and its business group shall clearly specify in their rules, external documents, and the company website the ethical corporate management policies and the commitment by the Board of Directors and the management on the active implementation of such policies, and shall exercise the policies in internal management and in commercial activities.

The Company shall produce the ethical corporate management policies, declarations, commitment, and implementation mentioned in the first and second paragraphs into documents and appropriately preserve these documents.

Article 9 (Ethical corporate management of commercial activities)

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients, or other trading

counterparties and whether any of them are involved in unethical conduct, and shall avoid any transactions with persons so involved.

When entering into contracts with its agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy. In the event that the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 10 (Prohibition on offering and acceptance of bribes)

When conducting business, the Company, Directors, managerial officers, employees, mandataries, and substantial controllers may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11 (Prohibition on illegal political donations)

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, The Company, directors, managerial officers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 (Prohibition on improper charitable donations or sponsorship)

When making or offering charitable donations and sponsorship, the Company, directors, managerial officers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13 (Prohibition on unreasonable gifts, hospitality, or other improper benefits)

The Company, directors, managerial officers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable gifts, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14 (Prohibition on infringement of intellectual property rights)

The Company, directors, managerial officers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property; they may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15 (Prohibition on unfair competitive practices)

The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16 (Prevention of damage to stakeholders by products or services)

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company, directors, managerial officers, employees, mandataries, and substantial controllers

shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, the products and services. It shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in its operations, with a view to preventing its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

Article 17

(Organization and responsibilities)

The Company's directors, managerial officers, employees, fiduciary, and substantial controllers shall exercise the due care of good administrators to urge the Company to prevent unethical conduct. They shall readily review the results of the preventive measures and continually make adjustments to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the board of directors, allocate sufficient resources and suitable personnel to the unit to be in charge of establishing and supervising the implementation of the ethical corporate management policies and prevention solutions. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):

- (1) Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
- (2) Performing regular analysis and evaluation of business activities within the business scope which are possibly at a higher risk for unethical conduct, adopting programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.
- (3) Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
- (4) Promoting and coordinating awareness and educational activities with respect to ethics policy.
- (5) Developing a whistleblowing system and ensuring its operating effectiveness.
- (6) Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

- Article 18 (Legal compliance in business operations)
The Company's directors, managerial officers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.
- Article 19 (Prevention of conflicts of interest)
The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.
When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managerial officers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. Directors shall practice self-discipline and must not support one another in improper dealings.
The Company' directors, managerial officers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents, children or any other person.
- Article 20 (Accounting and internal control)
The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.
The Company's internal audit unit shall establish applicable audit plans, which include the audit target, scope, items, and frequency, based on the results of unethical conduct risk assessment, and use the plans to audit unethical conduct prevention solutions. The unit may engage a CPA to carry out the audit, and may engage professionals to assist if necessary.
The audit results in the preceding paragraph shall be presented to top management and the dedicated ethical corporate management unit and shall be produced into an audit report for the Board of Directors.
- Article 21 (Operating procedures and guidelines of conduct)
The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, managerial officers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:
(1) Standards regarding the determination of benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations.
(2) Procedures for offering legitimate political donations.

- (3) Procedures and the standard rates for offering charitable donations or sponsorship.
- (4) Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
- (5) Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
- (6) Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
- (7) Handling procedures for violations of these Principles.
- (8) Disciplinary measures on offenders.

Article 22

(Education, training and evaluation)

The Chairman, President, or senior manager of the Company shall communicate the importance of corporate ethics to directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors, managerial officers, employees, mandataries, and substantial controllers and invite the Company's commercial transaction counterparties so they understand the Company's resolve for implementing ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 23

(Whistleblowing system)

The Company shall adopt a concrete whistleblowing system and scrupulously operate the system. The whistleblowing system shall include at least the following:

- (1) An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports.
- (2) Dedicated personnel or unit appointed to handle whistle-blowing system. Any reported misconduct involving a director or top management shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
- (3) After the investigation of a reported case is completed, follow-up measures to be taken in accordance with the severity of the circumstances shall be reported to the competent authority or transferred to the judicial authority for investigation if necessary.
- (4) Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
- (5) Confidentiality of the identity of whistleblowers and the content of reported cases, and anonymous reporting.
- (6) Measures for protecting whistleblowers from inappropriate disciplinary actions due to their whistleblowing.
- (7) Whistleblowing incentive measures.

When material violations or concerns involving material damage to Company come to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in writing.

Article 24 (Disciplinary and complaint system)

The Company shall establish and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules. The Company shall make immediate disclosure on the company's internal website of the title and name of the culprit, the date and details of the violation, and the actions taken in response.

Articles 25 (Information disclosure)

The Company shall collect quantitative data about the promotion of ethical management and continuously analyse and assess the effectiveness of the promotion of ethical management policy. It shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on the Company's website, annual reports, and prospectuses, and shall disclose the ethical corporate management best practice principles on the Market Observation Post System.

Article 26 (Review and amendment of ethical corporate management policies measures)

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage directors, managerial officers, and employees to make suggestions, based on which the adopted ethical corporate management policies will be reviewed and improved with a view to achieving better effectiveness of ethical management.

Article 27 (Implementation)

These Principles shall enter into force after it has been adopted by the board of directors, delivered to each independent director, and submitted to a shareholders meeting. The same procedures shall apply for future amendments.

When the Company submits the ethical corporate management best practice principles for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions and record objections and reservations in the minutes of the Board of Directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.

6. Ethical Corporate Management Operating Procedures and Code of Conduct

Article 1 Objective and scope of application

The Company performs business activities based on the principles of fairness, integrity, accountability, and transparency. To implement ethical corporate management policy and actively prevent unethical conduct, the Company's Ethical Corporate Management Operating Procedures and Code of Conduct is established in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and relevant laws and regulations adopted in the place of business of the Company, its group enterprise, and organization to regulate matters that the personnel of the Company must pay attention to when performing business activities.

The scope of application of these Procedures and Code of Conduct includes the Company and its subsidiaries.

Article 2 Scope of application

For the purposes of these Procedures and Code of Conduct, the term "personnel of the Company" refers to any director, supervisor, functional committee member, managerial officer, employee, fiduciary or substantial controllers, of the Company and its subsidiaries.

Any provision, promise, request, or acceptance of improper benefits by any personnel of the Company through a third party will be presumed to be an act by the personnel of the Company.

Article 3 Unethical conduct

For the purposes of these Procedures and Code of Conduct, the term "unethical conduct" means that any personnel of the Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other interested parties.

Article 4 Types of benefits

For the purposes of these Procedures and Code of Conduct, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5 Responsible unit and duties

The Company shall designate the Ethical Corporate Management Work Group as the solely responsible unit (hereinafter, "Designated Unit") under the Board of Directors. Sufficient resources and suitable personnel shall be assigned to handle the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Code of Conduct, the recording and filing of reports, and the monitoring of implementation. The Designated Unit shall be in charge of the following matters and also submit regular reports to the Board of Directors (at least once a year):

- (1) Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
- (2) Performing regular analysis and evaluation of business activities within the business scope which are possibly at a higher risk for unethical conduct, adopting programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.
- (3) Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
- (4) Promoting and coordinating awareness and educational activities with respect to ethics policy.
- (5) Developing a whistleblowing system and ensuring its operating effectiveness.
- (6) Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
- (7) Produce and retain documents related to the ethical management policies and the compliance, implementation, and execution of such policies.

Article 6

Prohibition against providing or accepting improper benefits

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the personnel of the Company shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and these Procedures and Code of Conduct, and the relevant procedures shall have been carried out.

- (1) The conduct is in compliance with the laws and regulations of the location in which the Company is conducting business operations.
- (2) The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
- (3) The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or for the development of relationships.
- (4) Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
- (5) Attendance at traditional festival events that are open to and welcome the attendance of the general public.
- (6) Rewards, emergency assistance, condolence or consolation payments

from the management.

- (7) Endowments received due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or lineal relative or endowments offered to or accepted from relatives or friends.
- (8) Other circumstances that comply with the rules of the Company.

Article 7

Procedures for handling the acceptance of improper benefits

Except under any of the circumstances set forth in the preceding article, when any personnel of the Company are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

- (1) If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the Designated Unit shall be notified if necessary.
- (2) If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the Designated Unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

- (1) When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
- (2) When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
- (3) Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The Designated Unit of the Company shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved.

Article 8

Prohibition of and handling procedure for facilitating payments

The Company shall neither provide nor promise any facilitating payment. If any personnel of the Company provide or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the Designated Unit. Upon receipt of the report under the preceding paragraph, the Designated Unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged

illegality, the unit shall also immediately report to the relevant judicial agency.

Article 9

Procedure for making political contributions

The Company shall not make such donations in exchange for commercial gains or business advantages and shall comply with the following provisions when making political contributions:

- (1) Political contributions should be verified for compliance with related laws from the recipient's country, including the upper limit and form of the political contribution.
- (2) The resolution should be documented in official records.
- (3) Political contributions should be recorded in the books in accordance with laws and relevant accounting procedures.
- (4) When making a political contribution, avoid business dealings with related government agencies, apply for permits, or engage in other activities that may involve the Company's interests.

Article 10

Procedures for handling charitable donations or sponsorships

Charitable donations or sponsorships provided by the Company may not be a disguised form of bribery and shall comply with the following provisions:

- (1) Charitable donation or sponsorship is in compliance with the laws and regulations of the location in which the Company is conducting business operations.
- (2) The resolution should be documented in official records.
- (3) A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
- (4) The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Company's commercial dealings or a party with which any personnel of the Company has a relationship of interest.
- (5) After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Article 11

Avoidance of conflicting interests

When a proposal at a given Board of Directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall exercise self-discipline and must not support one another in improper dealings.

If the spouse or relative within the second degree of kinship of the director, or company where the director holds an controlling interest is a stakeholder in the meeting matter, the director will be deemed to have a conflict in interest.

If in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her direct supervisor and the Designated Unit of the Company, and the direct supervisor shall provide the personnel with proper instructions. No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.

- Article 12 Unit in charge of confidentiality regime and its responsibilities
The Company shall set up a special unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of the Company's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.
- Article 13 Prohibition against disclosure of confidential information
The personnel of the Company shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of the Company of which it has learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of the Company unrelated to their individual duties.
- Article 14 Compliance with fair trade laws
The Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities.
- Article 15 Prohibition against insider trading and non-disclosure agreement
Company personnel shall comply with the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information which they may have been exposed to engage in insider trading. Company personnel are also prohibited from divulging such undisclosed information to any other party in order to prevent the use of such information to engage in insider trading.
Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.
- Article 16 Announcement of policy of ethical management to outside parties
The Company shall request its directors and management to issue statements of compliance with ethical corporate management policies, and incorporate employment conditions that require employees to abide by the ethical corporate management policies.

The Company shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

Article 17 Ethical management evaluation prior to development of commercial relationships

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, the Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When the Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

- (1) The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
- (2) Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
- (3) Whether enterprise's business operations are located in a country with a high risk of corruption.
- (4) Whether the business operated by the enterprise is in an industry with a high risk of bribery.
- (5) The long-term business condition and degree of goodwill of the enterprise.
- (6) Consultation with the enterprise's business partners on their opinion of the enterprise.
- (7) Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18 Statement of ethical management policy to counterparties in commercial Dealings

Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about the Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

Article 19 Avoidance of Unethical Business Parties

All personnel of the Company shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for

any further business interaction in order to effectively implement the Company's ethical management policy.

Article 20 Handling of Unethical Conduct by Personnel of the Company

- (1) The Company provides an incentive to insiders and outsiders for informing of unethical or unseemly conduct. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.
- (2) zdt-audit@zdtco.com and hotline (8863-3835678) for Company insiders and outsiders to submit reports. A whistleblower shall at least furnish the following information, otherwise, reports shall not be accepted for handling:
 - 1) The whistleblower's name and I.D. Number will be kept confidential, and an address, telephone number and e-mail address where the whistleblower can be reached.
 - 2) The informed party's name or other information sufficient to distinguish its identifying features.
 - 3) Specific facts available for investigation.
- (3) Information shall be reported to the department head if involving general employees and to an independent director or Audit Committee if involving a director or a senior executive. When material violations or concerns involving material impairment to Company come to their awareness upon investigation, information shall be immediately prepared into a report and the independent directors or Audit Committee shall be informed in writing.
- (4) After the Dedicated Unit accepts and handles a report, it shall cooperate with the department head or unit being reported to in investigations conducted by the company's Audit Office and, where necessary, with the assistance of the other related department. Case acceptance, investigation processes and investigation results shall be prepared into written or electronic documents, which shall be retained for five years as of the acceptance of the case. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
- (5) If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, it shall be reported to the competent authority, transferred to the judicial authority for investigation, or the Company will seek damages through legal proceedings to safeguard its reputation and its rights and interests.
- (6) With respect to a confirmed information, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
- (7) The Company's dedicated unit shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

- (8) The Company shall keep the whistleblowers' identity and contents of information confidential and shall protect whistleblowers from inappropriate actions due to whistleblowing.

Article 21 Actions upon event of unethical conduct by others towards the Company
If any personnel of the Company discover that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall additionally notify the governmental anti- corruption agency.

Article 22 Internal promotion and establishment of a system for rewards, penalties, and complaints, and related disciplinary measures

The responsible unit of the Company shall organize internal promotion at least once a year. The Chairman, President, or senior manager of the Company shall communicate the importance of corporate ethics to directors, employees, and mandataries on a regular basis.

The Company shall link ethical management to employee performance evaluations and human resources policy. The Company's system for rewards, penalties, and complaints is as follows:

- (1) If a report is verified to have indeed violated applicable laws and regulations or the Company's policy and regulations of ethical management, the Company will award the amount indemnified by the violator to the whistleblower based on the following percentage:
 - 1) 2.0 percent, if the evidence provided by the whistleblower is helpful for the Company, judicial and relative competent authorities to start investigation. However, the amount shall not exceed NT\$ 500,000 (or foreign currency equivalent thereof).
 - 2) 2.0 percent, if the evidence provided by the whistleblower can effectively prove the occurrence of unethical conduct without any further investigation by the Company, judicial and relative competent authorities. However, the amount shall not exceed NT\$ 1,000,000 (or foreign currency equivalent thereof).
 - 3) A whistleblower shall be awarded only once for one case.
- (2) The award shall be split evenly among whistleblowers, if the evidence under paragraph 1 is provided under the following circumstances:
 - 1) Such evidence is provided by plural whistleblowers at the same time.
 - 2) Such evidences are provided by plural whistleblowers respectively, however, the content of which is the same.
- (3) The award shall not be granted to the whistleblower, or shall be returned if it was granted to the whistleblower already, provided that the whistleblower engages in one of the following conducts:
 - 1) Directly or indirectly disclose the report before the Company or judicial authority discloses it.
 - 2) Engage in or coerce others to engage in unethical conduct.
 - 3) Provide evidence that is forged or altered.
- (4) If any of the Company's personnel seriously violates ethical conduct rules, the Company shall dismiss the personnel from his or her

position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

- (5) The Company shall disclose on its Intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

Article 23 Enforcement

These Procedures and Code of Conduct shall be effectuated upon approval of the Board of Directors. The same shall apply to any amendments to the Procedures.

These Procedures were stipulated on November 12, 2019, and were first revised on March 30, 2020.

7. Procedures for Handling Material Inside Information

Article 1 Objective

The Company enacted the Procedures to establish mechanisms for processing and disclosing material insider information and preventing inappropriate leaks of information for ensuring the consistency and accuracy of information disseminated by the Company to the outside world.

Article 2 Legal basis and reference procedures

- (1) The Company's processing and disclosure of its internal material information shall be carried out in accordance with related laws, orders, regulations of the Taiwan Stock Exchange or Taipei Exchange, and the Procedures.
- (2) The Company's internal reference procedures:
- 1) Regulations Governing the Disclosure of Financial and Non-Financial Information
 - 2) Information Technology Division Operating Procedures
 - 3) Plant Crisis (Emergency) Incident Processing Procedures
 - 4) Crisis Management (Emergency Response) Information Table

Article 3 Scope of application

- (1) These Procedures shall apply to the following individuals:
- 1) All directors, supervisors, managerial officers, and employees of the Company.
 - 2) Individuals who acquire knowledge of the Company's material inside information due to their position, profession, or relationship of control.
- (2) The Company shall ensure that such individuals comply with related regulations in the Procedures.

Article 4 Scope of material inside information

- (1) The scope of material inside information specified herein shall be defined by the Company's units responsible for processing material inside information.
- (2) The scope of material inside information is as follows:
- 1) Material inside information specified in the Taiwan Stock

Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.

- 2) For the purposes of these Procedures, the term "Material inside information" refers to information that, with reference to the Securities and Exchange Act, other applicable laws and regulations, and the applicable rules and regulations of Taiwan Stock Exchange Corporation.
- 3) Knowledge and documents regarding R&D, process, technology, management, and other trade secrets.

Article 5 Designated unit

The Company shall establish a unit charged with handling material inside information. The responsible unit shall be composed of an adequate number of competent members including managers for legal affairs, finance, accounting, information technology, Secretariat of the Board, public relations, and spokesperson based on the size, business conditions, and management needs of the Company. The unit shall have the following functions and authorities:

- (1) Responsibility for formulating the drafts of these Procedures and any amendments to them.
- (2) Responsibility for receiving inquiries in connection with the methods of handling material inside information, and for consultation, review, and recommendations relating to these Procedures.
- (3) Responsibility for designing a system for preserving all documents, files, electronic records, and other materials related to these Procedures.
- (4) Other activities related to these Procedures.

Article 6 Confidentiality firewall operations - Personnel

- (1) Individuals applicable to the Procedures shall exercise the due care and fiduciary duty of a good administrator and act in good faith when performing their duties.
- (2) Individuals applicable to the Procedures may not divulge material inside information of the Company to others.
- (3) Individuals applicable to the Procedures may not inquire about or collect any non-public material inside information of the Company not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of the Company of which they become aware of for reasons other than the performance of their duties.

Article 7 Confidentiality firewall operations - Information

- (1) Proper protection of confidentiality shall be given to files and documents containing the Company's material inside information when transmitted in written form. When transmitted by e-mail or other electronic means, such files and documents must be processed with appropriate security technology such as encryption or electronic signatures.
- (2) Files and documents containing the Company's material inside information shall be backed up and stored in a secure location.

- Article 8 Operation of confidentiality firewalls
- The Company shall ensure that the firewalls specified in the preceding two articles are established, and take the following additional steps:
- (1) Adopt adequate control measures for the firewalls and perform periodic testing.
 - (2) Enhance measures for custody and maintaining the secrecy of files and documents containing non-public material inside information of the Company.
- Article 9 Confidentiality obligations of outside organizations and persons
- Any organization or person outside of the Company that is involved in any corporate action of the Company relating to a merger or acquisition, major memorandum of understanding, strategic alliance, other business partnership plans, or the signing of a major contract shall be required to sign a confidentiality agreement, and may not disclose to another party any material inside information of the Company thus acquired.
- Article 10 Principles for disclosure
- The Company shall comply with the following principles when making external disclosures of material inside information:
- (1) The information disclosure shall be accurate, consistent, complete and prompt.
 - (2) The information disclosure shall be based on facts.
 - (3) The information shall be fairly disclosed.
- Article 11 Implementation of the spokesperson system
- (1) Any disclosure of the Company's material inside information, except as otherwise provided by law or regulation, shall be made by the Company's spokesperson, or by a deputy spokesperson acting in such capacity in a confirmed sequential order. Other individuals may not disclose information to outside parties. This restriction does not apply to special and temporary assignments. When necessary, the disclosure may be made directly by a responsible person of the Company.
 - (2) The Company's spokesperson or deputy spokesperson shall communicate to outside parties only information within the scope authorized by the Company, and no personnel of the Company other than those serving as the Company's responsible person, spokesperson, or deputy spokesperson may disclose any material inside information of the Company to outside parties without authorization.

- Article 12 Record of disclosure of material inside information
The Company shall keep records of the following in respect of any disclosure of information to outside parties:
- (1) The person who discloses the information, the date, the time, and the recipient of the information.
 - (2) The approach to disclose the information.
 - (3) The disclosed content of information.
 - (4) The content of the written information delivered.
 - (5) Any other relevant details.
- Article 13 Response to false media coverage
If a media agency releases information that is in any respect inconsistent with material information disclosed by the Company, the Company shall promptly issue a clarification on the Market Observation Post System (MOPS) and request the media agency to correct the information.
- Article 14 Reporting of unusual events
- (1) Any director, supervisor, managerial officer, or employee of the Company that becomes aware of any unauthorized disclosure of the Company's material inside information shall report to the responsible unit and the internal audit department of the Company as soon as practicable.
 - (2) Upon receipt of a report made pursuant to the preceding paragraph, the responsible unit shall formulate corresponding measures. When necessary, it may invite members from the internal audit and other departments to meet for discussion of the measures, and shall keep a record of the results of the measures for future reference. The internal auditors shall also perform such audits as their duties may require.
- Article 15 Disciplinary measures
The Company shall take measures to discover those responsible and take appropriate legal action against any personnel under either of the following circumstances:
- (1) Personnel of the Company disclose material inside information without authorization to any outside party, or otherwise violate these Procedures or any other applicable law or regulations.
 - (2) A spokesperson or deputy spokesperson of the Company communicates to any outside party any information beyond the scope authorized by the Company, or otherwise violates these Procedures or any other applicable law or regulations.
 - (3) Any person outside the Company that divulges material inside information of the Company and causes damage to the rights and interests of the Company.
- Article 16 Internal controls
These Procedures shall be incorporated into the Company's internal control system. The internal auditors shall keep themselves regularly informed of the status of compliance with these Procedures and shall prepare related audit reports to ensure full implementation of the procedures for handling material inside information.
- Article 17 Awareness campaigns

The Company shall conduct educational campaigns to promote awareness among all directors, supervisors, managerial officers, and employees with respect to these Procedures and related laws and regulations.

Article 18 These Procedures shall be implemented after approval by the Board of Directors. The same shall apply to all amendments.

8. Corporate Governance Best Practice Principles

Chapter 1 General Provisions

Article 1 The Company enacted the Company's Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies jointly established by Taiwan Stock Exchange Corporation (hereinafter referred to as TWSE) and Taipei Exchange (hereinafter referred to as TPEx) to establish an effective corporate governance framework and promote sound development of the securities market. The Principles are disclosed on the Market Observation Post System (MOPS).

Article 2 The Company has established a corporate governance system. In addition to compliance with regulations, the Articles of Incorporation, contracts signed with TWSE, and related regulations, corporate governance shall be implemented based on the following principles:

- (1) Protect the rights and interests of shareholders.
- (2) Strengthen the function of the board of directors.
- (3) Fulfill the function of supervisors.
- (4) Respect the rights and interests of stakeholders.
- (5) Enhance information transparency.

Article 3 The Company shall follow the Regulations Governing Establishment of Internal Control Systems by Public Companies and take the overall operational activities of itself and its subsidiaries into account to design and fully implement an internal control system, and shall conduct continuing reviews of the system in order to ensure the continued effectiveness of its design and implementation in light of changes in the Company's internal and external environment.

The Company shall perform self-assessments of the internal control system. The Board of Directors and management shall review the results of self-assessments performed by each department at least annually and the reports of the internal audit department on a quarterly basis. The Audit Committee shall also attend to and supervise these matters. According to the internal control system defect reviews, the matters shall be discussed with internal audit personnel and minutes of discussions shall be kept. The improvements shall be monitored and implemented, and then reported to the Board of Directors.

The Company is advised to establish channels and mechanisms of communication between its independent directors, the Audit Committee, and chief internal auditors. The Audit Committee is advised to send personnel to the shareholders' meeting to report the members of the Audit Committee and the status of communication between internal audit supervisors.

The management of the Company shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the Board of Directors and the management to perform their duties effectively to ensure a sound corporate governance system.

Companies are encouraged to submit the appointment, evaluation and remuneration of internal auditors to the board of directors for approval, or require the report of the chief auditor and the approval of the chairman.

Article 3-1 The Company should appoint a corporate governance supervisor in accordance with the regulations of the local competent authority and the stock exchange, who shall be the highest director in charge of corporate governance-related matters. They should have obtained the qualifications of lawyers and accountants or have been in charge of legal affairs, compliance with laws and regulations, internal audits, finance, stock affairs, or corporate governance-related affairs in securities, finance, futures-related institutions or public issuing companies for more than three years. The Company should allocate a suitable and appropriate number of corporate governance personnel in accordance with the company's size, business conditions and management needs, and should appoint a corporate governance supervisor in accordance with the regulations of the competent authority and the stock exchange in the place of listing, who shall be the highest director in charge of corporate governance-related matters. They should have obtained the qualifications of lawyers and accountants or have been in charge of legal affairs, compliance with laws and regulations, internal audits, finance, stock affairs, or corporate governance-related affairs in securities, finance, futures-related institutions or public issuing companies for more than three years.

The relevant affairs of corporate governance in the preceding company should at least include the following:

- (1) Organize board meetings and general meetings according to the law.
- (2) Compile board meeting and general meeting minutes.
- (3) Help directors take office and participate in continuing education.
- (4) Provide business information for directors as needed for performing their duties.
- (5) Assist directors with legal compliance.
- (6) Other matters set forth in the Company's Articles of Incorporation or contracts.

Chapter 2 Protection of Shareholders' Rights and Interests

Section 1 Encouraging Shareholders to Participate in Corporate Governance

Article 4 The corporate governance system of the Company shall protect shareholders' rights and interests and treat all shareholders equitably. The Company shall establish a corporate governance system which ensures shareholders' rights of being fully informed of, participating in and making decisions over important matters of the Company.

Article 5 The Company shall convene shareholders' meetings in accordance with the Company Act and relevant local laws and regulations, and provide comprehensive rules for such meetings. The Company shall faithfully

implement resolutions adopted by shareholders' meetings in accordance with the rules for the meetings.

Resolutions adopted by shareholders meetings of the Company shall comply with laws, regulations and articles of incorporation.

Article 6

The Board of Directors of the Company shall properly arrange the agenda items and procedures for shareholders' meetings, and formulate the principles and procedures for shareholders' nominations of directors and members of the Audit Committee and submissions of shareholder proposals. The Board of Directors shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholders' meetings at a convenient location, with sufficient time allowed and sufficient numbers of suitable employees assigned to handle attendance registrations. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.

For a shareholders' meeting called by the Board of Directors, it is advisable that the chairman hold the meeting, that a majority of the directors and at least one supervisor attend in person, and that at least one member of each functional committee attends as representative. Attendance details should be recorded in the shareholders' meeting minutes.

Article 7

The Company shall encourage shareholders to participate in corporate governance, and shall appoint a professional stock agency to handle the affairs of the shareholders meeting to ensure it is convened under legal, effective and safe premises. The Company shall use various methods, including utilizing technically advanced information disclosure methods, and submit the Annual Report, Annual Financial Report, meeting notice, meeting handbook and supplement materials in English and adopt digital voting to improve the attendance rate of shareholders to the shareholders meetings. This also ensures that shareholders can implement their rights at the shareholder meetings according to law.

When the Company adopts electronic voting at the shareholders meeting, it should avoid revision of the provisional motion and the original motion on the day of the shareholders' meeting. The Company shall adopt a candidate nomination system for the election of directors (including independent directors) if an election is organized in the current year.

The Company shall allow shareholders to vote on each separate proposal in the shareholders meeting agenda, and following the conclusion of the meeting, to enter the voting results the same day, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation Post System.

Article 8

The Company shall keep a record of shareholder meetings according to the Company Act and relevant local regulations. If there are no objections from shareholders for a proposal, a "proposal passed with no objections from attending shareholders after the chair's inquiry" shall be noted. If there are objections from shareholders toward a proposal and the proposal was put to a vote, the decision method and result shall be clearly noted. For elections of director and independent directors, the voting method and the

number of votes that each elected director and supervisor received shall be clearly noted.

Article 9

The chairperson of the shareholders' meetings shall be fully familiar and comply with the rules governing the proceedings of the shareholders' meetings established by the Company. The chairperson shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will.

To protect the interests of most shareholders, if the chairperson declares the adjournment of the meeting in a manner in violation of the Rules and Procedures of Shareholders Meeting, it is advisable for the members of the Board of Directors other than the chairperson of the shareholders' meeting to promptly assist the attending shareholders at the shareholders' meeting in electing a new chairman of the shareholders' meeting to continue the proceedings of the meeting, by a resolution to be adopted by a majority of the votes represented by the shareholders attending the said meeting in accordance with the legal procedures.

Article 10

The Company shall place high importance on the shareholder's right to know, and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders regular and timely information on the Company's financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the Company.

To treat all shareholders equally, it is advisable that the Company concurrently disclose the information under the preceding paragraph in English.

To protect its shareholders' rights and interests and ensure their equal treatment, the Company shall adopt internal rules prohibiting the Company's insiders from trading securities using information not disclosed to the market.

The regulations in the preceding paragraph must cover measures governing stock transactions made on or after the day on which internal employees of the listed company become privy to company financial reports or the relevant content thereof, including (but not limited to) the restriction that directors may not trade the Company's stock during the closed period within 30 days of announcing the annual financial reports and within 15 days of announcing the quarterly financial reports.

Article 11

Shareholders shall be entitled to profit distributions by the Company. To protect the investment rights of shareholders, the shareholder meetings may, pursuant to the regulations of the place the Company is listed, examine the records and books prepared and submitted by the Board of Directors and the reports and decide profit distributions and loss makeup plans by resolution. To proceed with the above examination, the shareholders' meeting may appoint an inspector.

The shareholders may, pursuant to the regulations of the place the Company is listed, apply with the court to select an inspector in examining the accounting records and assets of the company.

The Board of Directors, Audit Committee, and managerial officers of the Company shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any obstruction, rejection or circumvention.

- Article 12 In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, the Company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders meeting to protect the interests of the shareholders.
- When the Company is engaged in a merger or public acquisition, it shall comply with related laws and regulations and pay attention to the fairness and reasonableness of the merger or public acquisition plan and transaction. It shall also pay attention to information disclosure and the comprehensiveness of the Company's financial structure after the merger or acquisition.
- Article 13 To protect the rights of shareholders, the Company has assigned dedicated personnel to respond appropriately to suggestions, questions and complaints raised by shareholders. The Company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholders' rights and interests were damaged by a resolution adopted at a shareholders' meeting or a Board of Director meeting in violation of applicable laws, regulations, or the Company's articles of incorporation, or that such damage was caused by a breach of applicable laws, regulations or the Company's articles of incorporation by any directors, supervisors or managers in performing their duties.
- The Company should adopt internal procedures for appropriate handling of matters referred to in the preceding two paragraphs, keep relevant written records for future reference, and incorporate the procedures in its internal control system for management purposes.
- Section 2 Establishing a Mechanism for Interaction with Shareholders
- Article 13-1 The Board of Directors of the Company is responsible for establishing an interaction mechanism with the shareholders to enhance the mutual understandings of the Company's development objectives.
- Article 13-2 In addition to communicating with shareholders through shareholders' meetings and encouraging shareholders to participate in such meetings, the Board of Directors of the Company together with managers and independent directors shall engage with shareholders in an efficient manner to ascertain shareholders' views and concerns, and expound the Company's policies explicitly, in order to gain shareholders' support.
- Section 3 Corporate Governance Relationships between the Company and Its Affiliated Enterprises
- Article 14 The Company shall clearly identify the objectives and the division of authority and responsibility between it and its affiliated enterprises with respect to management of personnel, assets, and financial matters, and shall properly carry out risk assessments and establish appropriate firewalls.
- Article 15 Unless otherwise provided by the law and regulations, a managerial officer of the Company may not serve as a managerial officer of its affiliated enterprises. A Director who engages in any transaction for himself or on behalf of another person that is within the scope of the Company's operations shall explain the major content of such actions to the shareholders' meeting and obtain its consent.

- Article 16 The Company shall establish sound objectives and systems for the management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks, customers and suppliers, and implement the necessary control mechanisms to reduce credit risk.
- Article 17 When the Company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions shall be prohibited.
- All transactions or contracts made by and between the Company and its related parties and shareholders shall follow the principles set forth in the preceding paragraph, and improper channelling of profits is strictly prohibited.
- Article 18 A corporate shareholder having controlling power over the Company shall comply with the following provisions:
- (1) They are bound by the principle of good faith in their relations with other shareholders and they may not directly or indirectly influence the Company to engage in irregular practices or other unprofitable businesses.
 - (2) The representatives shall abide by the Company's related regulations for the exercise of rights and participation in resolutions. When participating in shareholders' meetings, they shall exercise their voting rights based on the principle of good faith and maximize benefits for all shareholders. They shall also perform fiduciary duties as directors and independent directors.
 - (3) The nomination of the Company's directors and independent directors shall proceed in accordance with related regulations and the Company's Articles of Incorporation. They may not exceed the scope of authority of the shareholders' meeting or the Board of Directors.
 - (4) They may not Intervene with the Company's decisions or business activities in an improper manner.
 - (5) They may not obstruct the Company's business activities through unfair means of competition such as monopolized procurement or closed distribution.
 - (6) A representative designated when a corporate shareholder has been elected as a director or independent director shall fulfill the Company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is considered inappropriate.

Article 19	<p>The Company shall retain at any time a register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders.</p> <p>The Company shall disclose periodically important information about its shareholders holding more than 10 percent of the outstanding shares of the Company relating to the pledge, increase or decrease of share ownership, or other matters that may possibly trigger a change in the ownership of their shares.</p> <p>The primary shareholder stated in item one refers to shareholders who hold over 5% of company stocks or the top 10 shareholders with the most company stocks. However, the Company can set a lower stock ratio based on actual company controlling stock.</p>
Chapter 3	Strengthening the Function of Board Meetings
Section 1	Board Meeting Structure
Article 20	<p>The Company's Board of Directors shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of the corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, the Articles of Incorporation, and the resolutions adopted by the shareholder meetings.</p> <p>The structure of the Company's Board of Directors shall be determined by choosing an appropriate number of Board members, not less than seven and no more than nine, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.</p> <p>The composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as the Company's managers not exceed one-third of the total number of the Board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs to be formulated and include, without being limited to, the following two general standards:</p> <ol style="list-style-type: none"> (1) Basic qualifications and values: Gender, age, nationality, culture, etc. Among the Board, female directors account for one third of all directors. (2) Professional knowledge and skills: professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc. <p>All members of the Board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:</p> <ol style="list-style-type: none"> (1) Judgment capabilities on company operation. (2) Accounting and financial analysis capabilities. (3) Business management skills. (4) Crisis management skills. (5) Industrial knowledge. (6) An understanding of international markets. (7) Leadership skills. (8) Decision-making capabilities.

- Article 21 The Company shall uphold the principles of protection of shareholder rights and interests and equitable treatment of shareholders. It shall establish fair, just and open procedures for the election of directors, encourage shareholder participation, and adopt a cumulative voting system to fully reflect shareholders' opinions.
- Unless the competent authority otherwise grants an approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the Directors of the Company.
- If the dismissal of a Director results in a board with less than five Directors, the Company shall hold a supplemental election at the next shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the Company shall convene an extraordinary shareholders' meeting within 60 days of the occurrence of that fact for a by-election for Director(s).
- The aggregate shareholding percentage of all directors of the Company shall comply with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the relevant laws and regulations, and the relevant information shall be fully disclosed.
- Article 22 The Company shall, in accordance with the laws and regulations of the competent authority in the place of listing, specify in the Articles of Association that the candidate nomination system shall be adopted for the election of directors, carefully assess the qualifications of nominees and whether there are any matters listed in Article 30 of the Company Act of the place of listing. It shall be handled in accordance with Article 192 of the Company Act of the place where the listing is made.
- Article 23 Clear distinctions shall be drawn between the responsibilities and duties of the Chairman of the board of the Company and those of its President.
- It is inappropriate for the Chairman to also act as the President.
- If the Company sets up a functional committee, the responsibilities and duties of the committee shall be clearly defined.
- Section 2 Independent Director System
- Article 24 The Company shall appoint independent directors in accordance with the Articles of Association. They shall be not less than three in number and not less than one-third of the total number of directors. Independent directors shall not serve more than three consecutive terms.
- Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Applicable laws and regulations shall be observed and, in addition, it is not advisable for an independent director to hold office concurrently as a director (including an independent director) or supervisor of more than five other TWSE/TPEX-listed companies. Independent directors shall also maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company.
- The election of independent directors shall be conducted based on a candidate nomination system in accordance with the regulations of the Company's place of listing and the Articles of Incorporation. Shareholders shall elect independent directors from the list of candidates for independent directors. Independent directors and non-independent directors shall be

elected concurrently in accordance with the regulations of the place of the Company's listing and the seats shall be calculated separately.

Change of status between independent directors and non-independent directors during their tenure is prohibited.

If an independent director is discharged for any reason and causes the number of directors to be lower than that required under paragraph 1 or the Articles of Incorporation, a by-election for an independent director shall be held at the next shareholders' meeting. In the event that all independent directors have been discharged, the Company shall convene an extraordinary shareholders' meeting to hold a by-election within 60 days from the date on which the vacancies arose.

The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and the regulations of the Taiwan Stock Exchange.

- Article 25 The Company shall submit the following matters to the Board of Directors for approval by resolution as provided in the Securities and Exchange Act. When an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the Board of Director meeting:
- (1) Establishment or amendments to the internal control system according to Article 14-1 of the Securities and Exchange Act.
 - (2) Establishment or amendment of the asset acquisition/disposal procedures, derivative trading procedures, lending procedures, endorsement and guarantee procedures, and other procedures involving major financial consequences according to Article 36-1 of the Securities and Exchange Act.
 - (3) Matters concerning the personal interests of directors or independent directors.
 - (4) Material asset or derivatives transactions.
 - (5) Material loaning of funds, making of endorsements or provision of guarantees.
 - (6) Offering, issuance, or private placement of any equity-type securities.
 - (7) Appointment, dismissal and compensation of CPAs.
 - (8) Appointments and dismissal of finance, accounting and internal audit managers.
 - (9) Other material changes regulated by the competent authorities.

- Article 26 The Company shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The Company or board members shall not obstruct, deny, or evade independent directors in the execution of their duties.
- The Company shall stipulate the remuneration of the directors in the Articles of Incorporation, which shall fully reflect individual performance and long-term operation performance of the Company, and the risk of the Company's operation shall be taken into consideration. The Company shall establish separate but reasonable remuneration for independent directors.
- Section 3 Audit Committee and Other Functional Committees
- Article 27 For the purpose of developing supervisory functions and strengthening management mechanisms, the Board of Directors of the Company, in consideration of the Company's scale and type of operations and the number of its Board members, may set up functional committees for auditing, remuneration, nomination, risk management or any other functions, and based on concepts of corporate social responsibility and sustainable operation, may set up environmental protection, corporate social responsibility, or other committees, and expressly provide for them in the Articles of Incorporation.
- Functional committees shall be responsible to the Board of Directors, and submit their proposals to the board for voting.
- Functional committees shall set organization regulations to be passed by the Board of director resolution. The organizational charter shall contain the number, tenure, and powers of the committee members as well as the meeting rules and resources to be provided by the Company for the exercise of power by the committee.
- Article 28 The Company established an Audit Committee.
- The Audit Committee shall be composed of all independent directors. It shall not be fewer than three persons in number, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise.
- The exercise of power by the Audit Committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act in the place of listing, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and regulations of Taiwan Stock Exchange.
- Article 28-1 The Company has established the Remuneration Committee, with independent directors accounting for more than half of its members. The qualifications of the members, exercise of power, stipulation of organizational rules and related matters shall be set forth in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter".
- Article 28-2 The Company should set up a nomination committee and formulate organizational rules, and more than half of the members should be independent directors, and an independent director should act as the chairperson.

- Article 28-3 The Company is advised to establish an announce channels for internal and external whistleblowers and establish whistleblower protection mechanisms. The unit that handles whistleblowers' reporting shall be independent, provide encrypted protection for the files furnished by whistleblowers, and appropriately restrict access to such files. It shall also formulate internal procedures and incorporate those procedures into the company's internal control system for management purposes.
- Article 29 To improve the quality of its financial reports, the Company shall establish the position of deputy to its principal accounting officer.
- To enhance the professional abilities of the deputy accounting officer of the preceding paragraph, the deputy's continuing education shall proceed in accordance with the schedule of the principal accounting officer.
- Related accounting personnel that participate in the formulation of accounting reports shall also take at least 6 hours of professional courses each year. The continuing studies may attend the Company's internal education and training courses or professional accounting supervisor courses offered by institutions.
- The Company shall select a professional, responsible, and independent CPA to perform regular reviews of financial conditions and internal control measures of the Company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the Company shall faithfully implement improvement actions. The Company should establish channels and mechanisms of communication between the independent directors, the Audit Committee, and CPA, and incorporate procedures for that purpose into the Company's internal control system for management purposes.
- The Company shall evaluate the independence and suitability of the CPA engaged by the Company regularly (at least once every year). In the event that the Company engages the same CPA without replacement for seven consecutive years, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the Company shall evaluate the necessity of replacing the CPA and submit its conclusion to the Board of Directors.
- Article 30 The Company should engage a professional and competent legal counsel to provide adequate legal consultation services to the Company, or to assist the Board of Directors, independent directors, and the management to improve their knowledge of the law, for the purposes of preventing any infraction of laws or regulations by the Company or its staff and ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures.
- When, as a result of performing their lawful duties, directors, independent directors, or the management are involved in litigation or a dispute with shareholders, the Company shall retain a legal counsel to provide assistance as circumstances require.
- The Audit Committee or an independent director may retain a legal counsel, CPA, or other professionals on behalf of the Company to conduct a necessary audit or provide consultation services on matters in relation to the exercise of their power, at the expense of the Company.

Section 4	Rules for the Proceedings of Board Meetings and the Decision-Making Procedures
Article 31	<p>The Board of Directors of the Company shall meet at least once every quarter, or convene at any time in case of emergency. To convene a board meeting, a meeting notice which specifies the purpose of the meeting shall be sent to each director and independent director no later than seven days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. Directors have the right to request supplemental information or postpone certain agendas if they consider the information presented to them to be inadequate.</p> <p>The Company shall set board meeting procedure specifications. The main procedure content, work procedures, items that should be recorded in the meeting records, public notifications, and other items to be followed should be according to the Regulations Governing Procedure for Board of Director Meetings of Public Companies.</p>
Article 32	<p>Directors of the Company shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board of director meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the Company, the director shall not participate in any discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director shall also not act as another director's proxy to exercise the voting right on that matter. Directors shall maintain discipline among one another and not inappropriately support one another.</p> <p>Items that directors must excuse themselves from shall be clearly stated in the board meeting procedure specifications.</p>
Article 33	<p>Independent directors shall attend in person any meeting of the Board of Directors, with respect to matters prescribed in Article 14-3 of the Act that shall be proposed to the Board of Directors. They shall not appoint another non-independent director to attend the meeting as a proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of director meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she shall provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board meeting.</p> <p>In any of the following circumstances, decisions made by the Board of Directors shall be noted in the meeting minutes, and publicly announced and filed in the MOPS two hours before the beginning of trading hours on the first business day after the date of the board of director meeting:</p> <ol style="list-style-type: none"> (1) An independent director has a dissenting or qualified opinion which is on record or stated in a written statement. (2) Items that have not been approved by the Audit Committee shall require the approval of more than two-thirds of all directors. <p>During a board meeting, the Company may, based on the content of the agenda, notify managers of relevant departments who are not board members to attend the meeting as non-voting participants to report the Company's current business status and answer directors' questions. Certified public accountants, lawyers, or other professionals may also be</p>

invited to participate in board meetings where necessary to help directors understand situations and make decisions accordingly but they shall leave the meeting during discussions and votes.

Article 34 The Company's staff attending board meetings shall collect and correctly record detailed meeting minutes, as well as a summary, the method of resolution, and the voting results of all the proposals submitted during the board meeting in accordance with relevant regulations.

The meeting minutes shall be signed or sealed by the chair and the minute taker and issued to all directors within 20 days after the meeting. The attendance log constitutes part of the board meeting minutes and shall be listed as key files of the Company and retained as such over the Company's existence.

Meeting minutes may be produced, distributed, and preserved by electronic means.

The Company shall record on audio or video tape the entire proceedings of a board of directors meeting and preserve the recordings for at least 5 years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph a lawsuit arises with respect to a resolution of a Board of Directors meeting, the relevant audio or video recordings shall be preserved for a further period, in which case the preceding paragraph does not apply.

Where a Board of Directors meeting is held via teleconference or video conference, the audio or video recordings of the meeting form a part of the meeting minutes and shall be preserved permanently.

When a resolution of the Board of Directors violates laws, regulations, the Articles of Incorporation, or resolutions adopted in the shareholders meeting, and thus causes an injury to the Company, dissenting directors whose dissent can be proven by minutes or written statements will not be liable for damages.

Article 35 The Company shall submit the following matters to its Board of Directors for discussion:

- (1) Corporate business plans.
- (2) Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited or attested by a CPA.
- (3) Establishment or amendments to the internal control system according to Article 14-1 of the Securities and Exchange Act.
- (4) Establishment or amendment of the asset acquisition/disposal procedures, derivative trading procedures, lending procedures, endorsement and guarantee procedures, and other procedures involving major financial consequences according to Article 36-1 of the Securities and Exchange Act.
- (5) Offering, issuance, or private placement of any equity-type securities.
- (6) Performance assessment and the standard of remuneration of the managerial officers.
- (7) Structure and system for the remuneration of directors.

- (8) Appointments and dismissal of finance, accounting and internal audit managers.
- (9) Donations to related parties or major donations to non-related parties. However, in the event of a major natural disaster, emergency aids of charitable nature can be made first and ratified in the next board meeting.
- (10) Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or by law to be approved by resolution at a shareholders meeting or to be submitted to a meeting of the Board of Directors, or any such significant matter as may be prescribed by the competent authority.

Except for matters that must be submitted to the Board of Directors for discussion under the preceding paragraph, when the Board of Directors is in recess, it may delegate the exercise of its power to others in accordance with law, regulations, or its articles of incorporation. However, the level of delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.

The Company shall report meeting minutes and discussion on internal system defects to the Board of Directors.

Article 36 The Company shall ask the appropriate corporate department or personnel to execute matters pursuant to Board of Directors' resolutions in a manner consistent with the planned schedule and objectives. It shall also follow up those matters and faithfully review their implementation.

The Board of Directors shall remain informed of the progress of implementation and receive reports in subsequent meetings to ensure the actual implementation of the Board's management decisions.

Section 5 Fiduciary Duty, Duty of Care and Responsibility of Directors

Article 37 Members of the Board of Directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the Company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by the law or the articles of incorporation for approval in shareholders' meetings, they shall ensure that all matters are handled according to the resolutions of the Board of Directors.

The Company has established the Board of Directors performance evaluation methods and procedures. In addition to self-evaluation of the Board of Directors and individual directors on a regular basis each year, it may also appoint an external professional organization or conduct performance evaluation in other appropriate ways. The evaluation of the performance of the Board of Directors should include the following aspects, and consider the needs of the company to set appropriate evaluation indicators:

- (1) Level of participation in the Company's corporate operations
- (2) Improvement of the quality of the Board of Directors' decision making.
- (3) Composition and structure of the Board of Directors.
- (4) Election and continuing education of the directors.
- (5) Internal controls

The evaluation of the performance of directors should include the following aspects, and should be adjusted according to the needs of the Company:

- (1) Familiarity with the Company's goals and mission
- (2) Understanding of the role and responsibilities of directors
- (3) Level of participation in the Company's corporate operations
- (4) Internal relations management and communication
- (5) Professionalism and continuing education of directors
- (6) Internal controls

The Company should conduct performance evaluations of the functional committee. The contents of the evaluation should include the following aspects and can be adjusted according to the Company's needs:

- (1) Level of participation in the Company's corporate operations
- (2) Understanding of the committee's role and responsibilities
- (3) Improvement in the quality of decision-making by the functional committees
- (4) The composition of functional committees and the election of committee members
- (5) Internal controls

The Company should report the performance evaluation results to the Board of Directors, and use the results as reference for individual director remuneration and re-election nomination.

Article 37-1 The Board of Directors shall evaluate and supervise the following aspects of operational direction and performance with respect to the Company's intellectual property to ensure the establishment of an intellectual property management system that is based on the PDCA (plan, do, check, act) management method:

- (1) Formulate intellectual property management policies, objectives, and systems related to operational strategies.
- (2) Maintain the acquisition, protection, maintenance, and operation of the intellectual property management system in accordance with the respective scale, type, establishment, and implementation.
- (3) Determine and provide resources that are sufficient to effectively implement and maintain the intellectual property management system.
- (4) Observe both internal and external risks and opportunities related to intellectual property management and implement measures responding to such risks and opportunities.
- (5) Plan and implement a continuous improvement mechanism to ensure that the intellectual property management system meets the Company's expectations for operation and efficacy.

Article 38 If a resolution of the Board of Directors violates laws, regulations or the Company's articles of incorporation, at the request of shareholders holding shares continuously for a year or an independent director, or at the notice of an independent director to discontinue the implementation of the resolution, members of the Board of Directors shall take appropriate measures or discontinue the implementation of such a resolution as soon as possible.

	<p>Upon discovering a likelihood that the Company would suffer material damage, members of the Board of Directors shall immediately report to the Audit Committee or the independent director members of the Audit Committee in accordance with the foregoing paragraph.</p>
Article 39	<p>According to Articles of Incorporation or a resolution of the shareholders' meeting, the Company shall buy liability insurance according to the scope of directors' liabilities they are legally responsible for during their tenure's business implementations. The objective is to lower and distribute the risk of major damages caused to the Company and shareholders as a result of directors' error or negligence.</p> <p>The Company is advised to report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has purchased or renewed for directors at the next board meeting.</p>
Article 40	<p>Members of the Board of Directors are advised to participate in training courses on finance, business, commerce, accounting, or law offered by institutions designated in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies, which cover subjects relating to corporate governance upon becoming directors and throughout their tenure. They shall also ensure that employees at all levels enhance their professionalism and knowledge of the law.</p>
Chapter 4	<p>Empowering Supervisors</p>
Article 41	<p>The Company has appointed three independent directors and set up an Audit Committee, the regulations on the functions and obligations of supervisors of the place of the Company's listing shall apply mutatis mutandis to the Audit Committee.</p> <p>When auditing the Company's finances and operations, the Audit Committee may engage a lawyer or CPA to conduct the audit on behalf of the Company. However, the Company shall inform the related personnel of their obligation of confidentiality.</p> <p>The Board of Directors or managers shall provide the reports requested by the Audit Committee. They shall not evade, hinder, or refuse the review for any reason.</p> <p>When the Audit Committee is fulfilling their duties, the Company should provide the necessary assistance. The fees incurred, if reasonable, shall be paid for by the Company.</p>
Chapter 5	<p>Respecting Stakeholders' Rights and Interests</p>
Article 42	<p>The Company shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community or other interested parties and stakeholders of the Company. It shall also respect and safeguard their legal rights and interests. The Company is also advised to set up a stakeholders' section on its website.</p> <p>When a management buy-out occurs at the company, attention must be paid to the Company's health of finance structure after the buy-out. When a stakeholder's legal right is violated, the Company shall respond appropriately according to the principle of good faith.</p>
Article 43	<p>The Company shall provide sufficient information to banks and its other creditors to facilitate their evaluation of the operational and financial</p>

	conditions of the Company and its decision-making process. When any of their legal rights or interests are harmed, the Company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.
Article 44	The Company shall establish channels of communication with employees and encourage employees to communicate directly with the management, directors, or independent directors to reflect employees' opinions about the management, financial conditions, and material decisions of the Company concerning employee welfare.
Article 45	In developing its normal business and maximizing the shareholders' interests, the Company shall pay attention to consumers' interests, environmental protection of the community, and public welfare, and shall give serious regard to its social responsibility.
Chapter VI	Improving Information Transparency
Section 1	Enhancing Information Disclosure
Article 46	<p>Disclosure of information is a major responsibility of the Company. The Company shall perform its obligations faithfully in accordance with the relevant regulations of TWSE or TPEX.</p> <p>The Company shall establish an online reporting system for public information, appoint employees responsible for gathering and disclosing the information, and establish a spokesperson system to ensure the proper and timely disclosure of information on policies that might affect the decisions of shareholders and stakeholders.</p>
Article 47	<p>To enhance the accuracy and timeliness of the material information disclosed, the Company shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the Company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the Company in making statements independently.</p> <p>The Company shall appoint one or more acting spokespersons who shall represent the Company, when the spokesperson cannot perform his/her duties, in making statements to the public independently, provided that the order of delegation shall be established to avoid any confusion.</p> <p>To implement the spokesperson system, the Company shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will.</p> <p>The Company shall disclose the relevant information immediately whenever there is any change in the position of a spokesperson or acting spokesperson.</p>
Article 48	<p>In order to keep shareholders and stakeholders fully informed, the Company shall utilize the convenience of the Internet and set up a website containing the information regarding the Company's finances, operations, and corporate governance. The Company should also furnish the financial, corporate governance, and other relevant information in English.</p> <p>To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, detailed and updated on a timely basis.</p>

Article 49	The Company shall hold an investor conference in compliance with the regulations of the TWSE and TPEx, and shall keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the Company, or through other channels, in accordance with the TWSE rules.
Section 2	Disclosure of Information on Corporate Governance
Article 50	<p>The Company shall disclose and continuously update the following information regarding corporate governance in the designated section of the Company's website:</p> <ol style="list-style-type: none"> (1) Board of Directors: Such as the CVs and duties of the directors, and the Board of Directors diversification and its implementation. (2) Functional committees: Such as the CVs and duties of the members of the Functional Committees. (3) Regulations related to corporate governance: Such as the Articles of Incorporation, Rules for Board of Directors Meetings, Organizational Rules for Functional Committees, and other rules related to corporate governance. (4) Important information related to corporate governance: Such as the establishment of the corporate governance supervisor.
Chapter 7	Supplementary Provisions
Article 51	The Company shall at all times monitor domestic and international developments in corporate governance as a basis for review and improvement of the Company's own corporate governance mechanisms to enhance their effectiveness.

9. Sustainable Development Best Practice Principles

Article 1	The Company has established the Principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" to fulfill corporate social responsibilities and promote the economic, environmental, and social advancement for the purpose of achieving the Company's sustainable development.
Article 2	<p>The Principles applies to the Company and the entire operations of the Company and its business group.</p> <p>The Principles encourages the Company to actively realize sustainable developments in the course of its business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive advantages built on corporate social responsibility. The Principles applies to the Company and all operations of the Company and its business group.</p>
Article 3	The Company promotes sustainable developments and pays attention to the rights and interests of stakeholders. While pursuing sustainable development and profit, the Company focuses on environmental, social, and corporate governance factors and incorporates them into its management approaches and operating activities.

- The Company shall perform risk assessments in environmental, social, and corporate governance issues relevant to its business activities according to the materiality principle and devise risk management policies and strategies accordingly.
- Article 4 The Company shall adhere to the following principles to implement sustainable development initiatives:
- (1) Exercise corporate governance.
 - (2) Develop a sustainable environment.
 - (3) Protect public welfare.
 - (4) Enhance disclosure of corporate sustainable development information.
- Article 5 The Company shall take into consideration the correlation among the development of domestic and international sustainable development principles and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for sustainable development programs, which shall be approved by the Board of Directors and then reported to the shareholders meeting.
- When a shareholder proposes a motion involving sustainable development, the Company's Board of Directors is advised to review and consider including it in the shareholders' meeting agenda.
- Article 6 The Company is advised to follow the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Code of Ethical Conduct for TWSE/TPEX Listed Companies to establish effective corporate governance frameworks and relevant ethical standards to enhance corporate governance.
- Article 7 The directors of the Company shall exercise the due care of good administrators to urge the Company to implement sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments to ensure the thorough implementation of its sustainable development policies.
- When the Board of Directors promotes its sustainable development goals, it should fully consider the interests of stakeholders including the following matters:
- (1) Proposing the missions or visions of sustainable developments, and stipulating the sustainable development policy, systems or relevant management guidelines.
 - (2) Including sustainable developments in the Company's operations and development, and ratifying concrete promotional plans for sustainable developments.
 - (3) Enhancing the timeliness and accuracy of the disclosure of sustainable development information.
- The Board of Directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of

- the handling to the Board of Directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.
- Article 8 The Companies shall organize regular education and training on the promotion of sustainable developments, including promotion of the matters prescribed in paragraph 2 of the preceding article.
- Article 9 To strengthen sustainable development management, the Company established the sustainable development governance framework and a dedicated unit to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and to report to the Board of Directors on a regular basis.
- The Company shall adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.
- The employee performance evaluation system shall be combined with sustainable development policies and the Company shall establish a clear and effective incentive and discipline system.
- Article 10 The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website. It shall understand the reasonable expectations and demands of stakeholders through proper communication with them and adequately respond to the important sustainable development issues which they are concerned about.
- Article 11 The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.
- Article 12 The Company shall endeavor to utilize energy more efficiently and use renewable materials which have a low impact on the environment to improve the sustainability of natural resources.
- Article 13 The Company shall establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:
- (1) Collect sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
 - (2) Establish measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
 - (3) Adopt enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.

- Article 14 The Company has established the Environmental Protection and Energy Conservation Division for drafting, promoting, and maintaining relevant environment management systems and concrete action plans. It regularly holds environment education courses for their managerial officers and other employees.
- Article 15 The Company takes into account the impact on the ecology and promotes the sustainable consumption concepts. It also conducts research, procurement, production, operations, services, and other business activities based on the following principles to reduce the impact of the Company's operations on the natural environment and humans:
- (1) Reduce resource and energy consumption in products and services.
 - (2) Reduce emissions of pollutants, hazardous substances, and waste and process waste in an appropriate manner.
 - (3) Improve recycling and reuse of materials and products.
 - (4) Ensure maximum sustainable use of renewable resources.
 - (5) Extend the durability of products.
 - (6) Improve the performance of products and services.
- Article 16 The Company shall improve the utilization of water resources and it shall establish related management measures to facilitate proper and sustainable use of water resources.
- The Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land. It shall also do its utmost to reduce adverse effect on human health and environment and adopt the best feasible pollution prevention and technical control measures.
- Article 17 The Company should assess the current and future potential risks and opportunities of climate change and take measures to address these issues: The Company has adopted standards or guidelines generally accepted in Taiwan and abroad to enforce corporate greenhouse gas inventory and to disclose information. The scope of information disclosure includes:
- (1) Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.
 - (2) Indirect greenhouse gas emissions: Emissions resulting from the generation of imported electricity, heating, or steam.
 - (3) Other indirect emissions: The emissions resulting from the Company's activities are not classified as indirect energy emissions. It comes from emission sources owned or controlled by other companies.
- The Company should take inventory of its greenhouse gas emissions, water consumption, and total weight of waste, and stipulate policies related to energy efficiency and carbon reduction, greenhouse gas reduction, water usage reduction, and waste management. The acquisition of carb rights should be included in the Company's carbon reduction policy and promote it accordingly to reduce the impact of the Company's activities on climate change.
- Article 18 The Company shall comply with relevant laws and regulations, and the International Bill of Human Rights with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The Company shall establish related management policies and procedures to perform its obligations to protect human rights including:

- (1) Propose the Corporate Human Rights Policy or Statement.
- (2) Evaluate the impact of the Company's business activities and internal management on human rights and establish corresponding processing procedures.
- (3) Conduct regular reviews on the effectiveness of the Corporate Human Rights Policy or Statement.
- (4) In the event of any infringement of human rights, the Company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

The Company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that its human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

With regard to incidents that damage to labor rights, the Company shall provide effective and appropriate complaint mechanisms to ensure equality and transparency in the complaint filing process. The grievance channels shall be simple, convenient, and open and the Company responds to employees' complaints in an appropriate manner.

Article 19 The Company shall provide information for their employees for them to understand labor laws and the rights they enjoy in the countries where the companies have business operations.

Article 20 The Company shall provide safe and healthy workplace for employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The Company shall organize regular training on safety and health for employees.

Article 21 The Company shall create an environment conducive to the development of employees' careers and establish effective training programs to foster career skills.

The Company should establish and implement reasonable employee benefits (including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee remuneration to ensure the recruitment, retaining, and encouragement of human resources to achieve sustainable management goals.

Article 22 The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation

and cooperation among employers, employees and employee representatives.

The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

Article 22-1 The Company shall consider the products and services it provides to customers and select the following applicable principles in accordance with the characteristics of the printed circuit board industry. It shall develop relevant strategies and specific measures for implementation in a fair and reasonable manner.

- (1) Uphold mutual benefits, fairness, and integrity in signing contracts.
- (2) Accept due diligence and fiduciary duty for customers' assignments.
- (3) Ensure that products or services provided are suitable for customers.
- (4) Fully explain the important contents of products and services provided and disclose the related risks.
- (5) Ensure open complaint channels for customers and truthful responses from the Company.

Article 23 The Company shall take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the Company shall ensure the transparency and safety of its products and services. It shall establish and disclose policies for consumer rights and interests and enforce them in the course of business operations to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 24 The Company shall ensure product and service quality in accordance with related government and industry regulations.

The Company shall adhere to related regulations and international standards for product and service health and safety, customer privacy, marketing and labeling. The Company shall not engage in any activities involving deceptive or misleading behaviors, frauds, or other actions which may diminish the trust of consumers or damage consumer interest.

Article 25 The Company shall evaluate and manage all types of risks that could cause interruptions in operations to reduce the impact on consumers and society. The Company shall provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints. It shall comply with the Personal Information Protection Act and related laws and regulations for respecting consumers' rights of privacy and it shall protect personal data provided by consumers.

Article 26 The Company shall assess the impact of procurement on where the source of supply from the society as well as the environment of the community. It shall cooperate with suppliers to jointly implement sustainable developments.

The Company shall establish supplier management policies to request that suppliers comply with regulations related to environmental protection, workplace safety and health, and labor rights. Prior to engaging in commercial dealings, the Company shall assess whether there is any record of a supplier's impact on the environment and society and avoid conducting transactions with suppliers that violate its sustainable development policy.

When the Company enters into a contract with a major supplier, the content should include terms stipulating mutual compliance with the sustainable development policy and specify that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

Article 27 The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations to enhance community acceptance.

The Company shall, through equity investment, commercial activities, endowments, volunteering service, other charitable professional services, etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies related to community development and community education to promote community development.

Article 28 The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies and shall fully disclose relevant and reliable information related to its sustainable development initiatives to improve information transparency.

Other information related to the disclosure of sustainable development are as follows:

- (1) The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the Board of Directors.
- (2) The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
- (3) Goals and measures for promoting the sustainable developments established by the companies, and the implementation results.
- (4) Major stakeholders and their concerns.
- (5) Disclosure of information on major suppliers' management and performance with respect to major environmental and social topics.
- (6) Other information related to sustainable developments.

Article 29 The Company shall adopt widely recognized international standards or guidelines when producing sustainability reports to disclose the status of their implementation of sustainable developments. It shall also obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The contents include:

- (1) Implementation of sustainable development policies, systems, related management policies, and specific advancement plans.
- (2) Major stakeholders and their concerns.
- (3) Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and advancement of economic development.
- (4) Future improvement plans and goals.

Article 30 The Company shall continuously monitor the development of domestic and foreign sustainable development standards and the change of business environment to examine and improve the sustainable development

framework it has established and to obtain better results from the implementation of the sustainable development policy.

10. Insider trading prevention management procedures

Article 1 Purpose

In order to avoid the Company or insiders from violating insider trading laws and regulations due to unfamiliarity with the regulations, and causing litigations against the Company or insiders and hurting the Company's reputation, we have stipulated this operating procedure to prevent insider trading and protect the interests of the investors and the Company.

Article 2 Definitions

1. Insider

According to the regulations for company insiders in the Securities and Exchange Act, the term insider includes the Company's directors (including independent directors), managers, and shareholders holding over 10% of the Company's shares. Related parties of the insider include:

- (1) Spouse, underage children, and nominee shareholders of insiders.
- (2) Representatives of institutional directors (supervisors), the insider's spouse, underage children, and nominee shareholders.

2. Objects of insider trading regulations:

In addition to the previously described insider, it also includes persons who have received information based on professional or controlling relationships, and information recipients who have received information from insiders.

Article 3 Scope of Review

The company's management operations for insider trading prevention shall be governed by the provisions of this operating procedure, unless otherwise stipulated in other laws and regulations.

Article 4 Responsibilities

1. The Company's Business Management Division is responsible for the formulation and maintenance of this operating procedure.
2. The Company's spokesperson is responsible for announcing material information externally.

Article 5 Details

1. According Paragraph 1, Article 157-1 of the Securities and Exchange Act, those who are described by the items below shall be included in the applicable scope of insider trading prevention regulations, including:
 - (1) The Company's directors (including independent directors), managers and designated natural person representatives in accordance with Paragraph 1, Article 27 of the Company Act (according to Paragraph 1, Article 27 of the Company Act, when the government or legal person is a shareholder, they may be

elected as a director or supervisor. However, a natural person representative must be appointed to carry out the duties).

- (2) Shareholders with more than 10% ownership interest in the Company.
- (3) Those who learned of the information through their profession or controlling relationship.
- (4) Those who have lost their status described in the first three paragraphs for less than 6 months.
- (5) Those who learned the information from a person described by item 4. Additionally, according to Article 22-2 of the Securities and Exchange Act, the shareholdings of the Company's directors (including independent directors), managers, or shareholders holding more than 10% of the Company's shares shall include the shareholdings of their spouse, underaged children, and nominee shareholders.

2. Insider trading:

According to Paragraph 1, Article 157-1 of the Securities and Exchange Act, when the subject of insider trading regulations learns that the company has news that would have a significant impact on its stock price, the person shall not make trades of the Company's shares or other securities in a securities broker before the news is disclosed or within 18 hours of it being disclosed. Any act of buying or selling securities in violation of this regulation constitutes insider trading.

3. Paragraph 4, Article 157-1 of the Securities and Exchange Act states that news with material impact on the Company's share price include:

- (1) Information that involves the company's finances and business, has a significant impact on the company's stock price, or has a significant impact on the investment decisions of legitimate investors.
- (2) Information that involves the market supply and demand and public acquisition of the security, has a significant impact on the company's stock price or has a significant impact on the investment decisions of legitimate investors.

4. Disclosure method for news with material impact on share prices: According to "Scope of Material Information and its Disclosure Method Guidelines in Paragraphs 5 and 6, Article 157-1 of the Securities and Exchange Act":

- (1) Material information involving the Company's finances, business and market supply and demand, the method of disclosure refers to the Company's entry in the Market Observation Post System.

5. Units responsible for the handling of material internal information

The Company's unit charged with handling material inside information is the Business Management Division. The responsible unit shall be composed of an adequate number of competent members based on the size, business conditions, and management needs of the Company. The unit shall have the following functions and authorities:

- (1) Responsible for formulating the drafts of these Procedures and any amendments to them.
- (2) Responsible for receiving inquiries in connection with the methods of handling material inside information, and for consultation, review, and recommendations relating to these Procedures.
- (3) Responsible for handling reports on leaked material information and formulating handling procedures.
- (4) Responsible for designing a system for preserving all documents, files, electronic records, and other materials related to these Procedures.
- (5) Responsible for the establishment and maintenance of files on the Company's directors (including independent directors), managers or shareholders with more than 10% ownership interest.
- (6) Other activities related to these Procedures.

Article 6 Confidentiality firewall operations

1. Confidentiality firewall operations - Personnel

- (1) Individuals applicable to the Procedures shall exercise the due care and fiduciary duty of a good administrator and act in good faith when performing their duties. The individuals shall sign a confidentiality agreement or statement.
- (2) The subject of this operating procedure shall not disclose the internal material information to others, and shall not buy or sell the company's stock or other equity-like securities when the internal material information has not been disclosed or has been disclosed within the legally required period.
- (3) Individuals applicable to the Procedures may not inquire about or collect any non-public material inside information of the Company not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of the Company of which they become aware of for reasons other than the performance of their duties.

2. Confidentiality firewall operations - Information

- (1) Proper protection of confidentiality shall be given to files and documents containing the Company's material inside information when transmitted in written form. When transmitted by e-mail or other electronic means, such files and documents must be processed with appropriate security technology such as encryption or electronic signatures.
- (2) Files and documents containing the Company's material internal information shall be backed up and stored in a secure location.

3. Operation of confidentiality firewalls - Operations

The Company shall ensure that the firewalls specified in the preceding two articles are established, and take the following additional steps:

- (1) Adopt adequate control measures for the firewalls and perform periodic testing.

- (2) Enhance measures for custody and maintaining the secrecy of files and documents containing non-public material inside information of the Company.

Article 7 Confidentiality obligations of outside organizations and persons

Any organization or person outside of the Company that is involved in any corporate action of the Company relating to a merger or acquisition, major memorandum of understanding, strategic alliance, other business partnership plans, or the signing of a major contract shall be required to sign a confidentiality agreement, and may not disclose to another party any material inside information of the Company thus acquired.

Article 8 Principles for disclosure

The Company shall comply with the following principles when making external disclosures of material inside information

1. The information disclosure shall be accurate, consistent, complete and prompt.
2. The information disclosure shall be based on facts.
3. The information shall be fairly disclosed.

Article 9 Implementation of the spokesperson system

1. Any disclosure of the Company's material inside information, except as otherwise provided by law or regulation, shall be made by the Company's spokesperson, or by a deputy spokesperson acting in such capacity in a confirmed sequential order. Other individuals may not disclose information to outside parties. This restriction does not apply to special and temporary assignments. When necessary, the disclosure may be made directly by a responsible person of the Company.
2. The Company's spokesperson or deputy spokesperson shall communicate to outside parties only information within the scope authorized by the Company, and no personnel of the Company other than those serving as the Company's responsible person, spokesperson, or deputy spokesperson may disclose any material inside information of the Company to outside parties without authorization.

Article 10 Record of disclosures

The Company shall keep records of the following in respect of any disclosure of information to outside parties:

1. The person who discloses the information, the date, the time, and the recipient of the information.
2. Information disclosure method.
3. Content of the disclosed information.
4. Content of the written information delivered.
5. Other relevant information.

Article 11 Response to false media coverage

Regarding the response to false media coverage, if a media agency releases information that is in any respect inconsistent with material information disclosed by the Company, the Company shall promptly issue a

clarification on the Market Observation Post System (MOPS) and request the media agency to correct the information.

Article 12 Reporting of unusual events

1. Any director (including independent directors), manager, or employee of the Company that becomes aware of any unauthorized disclosure of the Company's material inside information shall report to the responsible unit and the internal audit department of the Company as soon as practicable.
2. Upon receipt of a report made pursuant to the preceding paragraph, the responsible unit shall formulate corresponding measures. When necessary, it may invite members from the internal audit and other departments to meet for discussion of the measures, and shall keep a record of the results of the measures for future reference. The internal auditors shall also perform such audits as their duties may require.

Article 13 Disciplinary measures

The Company shall take measures to discover those responsible and take appropriate legal action against any personnel under either of the following circumstances:

1. Personnel of the Company disclose material inside information without authorization to any outside party, or otherwise violate these Procedures or any other applicable law or regulations.
2. A spokesperson or deputy spokesperson of the Company communicates to any outside party any information beyond the scope authorized by the Company, or otherwise violates these Procedures or any other applicable law or regulations.
3. Any person outside the Company that divulges material inside information of the Company and causes damage to the rights and interests of the Company.

Article 14 Internal controls

These Procedures shall be incorporated into the Company's internal control system. The internal auditors shall keep themselves regularly informed of the status of compliance with these Procedures and shall prepare related audit reports to ensure full implementation of the procedures for handling material inside information.

- Article 15 Education and promotion
The Company shall conduct educational campaigns to promote awareness among all directors, supervisors, managerial officers, and employees with respect to these Procedures and related laws and regulations.
- Article 16 Implementation and revision
These Procedures shall be implemented after approval by the Board of Directors. The same shall apply to all amendments.

11. Regulations Governing the Evaluation of the Performance of the Board of Directors and Functional Committees

- Article 1 (Purpose and basis for adoption)
These Regulations are established in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the Company's "Corporate Governance Best Practice Principles" to implement corporate governance, enhance the functions of the Board of Directors and functional committees of the Company, and to set forth performance objectives to improve the operation efficiency of the board of directors.
- Article 2 (Applicable regulations)
The main evaluation cycle, evaluation period, evaluation scope and methods, unit responsible for the evaluation, evaluation procedures, and other compliance items for the evaluation of the Company's Board of Directors and functional committees shall be processed in accordance with these Regulations.
The aforementioned functional committees of the Company include the Audit Committee and the Remuneration Committee.
- Article 3 (Frequency and length of evaluation)
The Company's Board of Directors shall conduct Board of Directors and Functional Committee Performance Evaluations according to the evaluation procedures and indicators in Article 6 and Article 7 every year.
The Company's Board of Directors Performance Evaluation shall be conducted by an external professional institution or expert team at least once every 3 years.
The internal and external evaluation results shall be completed before the end of the first quarter of the following year.
- Article 4 (Scope and methods of evaluation)
The scope of evaluation covers the performance evaluations of the Board as a whole, individual directors and functional committees.
Methods of evaluations include the Board of Directors and Functional Committee Performance Evaluation and self-evaluations by members of the Board of Directors and functional committees. External professional agencies and experts or other appropriate methods are engaged to conduct the performance evaluations.
- Article 4-1 (External professional agencies and experts)
When the Company arranges for an external evaluation agency or a team of experts/scholars to conduct the Board of Directors performance evaluation, the process shall be consistent with the following principles:

1. The external evaluation institution or external expert team should have the required expertise and independence.
2. The external evaluation institution shall be an institution or management consulting firm mainly engaging in the provision of services for educational and training programs for board of directors and improvement of corporate governance of enterprises.
3. The external expert team shall appoint at least three experts or scholars specialized in the fields of board of directors or corporate governance to conduct evaluations of board performance of the company and prepare external evaluation analysis reports.

Article 5 (Evaluation unit)

The Chairman's Office shall have an adequate understanding of the operation of the Board of Directors and functional committees. It shall serve as the executive unit for the performance evaluation of the Board of Directors and functional committees.

Article 6 (Internal evaluation procedures)

The Chairman's office shall collect information related to the activities of the Board of Directors and functional committees at the end of the year and distribute the following questionnaires to compile statistics on evaluation results for reports to the Board of Directors as the basis for review and improvement.

- (1) "Board Performance Evaluation Form" (Attachment 1): Filled out by the Chairman's Office.
- (2) "Board Member Self-Evaluation Questionnaire" (Attachment 2): Filled out by board members.
- (3) "Audit Committee Performance Evaluation Form" (Attachment 3): Filled out by the Chairman's Office.
- (4) "Remuneration Committee Performance Evaluation Form" (Attachment 4): Filled out by the Chairman's Office.

Article 7 (Evaluation indicators and scoring standards)

The Company's evaluation items for the performance evaluation of the Board of Directors and functional committees shall include at least the following five dimensions:

- (1) Level of participation in the Company's operations
- (2) Improvement in the quality of decision-making
- (3) Composition and structure
- (4) Election and continuous education
- (5) Internal controls

The measurement items for the self-assessment of the performance of directors shall include at least the following six dimensions:

- (1) Familiarity with the Company's goals and mission
- (2) Understanding of the role and responsibilities
- (3) Level of participation in the Company's operations
- (4) Internal relations management and communication
- (5) Professionalism and continuing education
- (6) Internal controls

The evaluation items for the performance evaluation of functional committees shall include at least the following five dimensions:

- (1) Level of participation in the Company's operations
- (2) Understanding of the committee's role and responsibilities
- (3) Improvement in the quality of decision-making by the functional committees
- (4) The composition of functional committees and the election of committee members
- (5) Internal controls

The 3 aforementioned performance evaluation indicators and evaluation standards may be adjusted in accordance with the actual operations of the Company.

Article 8 (Utilization of evaluation results)

When the Company's Board of Directors nominates a director, the results of performance evaluations for individual directors shall be listed as references for the nomination. The performance evaluation results of individual directors shall be used as the basis of calculating remuneration.

Article 9 (Information disclosure)

The Company shall disclose the implementation status of performance evaluations of the Board of Directors in the Annual Report or the Company's website each year. The content should at least contain the evaluation cycle, evaluation period, scope of evaluation, evaluation method, and evaluation content.

If the Company conducts the Board of Directors performance evaluation through external institutions or experts, it shall disclose the external evaluation institution, experts and their team members and professional descriptions in the annual report, as well as the independence statement of the external evaluation institution or expert, and explain the evaluation methods, standards and future recommendations for improvement.

Article 10 (Methods of disclosure)

The performance evaluation methods established by the Company have been fully disclosed on the MOPS and the Company's website for reference.

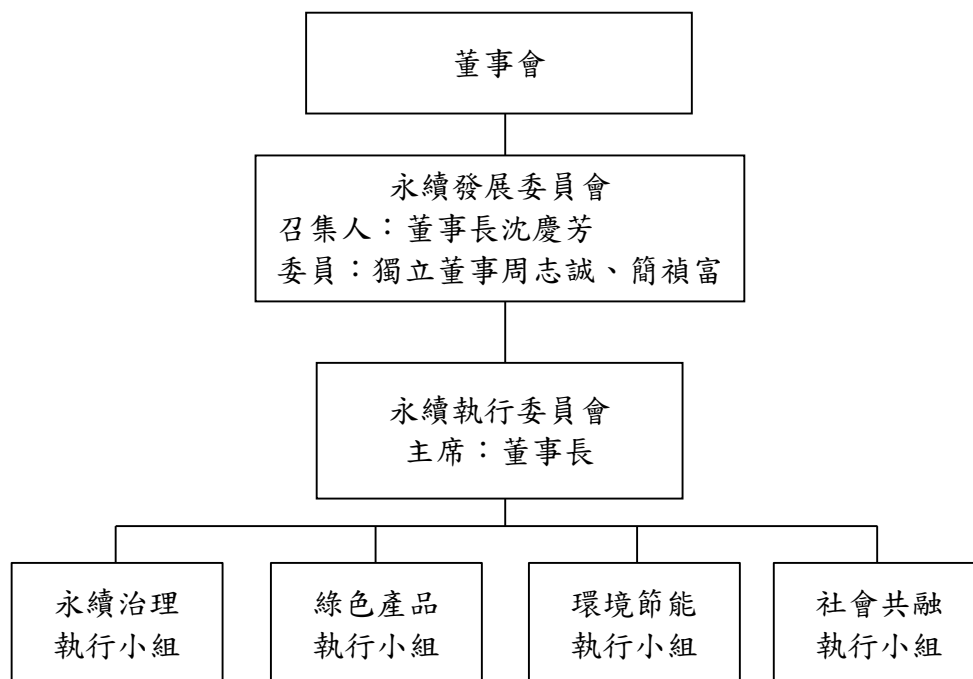
Article 11 (Implementation)

The Regulations shall be implemented upon approval by the Board of Directors. The same applies to amendments.

12. Specific promotion plans, implementation results, and issued reports for corporate sustainable development

In order to uphold our corporate sustainable development ideals and introduce international trends, the Company is actively promoting and strengthening our corporate governance functions related to sustainable development to reach our sustainable development goals. The "Corporate Sustainable Development Committee Charter" was passed by the Board of Directors on December 28, 2021, and the Sustainable Development Committee was established, with the Chairperson acting as the convener. The Committee serves under the Board of Directors. The Corporate Governance and Investor Relations Division is responsible for promoting corporate sustainable developments. The implementation status shall be reported to the Board of Directors at

least once a year. The structure of the Corporate Sustainable Development Committee is as follows:



The duties of the Committee include the following:

- (1) Stipulate the corporate social responsibilities and sustainable development directions and goals. Formulate related management approaches and specific implementation plans.
- (2) Promote and implement corporate ethical management and risk management
- (3) Tracking, review, and revision of the implementation status and results of corporate sustainable developments, as well as regular reports (ESG report).
- (4) Other matter to be handled by the Committee according to Board of Directors' resolutions.

The Company has issued a Corporate Social Responsibility Reports every year since 2016. The 2019 report has been issued by PricewaterhouseCoopers, Taiwan and issued after the report to the Board of Directors.

The Company took on the mission of "Technological development for the benefit of mankind; protect the environment and make the Earth a better place" and we have remained committed to building a corporate culture. We also use our core values in the industry to promote activities related to corporate social responsibilities and achieved results in the four dimensions including ethical management, environmental protection and energy conservation, employee care, and social participation. We hope to achieve sustainable development while protecting the interests of all stakeholders and become a role model in the PCB industry. Specific results are as follows:

1. Pollution prevention

(1) Wastewater treatment

1. Wastewater from production is categorized into 20 to 25 categories based on the characteristics of product and pollutants. We collect wastewater for processing or recycling.
2. Based on the characteristics of wastewater, we adopted unique designs that include ten major processing systems with high-efficiency processing equipment, three-dimensional distribution of processing units for multiple phases, and a smart central control system.

3. We ensure wastewater treatment functions and effectively recycle water resources and heavy metals. We also save land usage, reduce energy consumption in the process, and expand flexibility.
 4. Each wastewater treatment plant is equipped with a water quality laboratory for designated personnel to review the water quality in the wastewater treatment system.
 5. Each wastewater effluent outlet is equipped with an online water quality/water volume monitoring device which is linked to environmental protection agencies for comprehensive 24-hour monitoring. A series of protection measures is implemented to ensure compliance with wastewater effluent standards.
- (2) Exhaust gas treatment
1. The exhaust gas from all production lines is divided into 4 to 6 categories based on the contents of pollutants for sorting and processing.
 2. Regular outsourced inspections ensure emissions concentration to be far lower than requirements in national standards.
- (3) Waste disposal
1. Solid waste is divided into two categories:
Hazardous industrial waste and general industrial waste.
 2. Waste are sorted and collected at the sources on the production line.
 3. Resources are fully recycled to create value. Waste that cannot be recycled is contracted to licensed professional contractors for processing.
- (4) Radiation safety management
1. Radioactive equipment refers to devices that emit X-ray, gamma ray, or neutron radiation. They can be classified into Category I, Category II, and Category III based on the radiation level from high to low. All radioactive equipment used by the Company consists of Category III X-ray devices which are mainly used for inspections.
 2. Each radioactive has passed rigorous environmental impact assessments and the Company has obtained radioactive safety licenses from local governments. All indicators have met requirements in related national standards.
 3. Each operator must undergo training before taking office. They perform their duties as licensed professionals after passing tests. The Company strictly forbids unlicensed personnel from operating radioactive equipment.
 4. The Company requires all operators of radioactive equipment to wear radiation monitoring badges and regularly inspects the radiation level to protect employees' health and safety.
2. Energy conservation and carbon emissions reduction
- (1) Energy conservation design in plant building
- We studied the local environment and original landform to introduce green building concepts for the entire park based on characteristics of the natural environment.
- (2) Adoption of advanced equipment for environmental protection and energy conservation
- We use production line equipment provided by the world's top three manufacturers and we prioritize the use of low-energy consumption and low-pollution equipment.

We develop various energy-saving and water-saving solutions with manufacturers and strictly monitor and control all resource consumption in regular production.

(3) Certified clean production process

To comply with the "Cleaner Production Promotion Law" and "Cleaner Production Standards for Printed Circuit Board Manufacturing" promulgated in China, plants have actively implemented reviews and continuous improvements to pass the clean production review and receive certification.

(4) Carbon emissions inventory and management

The Company has actively inventoried greenhouse gas emissions for multiple years and passed third-party accreditation.

The Company has continuously improved the energy efficiency of equipment to achieve the energy conservation and carbon reduction targets in China's 13th Five-Year Plan. Since 2015, The Company's subsidiaries have adopted the ISO 50001 Energy Management System (systems have been established and certified for all sites as of 2017) for all the manufacturing sites. We have implemented systematic optimization for energy management and control and continuously improved energy consumption efficiency to fulfill our responsibilities in energy conservation and carbon reduction and protecting the Earth.

Since 2007, we have periodically conducted annual GHG inventories in accordance with the ISO14064-1 standard, and obtained third-party verification certificates. The scope of the inventory includes all subsidiaries of the Company. In 2021, the ISO14064-1 GHG external certification attainment rate was 100% for all plants. In 2021, the Scope 1 and Scope 2 carbon intensity was 6.99 tCO₂e/million NTD, which was a decrease of 28%.

(5) Launch of renewable energy projects

In order to alleviate climate change trends, the Company is actively studying low carbon development strategies and is fully considering the architectural features of the plants. The Company plans to maximize the utility of the outdoor areas. We have installed solar panels on the roofs of buildings and in parking lots, and they are connected to the national grid to provide power.

In 2020, we have officially launched solar power generation in the Huai'an manufacturing site, with 10,300 square meters of solar panels, 2.1 million kwh of annual power generation, and 1,068 tons of carbon reduction. In 2021, the solar energy project was completed for Huai'an First Park and power generation began in early 2022. The project constructed 15,100 square meters of solar panels, with 3.36 million kWh of annual power generation and 1,709 tons of carbon reduction. We will continue our efforts to plan for 100% renewable energy use in the future. In 2021, new manufacturing sites are being expanded in Taiwan according to Taiwan's regulations: at least 10% of total corporate electricity use must be green. We are already looking for renewable energy partners to plan for greater corporate use of renewable energy in the future.

(6) Forest conservation and ecological protection

Established a good ecological and environmental system to respond to climate change effects. Proposed the forest conservation plan.

In 2022, the Company will begin sponsoring the reforestation of national lands every year and investing in the "Removal of the Invasive Foreign Species, River Tamarind and Reforestation the Hengchun Peninsula, Taiwan" project. Through the removal of river tamarind, the project aims to build biodiversity in the area and accelerate repopulation, restoring the tropical species in the Hengchun Peninsula

and the rich ecological chain.

- (7) Promote energy conservation and carbon reductions to create a carbon asset surplus

The main production sites of ZDT have all passed the certification of environmental safety and health related management systems, and the certification rate is 100%, including: ISO14001 Environmental Management System, ISO14064-1 Greenhouse Gas Monitoring, ISO50001 Energy Management System, and Cleaner Production Audit in China. At the same time, we also follow the international development trend of environmental protection, introducing and certifying the latest international environmental management system standards, such as: certification for zero-landfill in waste processing, certification for AWS sustainable water management.

- (8) Environmental safety and health management system certifications of major manufacturing sites:

Sites in which each subsidiary resides	Shenzhen	Qinhuangdao	Huai'an First Park	Huai'an Second Park
System				
ISO14001 Environmental Management System	V	V	V	V
ISO14064 -1 Greenhouse Gas Audit	V	V	V	V
ISO50001 Energy Management System	V	V	V	V
China: Clean Production Process	V	V	V	V
UL 2799 Certification for zero-landfill in waste processing	V	V	V	V
Certification for AWS sustainable water management	V	V	V	V

- (9) Green supply chain energy conservation and carbon reduction solution management plan:



- (10) Green supply chain energy conservation and carbon reduction sustainable development goals:



- (11) The major plants that have received environmental management system

certification are as follows

Start and end dates	Name of certification Manufacturing Sites	ISO14001	ISO50001	ISO14064-1
	Shenzhen First Park	2019.03.09-2022.03.08	2020.11.17-2022.12.19	2021.01.01-2021.12.31
	Qinhuangdao Park	2011.07.14-2024.07.30	2020.12.31-2023.12.30	2021.01.01-2021.12.31
	Huai'an First Park	2020.10.29-2023.05.08	2020.12.21-2023.12.20	2021.01.01-2021.12.31
	Huai'an Second Park	2019.03.09-2022.03.08	2020.09.21-2023.09.20	2021.01.01-2021.12.31
	Qinhuangdao Qiding Park	2020.08.28-2023.08.27	2020.12.13-2023.12.12	2021.01.01-2021.12.31

3. Resource Recycling

- (1) PCB production requires massive amounts of water. Our plants have introduced high-performance wastewater recycling equipment to process wastewater for use based on the requirements of water usage sites. Water is recycled for reuse in production, environmental cleaning, and irrigation.

The Company's water usage in the past two years is as follows:

Item	2020	2021
Total Water Consumption	12,121 million liters	13,882 million liters
Amount of recycled water	75.22 million liters	9,446 liters
Water recycling rate	46%	49%

Note: 1. 2021 data is included in the BoardTek plant.

2. Water recycling rate = Water recycled for reuse ÷ (Water recycled for reuse + Total wastewater discharge).

3. Water intensity = Total water consumption ÷ ZDT's consolidated revenue. Reduction percentage is based on water intensity of 191.4 tons/million NTD in 2011, 0.1914 million liters/million NTD as the basis.

- (2) The Company established a waste resource management unit to implement waste sorting and management. We established a dedicated R&D team to develop new resource recycling technologies to increase the value of resources. The total weight of waste of the sites is 94,658 tons, and the waste recycling percentage is 93%. The waste is sorted by type. Hazardous industrial waste totaled 62,543 tons and general industrial waste totaled 32,115 tons. The statistics on the weights of hazardous industrial waste and general industrial waste in the most recent 2 years are as follows:

Item	2020	2021
Total weight of waste	70,703 Tons	94,658 Tons
Weight of hazardous waste	40,771 Tons	62,543 Tons
Weight of general waste	29,931 Tons	32,115 Tons
Hazardous waste intensity	0.31 tons/million NTD	0.40 tons/million NTD

Note 1: Intensity of hazardous waste = weight of hazardous waste ÷ ZDT's consolidated revenue.

2: 2021 data is included in the BoardTek plant.

4. Green Culture

The Company is promoting the "Zhen Ding Seven Greens" project. We aim to use green services, green manufacturing, green living, green procurement, green innovation, green recycling, and green coordination to create green value and promote green culture. We actively fulfill our corporate social responsibilities in the hopes that we can plant a green seed for environmental protection and create our own green corporate culture. We wish to instill these values in the hearts of all our employees and in every stage of our operations, allowing corporations, society, and nature to prosper together.

- (1) The Company's environmental protection month is from April 22 to June 5 each year. We started with the ideals of sustainability and internal implementation to organize various fun, green activities, improving the environmental awareness of our employees. The different plants work with the local governments, schools, and communities to organize various green events, spreading eco-friendly ideals externally and helping society through practical actions.
- (2) We planted trees in the plants on Arbor Day each year to jointly create a low-carbon green environment.
- (3) We actively respond to government authorities' environmental protection and energy conservation policies and activities to promote a green culture and become a role model for environmental protection. Please refer to the Annual Report for awards won by the sites for environmental protection and energy conservation.
- (4) We strengthened communication with residents of neighborhoods near the sites and customers of the Company to promote our environmental protection culture and fulfill corporate social responsibilities.

Since the founding of the Company, we have continued to focus on the blue map and disclosing PRTR information on the IPE website.

Becoming promoters and demonstrators of environmental sustainability is the green wish of every employee. Therefore, we will continue to implement innovative improvements, strengthen environmental protection, and make the world a better place.

Starting in 2013, we applied a series of optimal control measures, including energy saving, water saving, and waste emission reduction, to the three main activities of our manufacturing sites, manufacturing, production, and product lines. The scope of these measures cover the five major categories of 8S, energy saving, water saving, effluent tower, and waste management. We implemented water conservation and chemically treated water reductions in the manufacturing sites according to industry characteristics. By implementing detailed source management and introducing new green technologies, we clearly stipulated requirements for responsible management departments and for stipulating KPI requirements that will help the company to minimize its environmental impact and simultaneously achieve the objectives of energy performance improvement and green recycling.

5. The Company has hosted environmental protection and energy saving month activities for 14 consecutive years since 2007 and collaborated with more than 55 government units, elementary and junior high schools, and environmental groups to organize such activities. We have hosted over 140 edutainment activities in our plants that have attracted more than 130 thousand participants. Among which, the Company invested in 23 events in 2021, with more than 38 thousand participants. A total of RMB55 thousand was invested so that the employees can work with society to build a better green environment and sustainable society.

In 2021, the Company continues to integrate environmental protection and energy saving activities into society. Working with the local government, communities, and schools, we have organized green activities with the themes of "Caring for Water, Cherishing

Water Resources, "Environmental Protection First", and "Green Campuses" to increase public awareness and transform the Company's environmental protection ideals into implementation of social responsibilities.

The Company's greenhouse gas emissions in the past two years are as follows:

Items	2020	2021
Period	From January 1, 2020 to December 31, 2020	From January 1, 2021 to December 31, 2021
Scope	Shenzhen, Qinhuangdao Industrial Park, Huai'an First Park, and Huai'an Second Park.	
Greenhouse Gas Emissions	Direct: 38,076 Tonnes / CO2 Equiv. Indirect: 694,596 Tonnes/ CO2 Equiv. Other Indirect: 10,923 Tonnes/ CO2 Equiv.	Direct: 41,876 Tonnes / CO2 Equiv. Indirect: 1,041,372 Tonnes / CO2 Equiv. Other Indirect: 36,128 Tonnes / CO2 Equiv.
6 types of Greenhouse Gas Inventory	CO2: 894,243 Tons CH4: 1,893 Tons N2O: 49 Tons HFCs: 7,143 Tons PFCs: 5 Tons SF6: 205,921 Tons	CO2: 1,112,051 Tons CH4: 3,325 Tons N2O: 156 Tons HFCs: 3,571 Tons PFCs: 2 Tons SF6: 270 Tons
Total weight of waste	6.79 tCO ₂ e/million NTD	6.99 tCO ₂ e/million NTD

Note 1: Greenhouse gas emissions have passed third-party verification by TUV (Rheinland) in accordance with ISO-14064-1.

2. 2021 greenhouse gas survey data included the BoardTek plant.

3. Carbon intensity = Carbon emissions/ZDT's Consolidated Revenue

The Company pays considerable attention to the impact of climate change on its business operations. In addition to taking actions for energy conservation and carbon reduction, we expanded the scope of the following activities to achieve greenhouse gas reduction:

- (1) We inventoried the greenhouse gas emissions of our major suppliers, guided them on establishing ISO systems, and increased the depth of suppliers' green management to enhance the Company's green influence.
- (2) We participated in the international Carbon Disclosure Project (CDP Supply Chain program). Zhen Ding leads the global PCB industry with a B rating on its CDP performance in 2021, which was higher than the average in Asia and the industry. We announce our green development ideals and performance in energy conservation and carbon reduction as we learn about carbon management from world-class companies.
- (3) The Company's production departments and other peripheral units have engaged in multiple energy conservation and reduction projects, such as energy efficiency improvement projects, water management projects, and waste management projects.

We also actively participate in the trading of carbon emission in Shenzhen and become a part of China's carbon trading market, not only to ensure that the company maintains sufficient carbon quotas in the future, but also to promote energy-saving measures using advanced technologies, thereby creating favorable opportunities for the company's future long-term business development.

Reduction goals for GHG emissions

The reduction goals for GHG emissions are: The tons of carbon emissions per million NTD (t/MNTD) shall be reduced by 40% in 2025 compared to 2013.

As the Company continues to grow, our production capacity is constantly expanding. With development trends of high-end products, we are conducting R&D and testing of advanced technologies, leading to the increase in annual power usage. In the future, we will continue to develop and introduce high energy efficiency technologies, strengthen energy conservation audit management, and achieve yearly reductions in unit carbon emissions.

The main environmental-related associations, organizations, and alliances in which ZDT participates include:

- China Printed Circuit Association (CPCA)
- Guangdong Printed Circuit Association, Shenzhen Printed Circuit Association (GPCA/SPCA)
- Taiwan Printed Circuit Association (TPCA)
- Institute of Public and Environmental Affairs (IPE)
- Carbon Disclosure Project (CDP)
- Shenzhen Emissions Exchange, Ministry of Environmental Protection (China Environment News) of the People's Republic of China
- Alliance for Water Stewardship (AWS)
- Responsible Business Alliance (RBA)

The Company actively practices the concept of green environmental protection and implements the green supply chain. We are also the first in the PCB industry to introduce the use of renewable green energy and support renewable energy. We will drive the development of the green power industry to develop technology for the benefit of mankind, while slowing down the trend of global warming and realizing a better future of environmental sustainability.

The Company has established an email (zdt-contact@zdtco.com) and a physical mailbox for employees and the general public to provide feedback on environmental protection and environmental issues. The feedback collected will be sent to various dedicated units and department head for appropriate handling.

6. The Company has set environmental protection and safety as the foundation for the Company's development. We comply with legal requirements, customer guidance, and corporate sustainable management principles to stipulate the Company's "preventing disasters, caring responsibly, and providing a safe and healthy environment; Comply with laws and regulations and make continuous improvements to become a zero-incident company" occupational safety and health policy. Since our establishment, the Company has been devoted to the promotion of related safety management systems (such as OHSAS 18001:2007 and ISO 45001:2018). With our belief of being better than the legal requirements, the Company establishes practical rules and guidelines, safety policies, safe production management mechanisms, perfects its safety management systems, provides employee safety training, implements risk identification and control, actively conducts self-inspection and troubleshooting, establishes a friendly work environment and inspects and improves the work environment, provides labor protection to employees, builds emergency response systems, and maintains its fire prevention system. These actions are aimed at building a safe and healthy work environment. Details are as follows:

(1) Safety training activities

In order to improve safety awareness and abilities among employees, the Company provide many forms of safety training and organizes different themed activities, in order to form a self-managed culture of safety.

- A. Education and training: The primary responsible person, safety managers, and special operations personnel of the Company have undergone professional training and are certified for their positions. The Company strictly implements tier three safety education and training for employees, so that employees can learn safety knowledge.
- B. Themed activities: The Company organizes safety month activities and fire safety month activities for June and November each year, respectively. The activities include promotion of safety related themes, video screenings, lectures, Q&As, and knowledge based competitions. The Company uses fun and vibrant ways to improve the understanding of safety knowledge among employees.
- C. Safety culture: The Company established the "Work safety column" in the internal monthly publication to share safety knowledge. The Company actively arranges employees to participate in safety activities organized by the government and community.
- D. External guidance: Apart from self-management, the Company invites professional safety consultants, government experts, and technical teams to conduct safety inspections and guidance for the Company, thereby increasing the overall safety management standard of the Company and establishing a good foundation for safety.

(2) Occupational health management

The Company has established the occupational health management mechanism, which is in charge of the coordination of various occupational health and safety tasks to provide a safe and healthy work environment for the employees.

A. Occupational illness risk factor test

The Company engages qualified testing companies to conduct onsite hazardous factor testing once a year. The items include physical and chemical factors. Physical factors include noise and light, and chemical factors include dust, sulfuric acid, and hydrochloric acid. The results are reported to the management department and notices are posted on site.

B. Personnel management

All employees in hazardous positions shall sign a hazard notification letter to make them aware of the hazardous factors and preventive measures. Warning signs and notification cards are posted in each hazardous space. The Company provides free labor protection equipment that comply with the national occupational safety standards to the employees, and instructs them of the proper use. Employees are given occupational health checks before, during, and after working in their positions. Occupational health monitoring files are established and the health check results are given to employees immediately.

(3) Fire safety management

The Company has established a central control center to implement alarms and handling procedures, emergency command, and safety monitoring in a single command structure. The center is equipped with fire safety management

mechanisms and implements fire drills, equipment training, and firefighting system maintenance.

- A. Central control center: The Company has established a central control center to collect, monitor, handle, and report various error messages, error signals, and realize resource integration. The center provides immediate and accurate responses to various abnormal situations and implements two-person 24 hour shifts.
- B. Micro fire stations: Micro fire stations have been constructed in the plants. The stations are equipped with various detection instruments, handling equipment/facilities, fireproof suits, chemical resistant suits, emergency carts, and SCBA (respirators). The Company has installed related emergency equipment in the manufacturing sites. Apart from eye wash stations and first aid kits, we have also introduced Diphoterine (a chemical washing agent), AED (automated external defibrillator), and other emergency equipment. The Company has organized various emergency equipment and AED/CPR training.
- C. Emergency management: The Company conducts special training for the use and operation of emergency equipment. For example, fire extinguishers, fire hydrants, chemical protection suits, and emergency vehicles. We have also considered the combination use of the equipment and designed lessons and training accordingly. The Company has stipulated fire fighting, evacuation, chemical leak, enclosed space, and other emergency response measures and conducts drills, in order to improve the employees' ability to save themselves and each other.

(4) Safe production management

The Company has established safe manufacturing management mechanisms, stipulated safety strategies and policies, implemented legal compliance, and conducted risk analysis and potential problem management for the Company's manufacturing processes.

- A. Safety control organization: The Company established the safety management organization and designated safety management personnel. At the same time, each plant is equipped with plant safety personnel and each workshop is equipped with an industrial safety officer as part-time safety management personnel to help potential safety issue inspection and reporting. The Company has established the Safe Production Committee, which regularly meets to discuss and review occupational safety.
- B. Implementation of laws and regulations: The various new expansions of the Company strictly comply with occupation safety, triple layer safety, and other safety laws and regulations of the country.
- C. Problem management: The Company has always been focused on the identification and handling of potential safety issues. We adopt daily audits, joint audits, and project audits to manage the plants according to their risk classification. The Company has implemented "El Nino Prevention, "Winter Plans, and other project audits, in order to eliminate threats immediately and provide complete prevention.
- D. Digitized management: The Company has established the Equipment Management System (EMS) and industry safety net system. We use the internet to realize equipment inspections, monitoring of maintenance status, and follow up and improvement of hidden threats. The Company is promoting PAD, paperless safety audits, achieving timed, location, and personnel management, thereby improving audit efficiency. High risk

equipment PAD audit has been fully implemented since 2017. The Company established the supplier construction management platform to monitor supplier activity and record the construction process.

7. Employee Care

The Company upholds a people-oriented corporate philosophy and core values for integrity, responsibility, and excellence. We actively established a training system for employees and we provide benefits and related subsidies. We hope that employees identify with the Company's ideas and implement them in their life to bring benefits to their family and society. The Company implements a CSR policy based on "Six Assistances and Six Loves" to encourage employees to participate in our employee care, environmental protection, and social activities.

- (1) "Love Yourself": The Company encourages employees to learn to love themselves. We planned a series of professional, technical, and management courses to help employees improve themselves. We organized various yoga, dance, handicraft, spiritual growth, and healthy lifestyle courses to help employees take care of themselves, improve their tastes, improve their cultural appreciation, and build personal charm and style.

In 2021, we held 16 sessions of self-enhancement activities including reading activities, oil painting experience, and exercise and sports activities for 2,729 participants.

- (2) "Love Family": To create a warm, happy family atmosphere at Zhen Ding, and increase employees' wellbeing and sense of belonging, the Company has organized events at all manufacturing sites, such as matchmaking events, parent-child trips, family open day, and couple activities, as means of building a platform that surrounds employees with the love of their families, friends, and partners.

In 2021, we held 26 sessions of love for the family activities including family photo collection and Chinese Valentine's Day celebrations for 9,683 participants.

- (3) "Love Colleagues": The Company provides employees with comprehensive care from visits to production lines, employee seminars, hotline assistance, and birthday celebrations for employees to strengthen positive relations among employees, thank employees for their hard work, and strengthen the establishment of a team culture. ZDT encourages interactions and communications between employees to boost team cohesion and solidarity.

In 2021, we held 3,255 sessions of love your colleagues activities, including e-sports competitions and Lunar New Year celebrations for 369,184 participants.

- (4) "Love the Company": The Company provides employees with a stage to fulfill their personal values in life. We encourage employees to integrate their own growth in the Company's development. The Company's development history and representative buildings enable employees to reap the results of their labor and share the glory of the Company's success. We organize various reward and incentive activities to inspire employees' passion for their jobs and careers. We continue to encourage employees of ZDT.

In 2021, we held 362 sessions of love for the company activities, including the building painting courses and proposal improvement meeting for 70,886 participants.

- (5) "Love Life": The Company has built a movie theater, dance and yoga room, gym facility, and other integrated multi-functional cultural venues coupled with a wide range of activities (e.g., gym check-in, amateur club activities, sports competitions, themed parties, pottery, and floral design courses) to satisfy employees' different

needs and help them to lead healthier and better lives.

In 2021, we held 1,600 sessions of love your life activities, including photography exhibitions and illustration lessons for 285,046 participants.

- (6) "Love the Earth": "Protecting the environment and making the earth a better place" is one of the Company's motto. The Company organizes events during the Environmental Protection Month, environmental protection education on campus and in local communities, resource recycling exhibitions, and green hikes to promote a green corporate culture, fulfill our environmental missions, and make the earth a more beautiful place through our actions.

In 2021, we held 15 sessions of love the Earth activities, including environmental protection events on campuses and low carbon, environmental protection activities for 7,844 participants to protect the Earth together.

We hope that employees could care for the people around them from the inside out and spread this sentiment of love around the world. Our events throughout the year revolved around the "Six Loves" theme so that employees could participate and demonstrate their commitment to the society. Through the "Six Loves", we care for our employees and build a harmonious environment. We have also set up the Ding Shen Monthly publication and the daily broadcast "Joyful Sounds of ZDT" to enable employees to look out for the people around them, lead a fulfilling life, and identify more with the values and beliefs of the Company.

8. Social Participation

We uphold the business philosophy of "love, confidence, and resolve" to promote a corporate culture of love. The Company advanced the "Six Helps" events centered around "being responsible" to fulfill corporate social responsibilities. The "Six Helps" include:

- (1) "Help the Elderly": It is a traditional virtue of the Chinese culture to respect, honor, love, and help the elderly. The Company regularly organizes visits to elderly people who live alone and we organize employees to provide volunteer services in retirement homes to improve employees' gratitude and awareness for respecting their elders, and provide them with love and care.

A total of 17 elderly care events were organized in 2021, with 5,792 participants.

- (2) "Help the Weak": The Company sponsors children's homes and provides care to environmental health workers, and lead employees to care for and spend time with disadvantaged groups in society. We organize volunteer service teams and use our actions to implement the volunteer's spirit of "sacrifice, love, helping others, and progress".

A total of 7 disadvantaged care events were organized in 2021, with 1,438 participants.

- (3) "Help the Disabled": The Company provides disabled people with jobs to help them become self-reliant and fulfill their own goals, further realizing the Company's value of "benefitting people" and fulfilling its social responsibility.

A total of 12 disabled care events were organized in 2021, with 2,302 participants.

- (4) "Help Studies": The Company encourages our employees to provide different volunteering services, such as collecting funds to set up a library,

donating books and other learning materials to help children to broaden their horizon and expand their knowledge base. At the same time, we have helped to improve the teaching environment and sponsored financially-disadvantaged college students to help them grow and become successful. Zhen Ding has established a long-term support mechanism to enable more underprivileged students with excellent academic performance to complete their education.

A total of 29 academic assistance events were organized in 2021, with 3,551 participants.

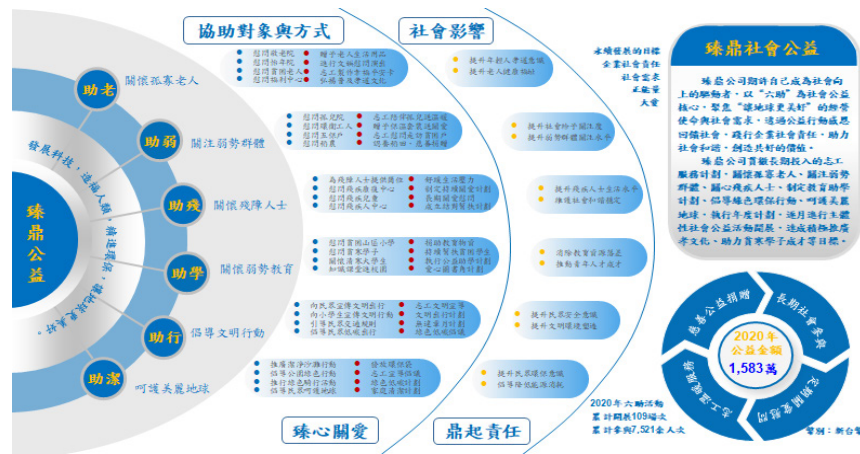
- (5) "Help Transportation": We promote transportation safety and increase pedestrians' awareness of traffic laws to construct a civilized and orderly transportation environment. We encourage compliance with traffic laws and civilized driving. We provide citizens and environment sanitation workers with drinking water and we distribute environmentally friendly bags to fulfill our low-carbon environmental protection ideals and show how much the Company cares.

A total of 15 travel assistance events were organized in 2021, with 9,310 participants.

- (6) "Help Cleanliness": We take action to demonstrate the importance of environmental health and protect the health of the environment around our manufacturing sites, in order to foster environmental awareness in employees. Volunteers spend their rest time cleaning beaches and parks, transforming their care for the environment into actions in their daily lives, and putting into practice the concept of loving the earth.

A total of 15 cleanliness assistance events were organized in 2021, with 5,275 participants.

We fulfilled our corporate social responsibility through the aforementioned series of "Six Helps" events. The Company adopted its own song "Let the World See" to deliver our corporate culture and take on corporate social responsibilities to contribute to social advancement. The Company shall uphold the spirit for continuous innovation and we hope to make ourselves, the environment, society, and the Earth better each day.



9. The CSR performance of the Company in 2020 was as follows:

- (1) ZDT is highly focused on the education industry. We are dedicated to eliminating the gap in education resources and promoting the development of young talent.

In 2021, a total of 297 financially-disadvantaged students from 13 schools were sponsored, 7 disadvantaged elementary schools were visited, and the amount donated for academic aid totaled NT\$6.25 million.

- (2) For many years, Zhen Ding has been donating regularly to elementary schools in financially-disadvantaged mountainous areas to help improve their teaching facilities.

In 2021, we visited 7 elementary schools to show our care. We donated chairs, tables, books, and winter suppliers totaling NT\$330 thousand. We also established reading corners in underprivileged schools. At the same time, classes on traffic safety and green campus activities were held for the students, and interactive games were used to help them broaden their horizons.

- (3) ZDT interacts with school children regularly. We care about the growth and education of these students. When school started, we gifted the children with back to school gift bags. During the Lunar New Year, we traveled to the underprivileged schools to deliver new year gifts for the happy holidays.

In 2021, donations and gifts totaled NT\$250 thousand.

- (4) The Company donated NT\$10 million to the Friends of the ROC Police Association Police Medical and Care Fund to show our appreciation for the hard work that police officers put in to maintain social order. Through this sponsorship, we fulfill our corporate social responsibilities and promote economic, environmental, and social advancement.

- (5) To boost the rice industry in Taiwan and fulfill our corporate social responsibility, ZDT has launched a particularly meaningful activity, called My Piece of Land. Through this volunteering activity, we hope employees and their spouse can contribute to Taiwan with actual actions. Furthermore, the Company also donates a portion of the crops harvested to charity organizations to fulfill our social responsibilities.

In 2021, we donated 380 crates of rice to the Military Taoyuan General Hospital, Hong Hua Nursery, and Chung Yi Social Welfare Foundation.

We fulfilled our corporate social responsibility through a series of events and assist with social advancement and development. The Company shall uphold the spirit for

continuous innovation and we hope to make ourselves, the environment, society, and the Earth better each day.

10. Strategic Partners

The Company has always been happy to share our experience with strategic partners and learn from each other in research and innovation. We prosper with suppliers, professional institutions, and other strategic partners and share the results of our work. We firmly believe that business management is not a zero-sum game but it is about coexistence and joint prosperity with strategic partners. We hope to form alliances with strategic partners to jointly innovate and develop core technologies (new products, new technologies, new equipment, new materials and new processes) and share the results. We also hope that our high-quality circuit boards can be widely adopted in products of end-customers for the benefit of consumers and society. This constitutes the fulfillment of "Technological development for the benefit of mankind" (one of the Company's missions).

11. Identity of Stakeholders, Issues of Concern, and Communication Channels

We used internal CSR work meetings to discuss and identify stakeholder groups with significant economic, environmental, and social impact on ZDT. We reference issues disclosed by other companies and identified eight major stakeholder groups for Zhen Ding based on dependency, responsibility, influence, diverse perspectives, focus, and the Company's actual operations: Employees, customers, suppliers, contractors, investors, communities, competent authorities and banks.

Each stakeholder is crucial to the Company and they are the cornerstones for the Company's sustainable development. We constantly remind ourselves of our goals when we first started and to conduct business with integrity and responsibility.

- (1) Identify Relevant Topics
- (2) Identify topics of interest to stakeholders
- (3) Analyze the Degree of Economic, Environmental, and Social Impact
- (4) Rank Material Topics in Order of Priority and Confirm Material Topics
- (5) Inspection and review

Stakeholders' complaint channel:

Stakeholders	Contact Person
Competent authority	Deputy Manager Chen Email: zdt-contact@zdtco.com
Investors	Manager Ling Email: zdt-ir@zdtco.com
Suppliers	Manager Liu Email: zdt-contact@zdtco.com
Contractors	Manager Wang Email: zdt-contact@zdtco.com
Communities	Deputy Manager Li Email: zdt-hr@zdtco.com
Customers	Deputy Manager Li Email: zdt-sales@zdtco.com
Employees	Deputy Manager Li Email: zdt-hr@zdtco.com
Banks	Deputy Manager Li Email: zdt-contact@zdtco.com

12. Supply Chain Management.

- (1) The Company has established a comprehensive supply chain management system, which includes a department in charge of supplier management. By using the Supplier (Contractor) Management System, we systematically and comprehensively manage the quality, delivery, service, and prices of goods supplied. The Company also established the Supplier Social Responsibility Management Regulations, Supplier Conflict Minerals Management Regulations, and other regulatory documents to conduct integrity, honesty, and supplier social responsibility management training for internal procurement staff, extending our social responsibility ideals to the supply chain and establish partnerships with suppliers for joint management. We require companies to adhere and commit to such regulations and ensure that all of their operations meet the applicable environmental laws, labor laws, and international corporate social responsibility regulations. ZDT has requested suppliers to provide a Letter of Commitment before working with them. The Letter covers ethical conduct, human rights, and environmental aspects, as well as provisions that state that agreements shall be terminated or canceled when suppliers violate corporate social responsibility policies to an extent that poses significant impact on the environment and society. In 2021, 100% of our suppliers have signed this Letter.

Corporate management requires cooperation with our strategic partners. We hope to grow, innovate, develop core technologies (new products, new technology, new materials, and new production processes), and share the results with our partners who share our ideals. A total of 128 companies completed supplier quality and social responsibility audits in 2021. The average customer satisfaction score is 87.36%. Proposed improvements totaled 16,841 proposals. The total amount of improvements totaled NT\$5.15196 billion.

- (2) Social responsibility audit guidance, education and training, and complaint mechanisms

- Social responsibility audit guidance:

ZDT conducts yearly onsite audit on high-risk suppliers by using the material risk classification and annual rating standards in the Supplier Audit Regulations. In 2021, a total of 128 suppliers were selected to undergo the annual quality and hazardous substance audit. All supplies passed the audit or passed the final re-audit.

- Supplier Education and Training

To strengthen suppliers' effective implementation of the Company's social responsibility code of conduct, environmental protection policy, and common quality tools, a supplier training program is planned at the beginning of each year to provide training to suppliers. In 2021, a total of 4 quality-related courses were offered and 117 suppliers underwent training, totaling 253 participants.

- Grievance Mechanism

The Company advocates "fairness and impartiality, integrity and self-discipline, honesty and cooperation in building an environment that embraces honest and ethical purchasing" to eliminate any conducts in violation of supply chain management principles. In addition to asking certified suppliers to sign a letter of commitment (which includes integrity requirement), we also inform suppliers of applicable requirements via email or at supplier conferences. We have set up a reporting channel for suppliers to use to file anonymous or registered reports on blackmails, bribes and other unethical business conducts. Company website - "Contact Us" section; or email us at zdt-report@zdtco.com.

(XIII) Internal Control System Statement

Zhen Ding Technology Holding Limited Internal Control System Statement

Date: March 16, 2022

This Internal Control System Statement is issued based on the self-assessment results of the Company for the year 2021:

- I. The Company acknowledges that the Company's Board of Directors and managers are responsible for the implementation and maintenance of the internal control system, and that the Company has already established such a system. The objectives of internal control system include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of assets and safety); ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting; and providing reasonable assurance.
- II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the effectiveness of the internal control system may vary due to changes in the environment and circumstances. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Governing Regulations") that are related to the effectiveness of internal control systems. The criteria adopted by the Governing Regulations are divided into 5 components in accordance with the procedures of management control: 1. Control environment; 2. Risk assessment; 3. Control activities; 4. Information and communication; and 5. Monitoring activities. Each constituent element includes a number of categories. Please refer to "Governing Regulations" for details.
- IV. This Company has already adopted the aforementioned internal control system assessment items to evaluate the effectiveness of internal control system design and implementation.
- V. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that its internal control system (including its supervision and management of subsidiaries) on December 31, 2021, encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, and compliance with applicable laws and regulations, is effectively designed and operated that reasonably assures the achievement of the above-stated objectives.
- VI. This Statement of declaration shall be the primary content of the Company's Annual Report and prospectus, and shall be made available to the public. Falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement was approved in the meeting of the Board of Directors on March 16, 2022 where all 7 attending Directors approved the content of this Statement.

Zhen Ding Technology Holding Limited

Chairman: Chang-Fang Shen

President: Ting-Chuan Lee

(XIV) From the most recent fiscal year up until the publication date of the Annual Report, the circumstances in which the Company and its personnel have been punished by law, the Company has undertaken disincentive measures for its personnel for breaching the internal control system, and any material deficiencies and revisions shall be disclosed: None.

(XV) Important resolutions adopted by the shareholders' meeting, Board of Directors, the Audit Committee, and the Remuneration Committee in the past year and up to the publication date of the Report:

1. Key resolutions, attendance, and implementation status of the shareholders' meeting:

(1) Number and proportion of attending shares:

The attendance and attendance by proxy in the shareholders' meeting totaled 752,526,961 shares (including 700,920,809 votes exercised electronically) which accounted for 79.63% of total shares outstanding (947,049,161 shares).

(2) List of attending directors:

Chairperson Chang-Fang Shen, Che-Hung Yu (Representative of Foxconn (Far East) Limited), Director John-See Lee, Independent Director Chih-Chen Chou, Independent Director Chi-Hsien Lee were in attendance, which exceeded half of all directors.

(3) Chairman to Preside over the Shareholders' Meeting: Chairman Chang-Fang Shen.

No.	Agenda	Voting status	Voting results (including electronic votes)				
			Votes in favor	Votes against	Invalid votes	Waived votes/ uncast votes	Total voting rights of attending shareholders
1	Ratification of the 2020 business report and consolidated financial statements	Approved after voting	657,462,962 87.47%	127,385 0.10%	0 0%	94,015,614 12.50%	751,605,961 100%
2	Ratification of the distribution of earnings for 2020.	Approved after voting	658,364,289 87.59%	766,585 0.10%	0 0%	92,475,087 12.30%	751,605,961 100%
3	Revision of the "Rules and Procedures of Shareholders' Meeting"	Approved after voting	658,977,047 87.67%	171,585 0.02%	0 0%	92,457,329 12.30%	751,605,961 100%

(4) Implementation status of the proposals:

A. Ratification of 2020 business report and consolidated financial statements:

Published and filed in accordance with regulations.

B. Ratification of the 2020 earnings distribution:

The Chairperson has been authorized to make the decision according to the Articles of Incorporation. The distribution base date has been set as July 14, 2021 and distribution shall be completed by July 30, 2021.
(Cash dividends of NT\$ 4.5 per share)

C. Revision of the "Rules and Procedures of Shareholders' Meeting":

It has been announced on the Company's website. In the future, regular (extraordinary) shareholders' meetings will be handled according to the amended Rules and Procedures of Shareholders' Meeting.

(5) The meeting was adjourned at 9:23 AM.

2. Material Resolutions of the Board of Directors:

Date of Meeting	Key Resolutions and the Company's follow-up implementation
2021.01.28 (5th meeting of the 4th Board of Directors)	<ol style="list-style-type: none"> 1. Proposed the bank credit limit for wholly owned subsidiaries of the Company for approval 2. Proposed the Company's overseas establishment of subsidiaries for approval. 3. Proposed the land purchase by the Company's Chinese subsidiary company, Li Ding Semiconductor Technology (Shenzhen) Co., Ltd., for approval. <p>Independent Directors' Opinions: None The Company's response to the opinions of Independent Directors: Independent Directors had no opinions. Resolution: Passed by all Directors present at the meeting and implemented in accordance with the resolution and regulations.</p>
2021.03.30 (6th meeting of the 4th Board of Directors)	<ol style="list-style-type: none"> 1. Passed the Company's 2020 Statement of Internal Control System. 2. Passed the appointment of the Company's audit supervisor. 3. Passed the amendments to the Company's Shareholders' Meeting Policy. 4. Passed the elimination of the limit on the amount of endorsements/guarantee made by the Company to a wholly-owned subsidiary of the Company. 5. Proposed the bank credit limit for the Company and wholly owned subsidiaries for approval. 6. Passed the Company's 2020 Business Report. 7. Passed the Company's 2020 Consolidated Financial Statements. 8. Passed the Company's 2020 remuneration distribution proposal for employees and directors. 9. Passed the Company's distribution of earnings and cash dividends for 2020. 10. Passed the proposal for the appointment and remuneration for the Company's CPA. 11. Passed the proposal regarding the time, place, and related matters for the 110 general shareholders' meeting. <p>Opinions of the Independent Directors: None The Company's response to the opinions of Independent Directors: Independent Directors had no opinions. Resolution: Passed by all Directors present at the meeting and implemented in accordance with the resolution and regulations.</p>
2021.05.07 (7th meeting of the 4th Board of Directors)	<ol style="list-style-type: none"> 1. Passed the appointment of the corporate governance supervisor. 2. Passed the bank credit limit for wholly owned subsidiaries of the Company for approval. 3. Passed the amendments to the contract between the Company and the legal compliance consultant of Grand Fortune Securities Co., Ltd. <p>Opinions of Independent Directors: None The Company's response to the opinions of Independent Directors: Independent Directors had no opinions. Resolution result: Passed by all Directors present at the meeting and implemented in accordance with the resolution and regulations.</p>
2021. 06.15 (8th meeting of	<ol style="list-style-type: none"> 1. Passed the restipulation of the date of the 2021 Annual Meeting of Shareholders.

Date of Meeting	Key Resolutions and the Company's follow-up implementation
the 4th Board of Directors)	<ol style="list-style-type: none"> 2. Passed the amendments to the Company's "Regulations Governing the Evaluation of the Performance of the Board of Directors and Functional Committees". 3. Proposed the bank credit limit for the Company and wholly owned subsidiaries for approval. 4. Donated NT\$30 million for the establishment of "Zhen Ding Education Foundation". <p>Opinions of Independent Directors: None The Company's response to the opinions of Independent Directors: Independent Directors had no opinions. Resolution result: Passed by all Directors present at the meeting and implemented in accordance with the resolution and regulations.</p>
2021. 08.30 (9th meeting of the 4th Board of Directors)	<ol style="list-style-type: none"> 1. Passed the Company's second quarter consolidated financial statements for 2021. 2. Passed the proposal for the bank credit limit for the Company and subsidiary companies. 3. Passed the amendments to the Company's "Corporate Governance Best Practice Principles". 4. Passed the Company's appointment of the Vice President. 5. Passed the 2020 remuneration distribution proposal for managers (including Assistant Vice President and above). 6. Passed the Company's capital increase for the subsidiary company, Li Ding Semiconductor Technology (Shenzhen) Co., Ltd. 7. Passed the capital increase proposal of a subsidiary company. 8. Passed the acquisition of Qi Ding Technology Qinhuangdao Co., Ltd. and Saku Industry Limited by the subsidiary company, Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. <p>Opinions of Independent Directors: None The Company's response to the opinions of Independent Directors: Independent Directors had no opinions. Resolution result: Passed by all Directors present at the meeting and implemented in accordance with the resolution and regulations.</p>
2021. 11.11 (10th meeting of the 4th Board of Directors)	<ol style="list-style-type: none"> 1. Passed the Company's 2022 audit plan. 2. Passed the proposal for the bank credit limit for the Company and subsidiary companies. 3. Passed the Company's "Guidelines for Directors' Education". 4. Passed the amendments to the Company's "Standard Operating Procedures for Requests filed by Directors". 5. Passed the appointment of the Company's Financial Manager. <p>Opinions of Independent Directors: None The Company's response to the opinions of Independent Directors: Independent Directors had no opinions. Resolution result: Passed by all Directors present at the meeting and implemented in accordance with the resolution and regulations.</p>
2021. 12.28 (11th meeting of the 4th Board of Directors)	<ol style="list-style-type: none"> 1. Passed the proposal for the bank credit limit for the subsidiaries. 2. Passed the Company's 2022 Business Plan. 3. Passed the principles for the Company's 2021 performance evaluation and year-end bonus distribution for managerial officers (including Assistant Vice President and above). 4. Passed the "Rules for Director, Independent Director, and Manager Remuneration".

Date of Meeting	Key Resolutions and the Company's follow-up implementation
	<p>5. Passed the amendments to the "Corporate Social Responsibility Best Practice Principles".</p> <p>6. Passed the amendments to the "Corporate Governance Best Practice Principles".</p> <p>7. Passed the "Corporate Sustainable Development Committee Charter".</p> <p>8. Passed the appointment of the members of the Sustainable Development Committee</p> <p>9. Passed the "Nomination Committee Charter".</p> <p>10. Proposal for the appointment of the members of the Nomination Committee</p> <p>11. Passed the "Risk Management Policies for the Group"</p> <p>Opinions of Independent Directors: None</p> <p>The Company's response to the opinions of Independent Directors: Independent Directors had no opinions.</p> <p>Resolution result: Passed by all Directors present at the meeting and implemented in accordance with the resolution and regulations.</p>
<p>2022. 03.16 (12th meeting of the 4th Board of Directors)</p>	<p>1. Passed the proposal for the bank credit limit for the Company and subsidiary companies.</p> <p>2. Passed 2021 "Internal Control System Statement".</p> <p>3. Passed the amendments to the "Standard Operating Procedures for Requests filed by Directors".</p> <p>4. Passed the amendments to the "Regulations Governing the Evaluation of the Performance of the Board of Directors and Functional Committees".</p> <p>5. Passed the amendments to the "Articles of Incorporation".</p> <p>6. Passed the amendment to the "Procedures for Acquisition or Disposal of Assets".</p> <p>7. Passed the inclusion of the sustainability report preparation and verification processes in the "Internal Control System".</p> <p>8. Passed the 2021 Business Report.</p> <p>9. Passed 2021 consolidated financial statements.</p> <p>10. Passed the proposal for the distribution of earnings and cash dividends for 2021.</p> <p>11. Passed the proposal for the appointment and remuneration for the certifying CPAs.</p> <p>12. Passed the proposal regarding the time, place, and related matters for the 2022 general shareholders' meeting.</p> <p>Opinions of Independent Directors: None</p> <p>The Company's response to the opinions of Independent Directors: Independent Directors had no opinions.</p> <p>Resolution result: Passed by all Directors present at the meeting and implemented in accordance with the resolution and regulations.</p>

3. Material Resolutions of the Audit Committee

Date of Meeting	Key Resolutions and the Company's follow-up implementation
2020.03.30 (17th meeting of the 3rd Audit Committee)	<ol style="list-style-type: none"> 1. Passed the Company's 2019 Statement of Internal Control System. 2. Passed the Company's 2019 Consolidated Financial Statements. 3. Passed the Company's 2019 earnings distribution proposal. 4. Passed the evaluation of the Company's CPA. 5. Passed the proposal for the appointment and remuneration for the Company's CPA. <p>Opinions of the Independent Directors: None Resolution: Passed by all members of the Audit Committee and implemented in accordance with the resolution and regulations. The Company's response to the opinions of the Audit Committee: Review results were submitted/presented to the Board of Directors for resolution.</p>
2021.01.28 (4th meeting of the 4th Audit Committee)	<ol style="list-style-type: none"> 1. Proposed the Company's overseas establishment of subsidiaries for approval. 2. Proposed the land purchase by the Company's Chinese subsidiary company, Li Ding Semiconductor Technology (Shenzhen) Co., Ltd., for approval. <p>Opinions of the Independent Directors: None The Company's response to the opinions of Independent Directors: Independent Directors had no opinions. The Company's response to the Audit Committee's opinions: Review results were submitted/presented to the Board of Directors for resolution.</p>
2021.03.30 (5th meeting of the 4th Audit Committee)	<ol style="list-style-type: none"> 1. Passed the Company's 2020 Statement of Internal Control System. 2. Passed the elimination of the limit on the amount of endorsements/guarantee made by the Company to a wholly-owned subsidiary of the Company. 3. Passed the Company's 2020 consolidated financial statements. 4. Passed the Company's 2020 earnings distribution proposal. 5. Passed the evaluation of the Company's CPA. 6. Passed the proposal for the appointment and remuneration for the Company's CPA. 7. Passed the appointment of the Company's audit supervisor. <p>Opinions of the Independent Directors: None Resolution result: Passed by all members of the Audit Committee and implemented in accordance with the resolution and regulations. The Company's response to the Audit Committee's opinions: Review results were submitted/presented to the Board of Directors for resolution.</p>
2021.05.07 (6th meeting of the 4th Audit Committee)	<ol style="list-style-type: none"> 1. Passed the Company's first quarter consolidated financial statements for 2021. <p>Opinions of the Independent Directors: None Resolution result: Passed by all members of the Audit Committee and implemented in accordance with the resolution and regulations. The Company's response to the Audit Committee's opinions: Review results were submitted/presented to the Board of Directors for resolution.</p>
2021.08.30 (7th meeting of the 4th Audit Committee)	<ol style="list-style-type: none"> 1. Passed the Company's second quarter consolidated financial statements for 2021. 2. Passed the Company's capital increase for the subsidiary company, Li Ding Semiconductor Technology (Shenzhen) Co., Ltd. 3. Passed the capital increase proposal for the subsidiary, Li Ding Semiconductor Technology Qinquangdao Co., Ltd. 4. Passed the acquisition of Qi Ding Technology Qinquangdao Co., Ltd. and Saku Industry Limited by the subsidiary company, Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.

Date of Meeting	Key Resolutions and the Company's follow-up implementation
	<p>Opinions of the Independent Directors: None</p> <p>The Company's response to the opinions of Independent Directors: Independent Directors had no opinions.</p> <p>The Company's response to the Audit Committee's opinions: Review results were submitted/presented to the Board of Directors for resolution.</p>
<p>2021.11.11 (8th meeting of the 4th Audit Committee)</p>	<ol style="list-style-type: none"> 1. Passed the Company's 2022 audit plan. Meeting process: Independent director Chi-Hsien Lee's suggestions: The supervision and management procedures for subsidiaries in the 2022 audit plan has been changed to once every 6 months. Voting Results: Adopted as proposed by the attending committee members unanimously after the chairperson received no objections. 2. Passed the Company's third quarter consolidated financial statements for 2021. 3. Passed the appointment of the Company's Financial Manager. <p>Opinions of the Independent Directors: None</p> <p>The Company's response to the opinions of Independent Directors: Except for the comments expressed by the independent director regarding the 2022 Audit Plan, there were no comments related to the other proposals.</p> <p>The Company's response to the Audit Committee's opinions: Review results were submitted/presented to the Board of Directors for resolution.</p>
<p>2022.03.16 (9th meeting of the 4th Audit Committee)</p>	<ol style="list-style-type: none"> 1. Passed 2021 "Internal Control System Statement". 2. Passed the inclusion of the sustainability report preparation and verification processes in the "Internal Control System". 3. Passed the amendment to the "Procedures for Acquisition or Disposal of Assets". 4. Passed the 2021 Business Report. 5. Passed 2021 consolidated financial statements. 6. Passed the 2021 earnings distribution proposal. 7. Passed the evaluation of the CPA. 8. Passed the proposal for the appointment and remuneration for the certifying CPAs. <p>Opinions of the Independent Directors: None</p> <p>The Company's response to the opinions of Independent Directors: Independent Directors had no opinions.</p> <p>The Company's response to the Audit Committee's opinions: Review results were submitted/presented to the Board of Directors for resolution.</p>

4. Material Resolutions of the Remuneration Committee

Date of Meeting	Key Resolutions and the Company's follow-up implementation
2021.03.30 (2nd meeting of the 4th Board of Directors)	<p>1. Passed the Company's 2020 remuneration distribution proposal for directors and employees.</p> <p>Opinions of Remuneration Committee members: None</p> <p>Resolution: Passed by all members of the Remuneration Committee and implemented in accordance with the resolution and regulations.</p> <p>Actions taken by the company in response to the opinion of the Remuneration Committee: Presented in the board meeting and passed by all attending directors as proposed.</p>
2021.08.30 (3rd meeting of the 4th Board of Directors)	<p>1. Passed the remuneration for the Company's appointment of the Vice President.</p> <p>2. Passed the 2020 remuneration distribution proposal for managers (including Assistant Vice President and above).</p> <p>Opinions of Remuneration Committee members: None</p> <p>Resolution result: Passed by all members of the Remuneration Committee and implemented in accordance with the resolution and regulations.</p> <p>Actions taken by the company in response to the opinion of the Remuneration Committee: Presented in the board meeting and passed by all attending directors as proposed.</p>
2021.12.28 (4th meeting of the 4th Board of Directors)	<p>1. Passed the principles for the Company's 2021 performance evaluation and year-end bonus distribution for managerial officers (including Assistant Vice President and above).</p> <p>2. Passed the "Rules for Director, Independent Director, and Manager Remuneration".</p> <p>Opinions of Remuneration Committee members: None</p> <p>Resolution result: Passed by all members of the Remuneration Committee and implemented in accordance with the resolution and regulations.</p> <p>Actions taken by the company in response to the opinion of the Remuneration Committee: Presented in the board meeting and passed by all attending directors as proposed.</p>
2022.03.16 (5th meeting of the 4th Board of Directors)	<p>Passed the Company's 2021 remuneration distribution proposal for directors and employees.</p> <p>Opinions of Remuneration Committee members: None</p> <p>Resolution result: Passed by all members of the Remuneration Committee and implemented in accordance with the resolution and regulations.</p> <p>Actions taken by the company in response to the opinion of the Remuneration Committee: Presented in the board meeting and passed by all attending directors as proposed.</p>

(XVI) Dissenting or qualified opinion of Directors or the Audit Committee against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of report: None.

(XVII) Any resignation or dismissal of the Company's Chairman of the Board, President, Accounting Director, Financial Director, internal audit manager, corporate governance manager, and research and development manager in the most recent year up to the publication date of this report:

Summary of Resignation or Discharge

As of December 31, 2021

Title	Name	On-board Date	Discharge Date	Reasons for the Resignation or Discharge
Internal Audit Manager	Guo-Bin Li	January 5, 2017	March 30, 2021	Position adjustment
Financial Officer	Duen Ling	March 15, 2018	November 11, 2021	Position adjustment

IV. Information on CPA fees

(I) Table on the range of professional charge of the CPA:

Unit: NT\$ thousand

Name of Accounting Firm	Name of CPA	Audit period	Audit fee	Non-audit fee	Total	Footnote
Pricewaterhouse Coopers Taiwan	Yung-Chien Hsu	2021.01.01-2021.12.31	6,760	3,924	10,684	
	Min-Chuan, Feng	2021.01.01-2021.12.31				

Note 1. CSR report assurance and consulting service fee amounted to NT\$3,300 thousand.

2. The talent recruitment service fee amounted to NT\$624 thousand.

V. Replacement of CPAs: None

(II) Information on the previous and succeeding CPA: None

(III) The detailed standards for evaluating the independence of CPAs are as follows: The CPA performs self-assessment using the Company's CPA Assessment and Performance Evaluation sheet, and submits the assessment result to the Audit Committee for evaluation and review. The evaluation standards are as follows:

Item	Specific Criteria	Evaluation Results	Meet Independence Requirements
1	The CPA does not have significant financial interest in his/her trustor.	No	Yes
2	The CPA and the trustor do not have any inappropriate relationship.	No	Yes
3	The CPA and assistants regularly participate in evaluations conducted by the industry association or other related organizations maintain their honesty, fairness and independence.	Yes	Yes
4	The CPA may not perform audit and assurance services on the financial statements of companies he/she has served within two (2) years before practicing.	No	Yes
5	The CPA may not permit others to practice under his/her name.	No	Yes
6	The CPA may not hold shares of the trustor.	No	Yes
7	The CPA may not engage in lending and borrowing of money with the trustor except for regular transactions in the finance industry.	No	Yes
8	The CPA may not engage in joint investments or benefit sharing with the trustor.	No	Yes
9	The CPA may not concurrently serve as a regular employee of the trustor and receive a fixed salary.	No	Yes
10	The CPA may not collect any commission related to his/her service.	No	Yes
11	No CPA's tenure has lasted for more than seven consecutive years and no CPA's reappointment is less than two years from replacement.	No	Yes
12	Does the CPA have experience in audits in related to the electronics industry?	Yes	Yes
13	Does the CPA communicate appropriately with the Audit Committee before the audit planning process and maintained records of such communication?	Yes	Yes
14	Does the CPA communicate with the Audit Committee frequently (e.g. before submitting audit reports) and maintained records of such communication? (At least twice each year)	Yes	Yes
15	Does the CPA propose recommendations regarding the Company's internal controls or business management to the Audit Committee?	Yes	Yes
16	The CPA did not receive letters from the competent authority for securities regarding adjustments and improvements for the quality of audits.	No	Yes
17	Can the CPA control the implementation of overseas audits to ensure consistency and validity of audits across the world?	Yes	Yes

VI. The Company's Directors, President, Managerial officers in charge of finance or accounting who have served in the CPA firm or its affiliated companies in the most recent fiscal year:

None

VII. Equity transfer or changes to equity pledge of directors, managerial officers, and shareholders holding more than ten percent (10%) of company shares during the year prior to the publication date of this report:

(I) Equity transfer or changes to equity pledge of directors, managerial officers, and shareholders holding more than ten percent (10%) of company shares:

Unit: Shares

Title	Name	2021		As of April 2, 2022	
		Increases (decreases) of the number of shares held	Increases (decreases) of the number of pledged shares	Increases (decreases) of the number of shares held	Increases (decreases) of the number of pledged shares
Chairman	Chang-Fang Shen	200,000	—	200,000	—
Director	Foxconn (Far East) Limited	—	—	—	—
	Representative: Che-Hung Yu	—	—	—	—
Director	John-See Lee	—	—	—	—
Director and President	Ting-Chuan Lee	18,000	—	48,000	—
Independent Director	Chih-Cheng Chou	—	—	—	—
Independent Director	Chen-Fu Chien	—	—	—	—
Independent Director	Chi-Hsien Lee	—	—	—	—
Vice President	Jing-Hsien Hsieh	—	—	—	—
Financial supervisor	Yuan-Shen Wang	—	—	—	—
Corporate Governance Supervisor	Duen Ling	—	—	—	—
Accounting Manager	Chin-Teng Chang				

(II) Equity transfer or equity pledge in which the counterparty is a related party:

None

VIII. Shareholders who account for the top ten shareholders, who are related to each other or relatives within the relationship of spouse, second parent, etc.:

Top Ten Shareholder and Their Relationship with Each Other

Name	Current Shareholding		Spouse & Minor Children Shareholding		Shareholding in the name of others		The names or names and relationships of the top ten shareholders who have a relationship with each other or are relatives of a spouse or a second parent.	
	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Name	Relationship
FOXCONN (FAR EAST) LTD Representative: Che-Hung Yu	305,515,627	32.26%	0	0.00%	0	0.00%	None	None
Cathay Life Insurance Co., Ltd. Chairman: Tiao-Kuei Huang	33,224,000	3.51%	0	0.00%	0	0.00%	None	None
Nan Shan Life Insurance Co., Ltd. Chairman: Chung-Yao Yin	29,195,000	3.08%	0	0.00%	0	0.00%	None	None
LGT Bank AG Co., Ltd.	18,703,000	1.97%	0	0.00%	0	0.00%	None	None
Standard Chartered in custody for Fidelity Fund Investment Account	17,067,000	1.80%	0	0.00%	0	0.00%	None	None
Bureau of Labor Funds	15,922,270	1.68%	0	0.00%	0	0.00%	None	None
China Life Insurance Company Chairman: Saloon Tham	15,708,000	1.66%	0	0.00%	0	0.00%	None	None
Standard Chartered Bank Business Department in custody for LGT Bank (Asia) Investment Fund Account	13,916,000	1.47%	0	0.00%	0	0.00%	None	None
Taiwan Life Insurance Co., Ltd. Chairman: Su-Kuo Huang	13,509,000	1.43%	0	0.00%	0	0.00%	None	None
Vanguard Emerging Markets Stock Index Fund under custody of JP Morgan Chase Bank N.A. Taipei Branch	8,746,710	0.92%	0	0.00%	0	0.00%	None	None

IX. Number of shares held by the Company, its directors, supervisors, managerial officers and directly or indirectly controlled investment companies in the same investment companies, and the combined calculation of shareholding percentages:

March 31, 2022

Unit: Shares; %

Reinvestment Entities	Investment by the Company		Investments by the directors, supervisors, managerial officers, and companies directly or indirectly controlled by this Company		Combined investment	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
Monterey Park Finance Limited	976,250,000	100%	—	—	976,250,000	100%
Coppertone Enterprises Limited	102,785,806	100%	—	—	102,785,806	100%
Pacific Fair International Limited	2,133,300,000	100%	—	—	2,133,300,000	100%
Mayco Industrial Limited	9,321,841,932	100%	—	—	9,321,841,932	100%
FAT Holdings Limited	5,000	100%	—	—	5,000	100%
Zhen Ding Technology Singapore Private Limited	30,000,000	100%	—	—	30,000,000	100%
Zhen Ding Technology India Private Limited	10,000	100%	—	—	10,000	100%
Zhen Ding Developer India Private Limited	210,010,000	100%	—	—	210,010,000	100%
Zhen Ding Technology Co., Ltd.	12,548,800	100%	—	—	12,548,800	100%
BoardTek Electronics Corp.	95,918,453	100%	—	—	95,918,453	100%
BoardTek Investment Co., Ltd.	24,829,362	100%	—	—	24,829,362	100%
Leading Interconnect International Limited	1	100%	—	—	1	100%
Huaian Jia Wei Industrial Development Co., Ltd.	(Note)	100%	—	—	(Note)	100%
Avary Holding (Shenzhen) Co., Limited	1,675,589,870	72.18%	26,863,249	1.16%	1,702,453,119	73.34%
Garuda Technology Co., Ltd.	109,959,363	72.10%	—	—	109,959,363	72.10%
Garuda International Limited	460,200,000	72.10%	—	—	460,200,000	72.10%
Avary Singapore Private Limited	46,237,730	72.10%	—	—	46,237,730	72.10%
Avary Technology (India) Private Limited	51,638,020	72.10%	—	—	51,638,020	72.10%
Avary Japan Co., Ltd.	1,413	72.10%	—	—	1,413	72.10%
Fu Bo Industrial (Shenzhen) Co., Ltd.	(Note)	72.10%	—	—	(Note)	72.10%
Kui Sheng Technology (Shenzhen) Limited	(Note)	72.10%	—	—	(Note)	72.10%

Reinvestment Entities	Investment by the Company		Investments by the directors, supervisors, managerial officers, and companies directly or indirectly controlled by this Company		Combined investment	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	(Note)	72.10%	—	—	(Note)	72.10%
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	(Note)	72.10%	—	—	(Note)	72.10%
Yu Ding Precision Electronics (Huaian) Co., Ltd.	(Note)	72.10%	—	—	(Note)	72.10%
Qing Ding Precision Electronics (Huaian) Co., Ltd.	(Note)	72.10%	—	—	(Note)	72.10%
Avary Holding Investment (Shenzhen) Co., Ltd.	(Note)	72.10%	—	—	(Note)	72.10%
Avary Logistics Services (Shenzhen) Co. Ltd.	(Note)	72.10%	—	—	(Note)	72.10%
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	(Note)	69.65%	—	—	(Note)	69.65%
Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	(Note)	69.65%	—	—	(Note)	69.65%
Qi Ding Technology Qinhuangdao Co., Ltd.	(Note)	69.65%	—	—	(Note)	69.65%

Note: Except for Avary Holding (Shenzhen) Co., Ltd., all subsidiary companies in China are limited liability companies and not companies limited by shares.

Chapter 4. Capital Overview

I. Capital and Shares

(I) Source of Share Capital:

1. Source of capital

As of April 2, 2022; Unit: Shares; NT\$

Year and month	Issued Price	Authorized Capital		Paid-Up Capital		Remarks	
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital Shares	Authorization Date and Document Number
2006.06	US\$1	50,000	50,000	1	1	Capital stock at establishment	—
2006.09	-	500,000,000	500,000,000	-	-	Authorized capital increase	—
2006.10	US\$1	500,000,000	500,000,000	70,000,000	70,000,000	Cash capital increase	—
2007.10	US\$2	500,000,000	500,000,000	162,500,000	162,500,000	Cash capital increase	—
2009.10	US\$2.15	500,000,000	500,000,000	202,000,000	202,000,000	Cash capital increase	—
2010.10	-	1,600,000,000	16,000,000,000	646,400,000	6,464,000,000	The nominal value was changed from US\$1 to NT\$10	Tai-Zheng-Shang-2 No. 1000035056 dated November 1, 2011
2011.12	NT\$52	1,600,000,000	16,000,000,000	669,929,000	6,699,290,000	Cash capital increase	Jin-Guan-Zheng-Fa No. 1000056412 dated November 21, 2011
2012.08	NT\$10	1,600,000,000	16,000,000,000	703,425,450	7,034,254,500	Recapitalization of Retained Earnings	Tai-Zheng-Shang-2 No. 10100194981 dated August 30, 2012
2013.08	NT\$10	1,600,000,000	16,000,000,000	738,596,722	7,385,967,220	Recapitalization of retained earnings	Tai-Zheng-Shang-2 No. 1020015935 dated August 9, 2013
2014.08	NT\$10	1,600,000,000	16,000,000,000	738,631,065	7,386,310,650	Converted ECB to common shares	Tai-Zheng-Shang-2 No. 10300161141 dated August 7, 2014
2015.03	NT\$10	1,600,000,000	16,000,000,000	767,768,101	7,677,681,010	Converted ECB to common shares	Tai-Zheng-Shang-2 No. 10400061361 dated April 8, 2015
2015.04	NT\$10	1,600,000,000	16,000,000,000	804,748,359	8,047,483,590	Converted ECB to common shares	Tai-Zheng-Shang-2 No. 1040013225 dated July 6, 2015
2019.03	NT\$10	1,600,000,000	16,000,000,000	805,549,672	8,055,496,720	Converted ECB to common shares	Tai-Zheng-Shang-2 No. 1040013225 dated July 6, 2015
2019.04	NT\$10	1,600,000,000	16,000,000,000	902,229,887	9,022,298,870	Converted ECB to common shares	Tai-Zheng-Shang-2 No. 1040013225 dated July 6, 2015
2020.11	NT\$10	1,600,000,000	16,000,000,000	947,049,161	9,470,491,610	Share conversion to issue new shares	Tai-Zheng-Shang-2 No. 1091702976 dated September 15, 2020

As of April 2, 2022; Unit: Shares; NT\$

Type of Shares	Authorized Capital Stock			Remarks
	Outstanding Shares	Unissued Shares	Total	
Registered Common Shares	947,049,161	652,950,839	1,600,000,000	Listed on the Exchange
Total	947,049,161	652,950,839	1,600,000,000	Listed on the Exchange

2. Information regarding shelf registration: N/A

(II) Shareholder Structure

As of April 2, 2022

Shareholder Structure Amount	Government Institutions	Financial Institutions	Other Corporations	Other Corporations	Foreign Institutions and Foreigners	Individual Investors	Total
Number of People	5	39	167	1	565	46,329	47,106
Shares Held (shares)	20,791,287	110,089,775	32,196,800	214,000	590,176,820	193,580,479	947,049,161
Shareholding Percentage (%)	2.20%	11.62%	3.40%	0.02%	62.32%	20.44%	100.00%

(III) Share Distribution

1. Common shares:

As of April 2, 2022

Shareholding Classification	Number of Shareholders	Number of Shares Held	Shareholding Percentage
1-999	10,313	2,425,142	0.26%
1,000-5,000	30,164	58,013,934	6.13%
5,001-10,000	3,341	26,394,698	2.79%
10,001-15,000	974	12,553,422	1.33%
15,001-20,000	614	11,405,319	1.20%
20,001-30,000	524	13,599,857	1.44%
30,001-40,000	285	10,320,538	1.09%
40,001-50,000	149	6,926,197	0.73%
50,001-100,000	335	24,382,891	2.58%
100,001-200,000	154	21,842,696	2.31%
200,001-400,000	93	26,417,297	2.78%
400,001-600,000	42	20,589,258	2.17%
600,001-800,000	15	10,628,422	1.12%
800,001-1,000,000	21	18,748,215	1.98%
Over 1,000,001	82	682,801,275	72.09%
Total	47,106	947,049,161	100.00%

2. Preferred shares: None

(IV) List of Major Shareholders: Names, number, and percentage of shares held by shareholders with more than 5% of the shares or the top ten shareholders

As of April 2, 2022

Major Shareholder Name	Shares	Number of Shares Held	Ownership (%)
FOXCONN (FAR EAST) LTD		305,515,627	32.26%
Cathay Life Insurance Co., Ltd.		33,224,000	3.51%
Nan Shan Life Insurance Co., Ltd.		29,195,000	3.08%
Standard Chartered Bank Business Department in custody for LGT Bank Investment Account		18,703,000	1.97%
Standard Chartered in custody for Fidelity Fund Investment Account		17,067,000	1.80%
Bureau of Labor Funds		15,922,270	1.68%
China Life Insurance Company		15,708,000	1.66%
Standard Chartered Bank in custody for LGT Bank (Asia) Investment Fund Account		13,916,000	1.47%
Taiwan Life Insurance Co., Ltd.		13,509,000	1.43%
Vanguard Emerging Markets Stock Index Fund under custody of JP Morgan Chase Bank N.A. Taipei Branch		8,746,710	0.92%

(V) Stock Price, Net Worth, Earnings, Dividends and Related Information in the Most Recent Two Years

Unit: NT\$; thousand shares

Item		Year	2020	2021
Market Price per Share	Highest		151.50	129.50
	Lowest		73.00	84.00
	Average		121.91	104.58
Net Value per Share	Before Distribution		82.99	89.28
	After Distribution		78.49	84.28
Earnings per Share	Weighted Average Shares		909,001	944,956
	Earnings per Share		8.90	10.21
Dividends per Share	Cash Dividend		4.50	5.00
	Stock Dividends	Earnings stock dividend	—	—
		Capital surplus stock dividend	—	—
	Cumulative Unpaid Dividends		—	—
Return on Investment Analysis	Price-to-earnings Ratio		13.70	10.24
	Price-to-dividend Ratio		27.09	20.92
	Cash Dividend Yield		3.69%	4.78%

Source: CPA-audited Consolidated Financial Report for 2020 to 2021.

Note 1: Price-earnings (P/E) ratio = Average market price / Earnings per share.

Note 2: Price-dividend (P/D) ratio = Average market price / Cash dividends per share.

Note 3: Cash dividend yield rate = Cash dividend per share / Average market price.

Note 4: Net value per share (NT\$) = (Equity - Non-controlling equity) / (Number of common shares + Advance receipts for share capital - Number of treasury shares - Preparation stock number shares retired)

Note 5: Distribution of earnings for 2021 is subject to approval of the shareholders' meeting.

(VI) Dividend Policy and Implementation Status

1. Dividend policy:

The Board of Directors, following an ordinary resolution in the shareholders' meeting or under conditions specified in Article 11.4(a) of the Articles of Incorporation, shall adopt a special resolution to distribute dividends to shareholders based on their shareholding percentage in compliance with the Articles of Incorporation and the instructions of the shareholders' meeting. The dividends can be partially or entirely distributed in cash, stocks, or various assets and the value of the assets shall be determined by the Board of Directors. The Company shall not pay interest on undistributed dividends.

The cash dividends distributed to shareholders shall be no less than fifty percent (50%) of the total dividends.

Unless otherwise specified in laws, Article 11.4(a), Articles of Incorporation, or rights attached to shares, the Company may distribute earnings based on the Board of Directors' earnings distribution proposal that is passed in an ordinary resolution in the shareholders' meeting. Except for the Company's realized profits, premium share issuance account, mandatory reserves, reserves or other funds for paying dividends or other allocations, the Company may not distribute dividends or other allocations. All dividends and other allocations shall be calculated based on shareholders' shareholding ratios unless otherwise stated in the rights attached to shares. If the conditions for the issuance of shares requires the calculation of dividends to start from a specific date, the dividends for such shares shall be calculated accordingly.

Based on Article 13.5 of the Articles of Incorporation regarding the Company's decision on its dividend policy, the Board of Directors understands that the Company operates in a mature industry and the Company has stable revenues and healthy financial structure. Regarding the proposals for shareholders to approve dividends or other allocations (if any) in each fiscal year, the Board of Directors may:

- (1) Consider the Company's surplus, overall development, financial plans, capital requirement, industry outlook, and the Company's future development in each fiscal year to protect shareholders' rights and interests; and
- (2) The Company shall allocate dividends from the Company's surplus in each fiscal year for: (i) payment of related preparatory funds for taxes in the fiscal year; (ii) make up for past losses; (iii) ten percent (10%) for the regular surplus reserve, and (iv) surplus reserve determined by the Board of Directors based on Article 14.1 or special surplus reserve required by the competent authority of securities for public companies.
- (3) Under conditions of strict compliance with laws, the Board of Directors shall set aside no less than ten percent (10%) of the distributable amount as dividends for shareholders after distributing remuneration for employees and directors in accordance with Article 13.4 and setting aside an appropriate amount based on the dividend distribution policy in Article 13.5. The Company shall distribute

the dividends after the proposal is passed in a resolution of the shareholders' meeting.

2. Accounting procedures for discrepancies between the estimated and actual distributed amount of compensation in the form of shares to the Company's employees and directors in this period:

The remuneration for employees and directors is calculated as per the standards specified in the Articles of Incorporation and it is calculated each year based on this principle. The differences between the amounts approved in the shareholders' meeting and the estimated amount, if any, are accounted for as changes in accounting estimate and are adjusted for accounting based on a resolution of the shareholders' meeting.

3. The Company shall establish procedures for determining the remuneration which shall be assessed based on the Regulations Governing the Evaluation of the Performance of the Board of Directors. In addition to the Company's overall performance, future risks in the industry, and development trends, the Company shall also consider personal contributions to the Company for providing reasonable remuneration. Related performance evaluation and the reasonableness of salary and remuneration shall be reviewed by the Remuneration Committee and the Board of Directors. They shall review the remuneration based on actual business operations and related laws to maintain a balance between sustainable management and risk management.

The part of the remuneration received by the president of the Company is based on the operating performance of the annual budget approved by the Board of Directors each year, and the payment is made in accordance with the resolution of the Remuneration Committee.

The remuneration received by the managers of the company should be determined using the combination of the performance of the company, unit, and individual operations and environmental, social and governance (ESG) sustainability performance, as well as the manager's overall consideration of the degree of participation in the operation and performance evaluation. The aspects to be considered should include the practice of the company's core values and operational management capabilities, financial and business operation performance indicators and comprehensive management indicators, continuous learning and participation in sustainable (ESG) management, and other special contributions. The determined remuneration is reported to the Remuneration Committee for discussion and the Board of Directors for resolution.

4. Implementation status:

The Company's 2021 earnings distribution proposal Year approved by the Board of Directors on March 16, 2022. The Company proposed to distribute NT\$5 per share in cash dividends. The Chairperson has been authorized to determine the dividend base date and distribution matters.

The 2021 earnings distribution shall be as follows:

Zhen Ding Technology Holding Limited
Earning Distribution for 2020

Units: NT\$

Items	2021
	Amount
Net income after tax	\$ 9,651,296,713
Add: Unappropriated earnings adjustments for the current year (Note 2)	5,801,781
Adjusted net profit after tax (Note 3)	\$ 9,657,098,494
Less: 10% general reserve (Note 3)	965,709,849
Less: Allocation to special reserve (Note 4)	717,986,511
Add: undistributed earnings in previous years	23,241,530,904
Retained earnings available for distribution for this year	\$ 31,214,933,038
Distribution items: Cash dividends(NT\$5.00 per share)	4,735,245,805
Accumulated undistributed earnings at the end of the period	\$ 26,479,687,233
<p>Note:</p> <ol style="list-style-type: none"> 1. As of December 31, 2021, 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 Order No. 1082432410 issued by Ministry of Economic Affairs) 4. Pursuant to the Order No. Financial-Supervisory-Securities-Corporate-1090150022 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

President:
Ting-Chuan Lee

Accounting Executive:
Jin-Ten Chang

(VII) Impacts on the Company's Business Performance and Earnings Per Share of Any Stock Dividend Distribution Proposed or Adopted at the Most Recent Shareholders' Meeting: N/A.

(VIII) Employee Compensation and Director and Supervisor Remuneration: The Company did not appoint supervisors and thus only discloses remuneration for directors.

1. Percentage or range of remuneration for employees and directors as stipulated in the Company's Articles of Incorporation:

If the Company "turned a profit" (definitions provided below) in the current year, it shall set aside half percent (0.5%) to twenty percent (20%) of the profit in the current year as compensation for employees. The recipients of employee compensation include employees of affiliate companies that meet certain criteria. The Company may set aside no more than half percent (0.5%) of the aforementioned profit in the current year as remuneration for directors (Article 13.4 of the Articles of Incorporation).

2. Information on the proposed employee compensation approved by the Board of Directors:

- (1) The Company's 2021 earnings distribution proposal was passed by the Board of Directors which proposed the distribution of NT\$17,500,000 in remuneration for directors and cash remuneration of NT\$150,000,000 for employees.

- (2) For cash compensation and stock distributed to employees and remuneration for directors, if there is any discrepancy between an amount and estimated amount of recognized expenses for the current fiscal year, the amount, causes and treatment of such discrepancy shall be disclosed:

The Company's undistributed surplus in the current period shall be determined within a certain percentage range in accordance with the Articles of Incorporation after setting aside 10% for the regular reserve and other factors. The differences between the amounts approved in the shareholders' meeting and the estimated amount, if any, are accounted for as changes in accounting estimate and are adjusted for accounting based on a resolution of the shareholders' meeting.

- (3) The proposed employee stock remuneration allocation as a ratio of the net income for the period and the total employee remuneration: Not applicable.

- (4) Earnings per share after the proposed compensation/remuneration for employees and directors: NT\$10.21.

3. Compensation/remuneration distributed to employees and directors in the previous year had no difference from the recognized compensation/remuneration for employees and directors.

Actual status: NT\$17,500,000 of remuneration for directors and NT\$150,000,000 of compensation in cash for employees.

(IX) Repurchase of Shares and Other Information: None

II. Issuance of Corporate Bonds

(I) Domestic corporate bonds: None

(II) Overseas corporate bonds

Type of corporate bond	Third foreign non-guaranteed convertible corporate bond
Date of issue (handling)	June 30, 2020
Denomination	The denomination of each bond is USD200,000 or its integer multiples.
Issuance and trading location	Singapore Exchange Limited
Issued Price	Issued at 100% of the denomination
Total value	USD400,000,000
Coupon rate	0%
Term	5 years Maturity date: June 30, 2025
Guarantee agency	N/A
Trustee	Citigroup International Limited
Underwriting agency	Lead domestic underwriter: Grand Fortune Securities Co., Ltd. Lead foreign underwriter: Credit Suisse (Hong Kong) Limited and Citigroup Global Markets Limited
Certifying lawyer	Lee and Li Attorneys at Law
Certifying CPA	PricewaterhouseCoopers Taiwan Yung-Chien Hsu, CPA and Min-Chuan Feng, CPA
Repayment method	Conversion into ordinary shares according to Article 13 of the Conversion Method or exercise the call option according to Article 11 and exercise the early redemption option according to Article 12 of the Conversion Method
Outstanding principal	USD400,000,000
Terms for redemption or early settlement	<ol style="list-style-type: none"> 1. After 3 years of issuance, if the closing price for 20 consecutive trading days of the issuing company's ordinary stock on the Taiwan Stock Exchange (for ex-rights or ex-dividends, the closing price will be used between the ex-rights or ex-dividend trading date to the ex-rights or ex-dividend base date, and the price before ex-rights or ex-dividends should be calculated first) is 125% of the early redemption price multiplied by the current conversion price then divided by the Company's bond value, the issuing company may redeem all or part of the company's bonds at the early redemption price (defined in Article 12(4) of the Regulations). 2. When more than 90% of the Company's bonds have been redeemed, repurchased and retired, or converted by the bondholders, the issuing company may redeem the bonds in full at the early redemption price. and 3. When the tax laws of the Republic of China or the British Cayman Islands are changed, causing the tax burden, additional interest expenses, or cost of the issuing company to increase due to the Company's bonds after the issuance date, the issuing company may redeem the bonds in full at the early redemption price. 4. When an event related to the Company's bonds occurs, the early redemption price is calculated by the issuing

		company based on the face value of the Company's bonds plus an annual interest rate of 0% from the date of issuance to the day when the event related to the Company's bonds occurred.
Restrictive Terms		The corporate bonds may not be directly offered, sold, or delivered in the Republic of China
Credit rating agency name, rating date, company debt rating results		N/A
With other rights	Converted amount of common shares as of the date of publication	No
	Issuance and Conversion Method	As stated in the Appendix
Effects of the issuance and conversion, exchange, or subscription methods and issuance conditions on possible dilution of shares and equity of current shareholders		If all overseas unsecured convertible bonds issued this time are converted to ordinary shares at the price at issuance, the maximum dilution ratio for the original shareholders' equity will be approximately 8.62%.
Entrusted custodian of the exchange target		N/A

(III) Information on Converted Corporate Bonds:

Type of corporate bond		Third foreign non-guaranteed convertible corporate bond (Singapore)	
Year		2021	As of March 18, 2022
Converted corporate bond market price	Highest	109.378	101.441
	Lowest	98.263	96.827
	Average	102.478	99.327
Conversion price		NT\$144.9 (Note)	NT\$144.9
Date of issue (handling) and conversion price at the time of issuance		Date of issue (handling): June 30, 2020 Conversion price at the time of issuance: NT\$157.45	
Method of fulfilling the conversion obligation		Issue new shares	
Maturity date		June 30, 2025	

Note: Adjusted due to ex-dividend of conversion price and share-swap with BoardTek Electronics Corp.

Appendix:

Zhen Ding Technology Holding Limited
Indicative Offering Plan for an Issue of
Third Unsecured Overseas Zero Coupon USD Convertible Bonds (“the Bonds”)

1. Issuer

Zhen Ding Technology Holding Limited (“Zhen Ding” or the “Issuer”).

2. Use of Proceeds

To be used for supplement to working capital and repayment of loans.

3. Issue Amount

Tentatively up to US\$ 500 million (including the green-shoe option). The actual issuing amount will be determined by the market demand on the pricing date.

4. The Offering

The Bonds will be offered outside the Republic of China (“ROC”) pursuant to applicable local laws and regulations and international market practice. All of the Bonds are to be offered publicly.

5. Form, Denomination and Issue Price

The Bonds are unsecured bonds in registered form. The Bonds will be issued at 100% of par value in denominations of US\$[100,000] or in any integral multiples thereof.

6. Issue Date (“Issue Date”)

Expected to be within three months after obtaining the notice of deemed approval from the Financial Supervisory Commission, the ROC (the “FSC”), or an application for extension may be filed with the FSC in accordance with relevant laws and regulations, if necessary.

7. Maturity Date (“Maturity Date”)

Five years from the Issue Date.

8. Place of Listing

An application will be made to list the Bonds on the Singapore Stock Exchange.

9. Coupon Interest Rate

The coupon interest rate is tentatively set at 0% per annum.

10. Redemption on the Maturity Date

The payment obligations of the Issuer for the Bonds are direct and unconditional. Unless previously redeemed, repurchased and cancelled or converted, the Bonds will be redeemed in US dollars at their principal amount plus a yield of [-1.0% to 1.0%] per annum, calculated on a semi-annual basis, amounting to [95.11% to 105.11%] of their principal amount on the Maturity Date. The actual yield shall be jointly determined by the Issuer and the Underwriters based on the market conditions on the pricing date.

11. Redemption at the Option of the Bondholders

1. The bondholders (the “Bondholder(s)”) shall not request the Issuer to redeem the Bonds in whole or in part prior to maturity except for the following conditions:

- (1) Unless previously redeemed, repurchased and cancelled or converted, each Bondholder shall have the right to require the Issuer to redeem the Bonds, in whole or in part, on the third anniversary of the Issue Date at a redemption price equal to 100%

of the principal amount of the Bonds plus a premium of [-1.0% to 1.0%] per annum (i.e., at [97.04% to 103.04%] of the Bond's par value) to be calculated on a semi-annual basis (the "Put Price").

- (2) In the event that the Issuer's common shares cease to be listed on the Taiwan Stock Exchange ("TWSE") (a "Delisting Event"), each Bondholder shall have the right to require the Issuer to redeem such bondholder's Bonds, in whole or in part, at the Early Redemption Price (as defined below in Section 12(4)).
 - (3) Upon the occurrence of any Change of Control event as defined in the Indenture, each Bondholder may request that Issuer to redeem the Bonds, in whole or in part, at Early Redemption Price.
2. The Bondholders shall exercise the redemption right and the Issuer shall handle such redemption in accordance with the procedures provided in the Indenture. The payment of the Put Price or the Early Redemption Price (as applicable) will be made by the Issuer in cash on the payment date pursuant to the Indenture.

12. Redemption at the Option of the Issuer

The Issuer may redeem the Bonds in accordance with the following conditions:

1. The Issuer may redeem the Bonds in whole or in part at any time after 3 years from the Issue Date at the Early Redemption Price (as defined below in Section 12(4)) of the Bonds, if the closing price for each of the 20 consecutive trading days (in the event of ex-rights or ex-dividends, the closing price on each applicable trading days during the period from the ex-rights or ex-dividends trading day to the ex-rights or ex-dividends record date, as the case may be, shall be adjusted to the price taking into account of impact of the ex-rights or ex-dividends) of the Issuer's common shares on the TWSE is at least 125% of the quotient of the Early Redemption Price multiplied by the prevailing Conversion Price, divided by the principal amount of the Bonds in U.S. dollars; or
2. The Issuer may redeem all of the Bonds at their Early Redemption Price in the event that more than 90% of the Bonds have been previously redeemed, repurchased and cancelled or converted; or
3. The Issuer may redeem all of the Bonds at their Early Redemption Price in the event of changes in ROC taxation or Cayman Islands taxation resulting in increase of tax obligation or the necessity to pay additional interest expense or increase of additional costs to the Issuer.
4. Upon occurrence of any the foregoing event set forth in this Section 12, the Early Redemption Price shall be calculated at a redemption price equal to 100% of their principal amount, plus a yield at the rate of [-1.0% to 1.0%] per annum on the actual days elapsed from the Issue Date to the date of the occurrence of any such event.

13. Conversion

13.1 Converted Securities:

Each Bondholder will have the right to convert the Bonds into the newly-issued common shares ("Common Shares") of the Issuer during the Conversion Period (as defined below) at the then Conversion Price (as defined below).

13.2 Conversion Procedure:

The converting Bondholders shall, in accordance with the Indenture, deposit with Conversion Agent (as defined at the end of this Offering Plan) outside the ROC a notice of conversion pursuant to the provisions of Indenture together with the relevant documents or certificates as may be required by the law and regulations of the ROC or Cayman Islands and request the Issuer to convert the Bonds into Common Shares through Conversion Agent. In accordance with current laws and regulations of the ROC, the Issuer shall issue the Common Shares to the Bondholders who exercise their conversion rights through the book-entry system of Taiwan Depository & Clearing Corporation ("TDCC") within 5 trading

days after receipt of the conversion notice. If the converting Bondholder does not open a qualified account with TDCC, the Issuer will deliver the Common Shares to such converting Bondholder through book-entry system of TDCC after such account is opened. In case any amendments are made to the aforesaid laws and regulations, the conversion shall be made in accordance with the then prevailing laws and regulations.

The trading day referred in the preceding paragraph shall mean the trading day of TWSE.

13.3 Conversion Period:

Unless previously redeemed, repurchased and cancelled or converted and except during the Closed Period (as defined below) as agreed in the Indenture or otherwise required by the laws or regulations, the Bonds may be converted at any time starting from the 151st day from the Issue Date to (i) the 10th day prior to the Maturity Date or (ii) the 5th trading day prior to the applicable purchase date on which a Bondholder exercises its put rights or the applicable date (other than the Maturity Date) on which the Issuer exercises its redemption right, into Common Shares (the “Conversion Period”).

Under current ROC laws and regulations, the Closed Period is defined as below:

- (a) The period commencing from 60 days prior to the date of the annual general shareholders' meeting of the Issuer, from 30 days prior to a special shareholders' meeting of the Issuer, or from 5 days prior to the record date of the Issuer for determination of shareholders entitled to receive dividends, bonuses or other benefits, to the meeting date or the record date;
- (b) The period from 15 business days prior to the commencement of the period during which the Issuer has to close its shareholder's register for distribution of share dividends, cash dividends or for subscription of new shares in a capital increase for cash, to the record date for the distribution of the relevant dividends, rights or benefits;
- (c) The period from the record date of capital reduction to one day prior to the first trading date of shares reissued after the capital reduction;
- (d) The period from the commencement date of the suspension of the conversion (subscription) in respect of the change of par value of the Issuer's shares to one day prior to the first trading date of shares reissued after the change of par value; and
- (e) Other closed period as required by ROC or Cayman Islands laws and regulations or by the TWSE.

Where any ROC laws and regulations governing closed period as above-mentioned has been changed or amended, such changed or amended laws and regulations shall prevail and govern.

13.4 Conversion Price:

The Conversion Price will be determined on the pricing date. The initial Conversion Price is tentatively expected to be [115% - 135%] of the Reference Price (as defined below). The actual initial Conversion Price will be jointly determined by the Issuer and the Lead Underwriters based on the market conditions on the pricing date. The calculation of the Conversion Price shall be rounded up to the nearest cent of a dollar. The Reference Price means the closing price of Issuer's Common Shares on the TWSE on the pricing date or the simple average of the closing prices of the Issuer's Common Shares on the TWSE for either 1, 3 and 5 trading days immediately preceding the pricing date.

13.5 Number of Common Shares to Be Delivered:

The number of Common Shares to be delivered upon conversion of any Bond will be determined by dividing the principal amount of the Bonds (translated into NT dollars at the fixed exchange rate as determined on the pricing date) by the Conversion Price per share (in NT dollars) in effect on the date of conversion. The Issuer will compensate in cash for the amount of less than one Common Share. The calculation of the cash amount shall be rounded up to the nearest NT dollar.

13.6 Adjustment of the Conversion Price:

After the issuance of the Bonds, the Conversion Price shall be adjusted in accordance with the following anti-dilution formula and the relevant anti-dilution provision of the Indenture:

- (a) After the issuance of the Bonds, except for issuance of Common Shares pursuant to any warrants or convertible securities or employee compensation (including but not limited to the new shares distributed for the employee compensation and the new shares issued with restricted rights to employees), upon the occurrence of any event which will cause the outstanding shares (including the shares issued by way of private placement) of the Issuer to increase (including but not limited to: rights issue, recapitalization of retained earnings or capital surplus, stock splits, issuing shares in exchange for shares of other companies, issuing shares as consideration for a merger, and rights issue for sponsoring issue of overseas depositary receipts), and the subscription or the issue price of new shares is lower than the market price per Common Share (as defined in the Indenture), the Conversion Price shall be adjusted downward, not upward, in accordance with following formula (the "Adjusted Conversion Price"). The calculation of the Adjusted Conversion Price shall be rounded up to the nearest cent of a dollar and the adjustment shall become effective on the record date for determining the shareholders who are entitle to subscribe for the new shares (Note 1), or, if subscription payment is required to be made, the date on which the subscription payment has been paid in full.

In the event of the rights issue, if the original offering price is changed after the record date for determining the shareholders who are entitle to subscribe for the new shares, the Adjusted Conversion Price shall be recalculated based on the new offering price. If the recalculated Adjusted Conversion Price is lower than the publicly announced Adjusted Conversion Price calculated based on the original offering price, the Issuer shall make public announcement again with respect to the change of the Adjusted Conversion Price.

Adjusted Conversion Price = Then Conversion Price ×

$$[ENS + (NNS \times PNI) / P] / [ENS + NNS]$$

ENS = Number of outstanding shares before issue (Note 2)

NNS = Number of new shares

PNI = Offering price of new shares (Note 3)

P = Market price per share on relevant record date (as defined in the Indenture)

Note 1: in the event of merger, the adjustment shall become effective on the record date of the merger; in the event of share exchange, the adjustment shall become effective on the record date of the share exchange; in the event of private placement of new common shares, the adjustment will become effective on the delivery date of the new shares; in the event of the rights issue or rights issue for sponsoring issue of overseas depositary receipts by way of book-building, because there will be no record date for determining the shareholders who are entitled to subscribe for the new shares, the adjustment will become effective on the issue date of the new shares or overseas depositary receipts, as the case may be.

Note 2: ENS means the number of total issued and outstanding common shares (including the common shares issued by way of private placement), minus the number of treasure shares which have been repurchased by the Issuer but have not been cancelled or transferred.

Note 3: In the event of free distribution of shares or stock splits, PNI shall be zero. In

the event of issuance of new shares pursuant to a merger or share exchange, PNI shall be : (1) in the case where the dissolved company is a listed company, the closing price of the common share of the dissolved company on the date on which the share swap ratio was approved by the shareholder's meeting; or (2) in the case where the dissolved company is a private company, the share price falling into the fair value of the dissolved company as determined by an independent expert in its fairness opinion times the share swap ratio.

- (b) After the issuance of the Bonds, if the Company shall issue or privately place securities convertible into Common Shares or granting the holders of such securities warrants to subscribe or purchase Common Shares and where the conversion or subscription price is less than the Market Value per Common Share (as defined in the Indenture), the Conversion Price shall be adjusted downward, not upward, in accordance with the following formula. The calculation of the Conversion Price shall be made to the nearest cent of a dollar and the adjustment shall become effective on the date for issuance of securities or warrants or the delivery of the privately placed securities.

Adjusted Conversion Price =

Then Conversion Price \times $[\text{ENS} + (\text{NNSC} \times \text{CPNI}) / \text{P}] / [\text{ENS} + \text{NNSC}]$

ENS = Number of outstanding shares before issuance (Note 1 and Note 2)

NNSC = Number of new shares to be converted, subscribed or purchased from the convertible securities or warrants mentioned above

CPNI = Conversion price or subscription price of the convertible securities or warrants mentioned above

P = Market Price per share on relevant record date (as defined in the Indenture)

Note 1: ENS means the number of total issued common shares (including the common shares issued by way of private placement), minus the number of treasury shares which have been repurchased by the Issuer but have not been cancelled or transferred

Note 2: In the event that treasury shares are served as underlying shares for the publicly issued or privately placed convertible securities or warrants mentioned above, number of new shares to be converted or subscribed from such securities or warrants should be deducted from ENS.

- (c) The Conversion Price shall not be adjusted in the event of capital reduction for cancellation of treasury shares of the Issuer.

After the issuance of the Bonds, upon the occurrence of capital reduction (except for capital reduction for cancellation of treasury shares) which will cause the outstanding shares of the Issuer to decrease, the Conversion Price shall be adjusted in accordance with following formula on the record date of the capital reduction :

1. Capital reduction to make up the losses:

$$\text{Adjusted Conversion Price} = \frac{\text{Then Conversion Price} \times \text{Number of outstanding shares before capital reduction}}{\text{Number of outstanding shares after capital reduction}}$$

2. Cash capital reduction:

$$\text{Adjusted Conversion Price} = \frac{(\text{Then Conversion Price} - \text{Cash returned per share}) \times \text{Number of outstanding shares before capital reduction}}{\text{Number of outstanding shares after capital reduction}}$$

The calculation of the Conversion Price shall be made to the nearest cent of a dollar.

- (d) If the outstanding shares of the Issuer increase or decrease because of the change of par value of the shares, the Conversion Price shall be adjusted (in case of the outstanding shares of the Issuer increase because of the change of par value, the Conversion Price shall be adjusted downward, not upward) in accordance with following formula on the record date for determining the shareholders who are entitled to participate in such change of the par value of the shares:

$$\text{Adjusted Conversion Price} = \frac{\text{Then Conversion Price} \times \text{Number of outstanding shares before change of par value}}{\text{Number of outstanding shares after change of par value}}$$

The calculation of the Conversion Price shall be made to the nearest cent of a dollar.

- (e) After the issuance of the Bonds, if the Issuer shall distribute any cash dividends or other form of cash to its shareholders, subject to the criteria in the Indenture, the Conversion Price shall be adjusted downward, not upward, in accordance with the following formula (adjustment manner should be subject to detailed terms in the Indenture). The calculation of the Conversion Price shall be rounded up to the nearest cent of a dollar.

$$\text{Adjusted Conversion Price} = \text{Then Conversion Price} \times [1 - (C/P)]$$

C = Amount of cash dividend per share

P = Market price per share

The market price per share shall be as defined in the Indenture.

13.7 Dividends:

Bondholders shall not have the right to receive any stock or cash dividends prior to the conversion. After exercising the conversion right, the converting Bondholders who hold Common Shares after the conversion, in accordance with relevant laws and regulations, may enjoy the same rights to receive dividend distribution as those available to the holders of Common Shares.

(a) Cash dividends

1. Prior to a record date for determination of shareholders entitled to receive cash dividends, if a Bondholder applies to convert the Bonds into Common Shares, the converting Bondholder shall be entitled to such cash dividend distributions.
2. In each year, the Bonds may not be converted during the period from the 15th trading day(inclusive) prior to the record date for determination of shareholders entitled to

receive cash dividends to the record date (inclusive).

(b) Stock dividends

1. Prior to a record date for determination of shareholders entitled to receive stock dividends, if a Bondholder applies to convert the Bonds into Common Shares, the converting Bondholder shall be entitled to such stock dividend distributions.
2. In each year, the Bonds shall not be converted during the period from the 15th trading day (inclusive) prior to the record date for determination of shareholders entitled to receive dividends to the record date (inclusive).

13.8 Converting Restrictions:

In accordance with current laws and regulations of the ROC, a PRC person is not permitted to convert the Bonds or to register as the Company's shareholders unless such PRC person is a qualified domestic institutional investor (QDII) approved by the securities regulators of the PRC within the investment limit prescribed by the relevant regulatory authorities or the PRC investor approved by the Investment Commission, Ministry of Economic Affairs, ROC. In case any amendments are made to the aforesaid laws and regulations, the conversion shall be made in accordance with the then prevailing laws and regulations.

14. Cancellations

The Bonds which are repurchased (including the repurchase by the Issuer from secondary market), redeemed, matured and repaid in full, converted or put will be cancelled and will not be re-issued.

15. Selling Restrictions

The Bonds will not be directly offered, sold and delivered within the territories of the ROC.

16. Taxation

- (1) Securities Transaction Tax:
Under the current laws and regulations of the ROC, the securities transaction tax, which is payable by the seller, is levied on the selling of the Common Shares at the rate of 0.3%.
- (2) In case of any amendment to relevant tax law or regulations of the ROC or Cayman Islands, all tax matters shall be construed in accordance with the then prevailing laws or regulations.

17. Governing Law

The offering and issue, management and disposal of the Bonds shall be subject to the laws and regulations of the jurisdiction agreed between the Issuer and the Lead Underwriters. The approval for issuance of the Bonds and the exercise of the conversion rights will be subject to the ROC laws and regulations and restrictions or limitations provided thereunder.

18. Amendment

The terms and conditions hereof are subject to such changes and amendments as may be agreed to by the Issuer and the Lead Underwriters taking into account future changes in market conditions and applicable local laws and regulations.

19. Underwriting Syndicate and Other Advisors:

Lead Underwriters: Credit Suisse (Hong Kong) Limited and Citigroup Global Markets Limited
Domestic Financial Advisor: Grand Fortune Securities Co., Ltd.
Trustee: Citicorp International Limited
Paying and Conversion Agent: Citibank, N.A., London Branch

III. Issuance of Preferred Stocks/Stocks with Subscription Rights: None

IV. Issuance of Overseas Depository Receipts: None

V. Issuance of Employee Stock Options: None

VI. Issuance of New Restricted Employee Shares: None

VII. Issuance of New Shares for Merger or Acquisition: None

VIII. Implementation of Capital Utilization Plans

The implementation of the plan for using the funds of third foreign non-guaranteed convertible corporate bonds issued by the Company was completed in Q3 2020.

Chapter 5. Operational Highlights

I. Business activities

(I) Business scope

1. Major business activities:

Its main investment in manufacturing companies includes Avary Holding (Shenzhen) Co., Ltd., Qiding Technology Qinhuangdao Co., Ltd., BoardTek Electronics Corp., and Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. Among them, the products of Avary Holding and BoardTek Electronics are mainly used in information technology, consumer electronics, mobile communications, communications equipment, automotive electronics, medical, and other fields. Qiding Technology and Leading Semiconductor offer semiconductor related products and services. Products are widely applied in mobile phones, tablet, personal computers, servers/storage devices, telecommunication equipment, and various consumer electronics products and equipment. The product applications are further extended to the automobile, industrial, medical, and aerospace sectors in recent years.

2. Operating proportion:

Unit: NT\$ thousands; %

Products	2020		2021	
	Amount	% of Total Revenue	Amount	% of Total Revenue
PCBs	131,278,537	100%	155,022,197	100%
Total	131,278,537	100%	155,022,197	100%

3. Current products and services:

- ◆ PCBs for mobile phones
- ◆ PCBs for personal computers
- ◆ PCBs for servers
- ◆ PCBs for storage devices
- ◆ PCBs for telecommunications base stations
- ◆ PCBs for tablets
- ◆ PCBs for gaming devices
- ◆ PCBs for Bluetooth and Wi-Fi modules
- ◆ PCBs for wireless communication products
- ◆ PCBs for display modules
- ◆ PCBs for lens modules
- ◆ PCBs for memory modules
- ◆ PCBs for wearable devices
- ◆ PCBs for automotive electronics
- ◆ PCBs for smart home products
- ◆ PCBs for IC substrates
- ◆ Various PCB products

4. Plans for new product development:
 - ◆ Research and development of high density, high frequency dynamic bending solutions
 - ◆ Productization research and promotion of ultra-thin pressure sensor technologies
 - ◆ Development of next generation, high efficiency wireless charging module technology
 - ◆ Research and development of high density SIP plastic sealing technology
 - ◆ Development of high precision, finite element simulation and prediction application technology
 - ◆ Research and development of high heat dissipation copper block connection technology
 - ◆ Research and development of consumer product thin copper wiring technology
 - ◆ Research and development of 5G antenna ground receiver products
 - ◆ Research and development of new black film application display products
 - ◆ Research and introduction of micro LED with ENIG chemicals
 - ◆ Research and development of hard bending product technology for automotive products
 - ◆ Research and development of conductive metal paste cavity technology for radar products
 - ◆ Industrialization research of automotive control products
 - ◆ Industrialization research of automotive short range radar boards
 - ◆ Industrialization research of next generation advanced server boards
 - ◆ Research and development of ultra-micro aperture forming technology
 - ◆ Research and development of micro-opening sidewall conduction technology
 - ◆ Industrialized research of 5G high-end new surface treatment substrate technology
 - ◆ Successful industrialization of pre-tinned FCCSP substrate product processing and technology
 - ◆ Research and introduction of 5G high frequency new material substrate applications

(II) Industry overview

1. Current state and development of the industry

The Company is a professional company that specializes in the design, development, manufacturing, and sales of printed circuit boards (PCBs) for products such as mobile phones, tablet computers, personal computers, servers / storage devices, telecommunication equipment, and various consumer electronics products and equipment. Our products have been widely adopted in the automobile, industrial, medical, and aerospace sectors in recent years. The development of related end products is closely related to the Company's businesses. The current state of the industries for related applications of PCB products is described below.

(1) Current status and development of the PCB industry

A printed circuit board (PCB or PWB for printed wire board) is a board manufactured on general materials based on a predetermined design that forms connections between points and embedded with printed components. Its main function is to connect various electronic components to form connections between predetermined circuits and provide transmission functions. PCBs are key components in the assembly of electronic components. They provide electrical connections for electronic components and are responsible for the

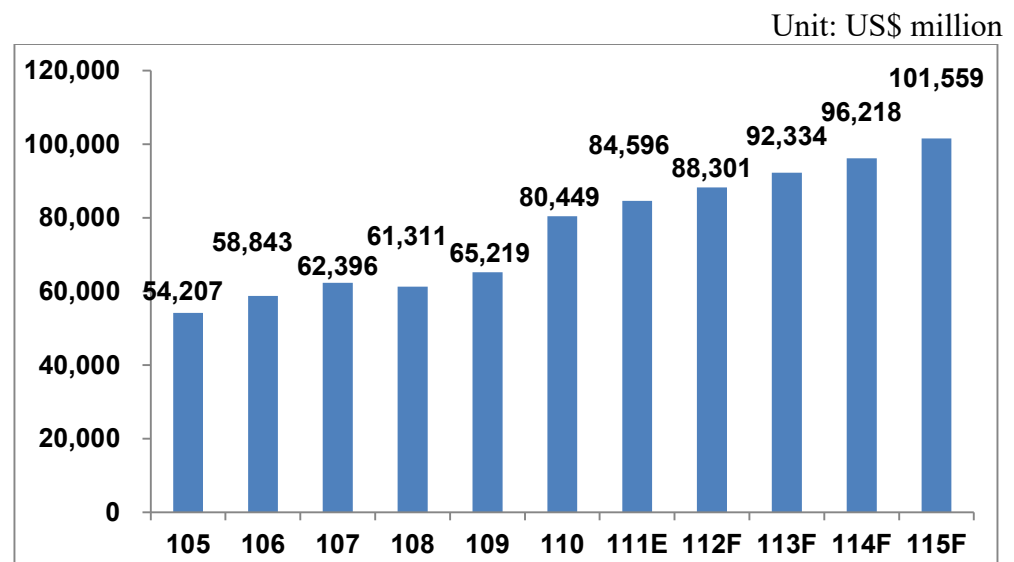
transmission of digital and analog signals, power supply, and sending and receiving radio frequency and microwave signals for electronic devices. They are necessary equipment for most electronic devices and products and they are therefore referred to as the "mother of electronic products".

5G, Internet of Things, Internet of Vehicles, Industrial Internet of Things, and Artificial Intelligence are leading current trends and development for electronic products, while the development of PCBs is advancing toward properties of light-weight, thin, short, small, high-frequency, high speed, low pollution, low loss, low power consumption, multi-functional, precision, aesthetics, refinement, and intelligence. Product applications include but not limited to consumer electronics such as smartphones, smart watches, communication electronics, tablet computers, new energy vehicles, base stations, cloud servers, wireless communications, and smart home and smart city hardware products.

PCBs are key components for all electronic products and they are mainly used to mount electronic components and deliver information between various electronic components. Products are widely adopted in wearable devices, communications, tablet computers, automotive electronics, servers/storage devices, Internet communications, personal computers, and various consumer electronic products.

According to the analysis by Prismark, the global PCB industry value increased by 23.4% in 2021, reaching USD80.45 billion, exceeding the USD80 billion mark. The industry value in 2022 is expected to grow by 5.2% annually and reach USD84.6 billion. Prismark predicts that the PCB industry value will grow by a compound annual rate of 4.8% between 2021 to 2026, exceeding the USD100 billion mark.

Global PCB Market Revenue from 2016 to 2025



Source: Prismark (February, 2022) [Note]: Revenue for 2022-2026 are estimates

Growth in PCB output is in close positive correlation with the global economic growth rate. Changes in the global economy would therefore directly impact growth in the entire industry. Regional economic growth reflects the local demand for end-user products and causes indirect impact on the purchase orders of suppliers of related upstream applications. Therefore, regional economic development causes more direct impacts on the operations of individual operators.

The upstream raw materials of PCBs consist mainly of copper foil, copper-clad laminates, process chemicals and copper balls. Copper-clad laminates are the most important direct raw materials for PCBs. Copper accounts for the highest proportion of the materials and the fluctuation of copper prices on the international market have a profound impact on cost. Recent increase in the price of raw materials on the international market has caused tremendous pressure on cost for PCB companies.

Downstream industries that use PCBs consist of applications and products for end users and are thus susceptible to changes in the macroeconomic environment, market, and purchasing power. In addition, different PCB products have different applications and varying levels of price sensitivity. For consumer electronics products with short product life cycles, the prices of new products begin their downward adjustments as soon as they are launched. PCBs therefore have weaker price bargaining power. However, PCBs for certain special applications such as medical, industrial, or aerospace applications are less sensitive to price. PCBs are widely used for mobile phones, mobile communications base stations, tablet computers, personal computers, industrial computers, servers/storage devices, digital cameras, TVs, wearable devices, game consoles, home appliances, automotive electronics, medical equipment, robots, aerospace equipment, defense, military, etc.

Taiwan occupies an important position in the global PCB industry. According to Prismark data, in 2021, China, Japan, United States, and Europe's production scale were 54.2%, 9.1%, 4.1%, and 2.6% of the global total, respectively. Other regions in Asia accounted for 30.1% of the market, with Taiwan, South Korea, and South East Asia as the main manufacturing areas. Currently, over 80% of PCBs in the world are produced in Asia. China is the biggest manufacturer, producing over half of the PCBs in the world.

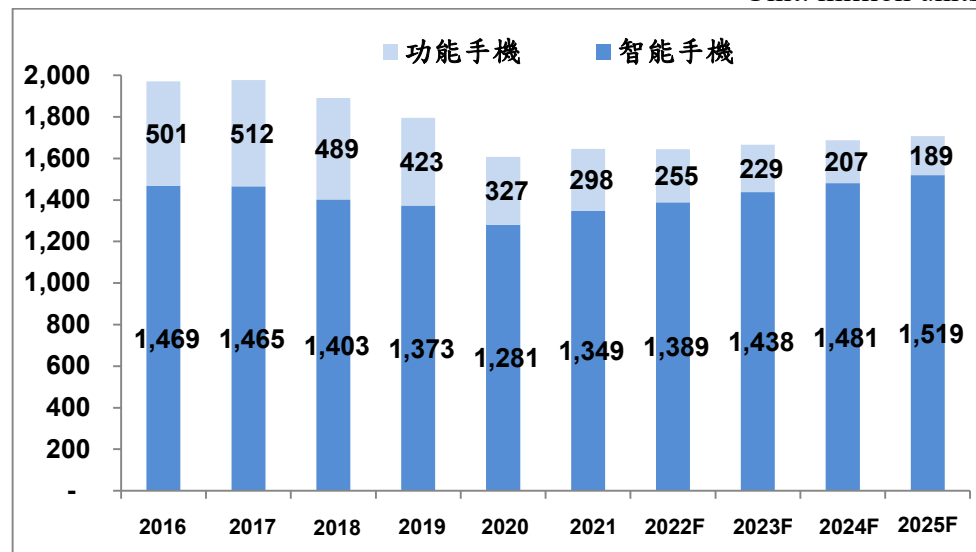
(2) Industrial development trends of main products

1) Mobile phone industry

The mobile phone industry consists of smartphones and feature phones. Compared to feature phones, smartphones have far superior computing power and functions. Smartphones have diverse functions such as data transmission, wireless Internet access, digital camera, voice assistant, audio and video playback, and biometrics which have become the mainstream trends in the development of mobile phone products. According to IDC research, global smart phone shipment reached 1.35 billion units in 2021. Global smart phone shipment is projected to reach 1.52 billion units by 2025, growing at a compound annual rate of 3.40%. Feature phone sales will continue to decline due to the replacement, with estimated drop from 300 million units in 2021 to 190 million units in 2025, growing at a compound annual rate of -10.7%.

Global Mobile Phone Shipment

Unit: million units



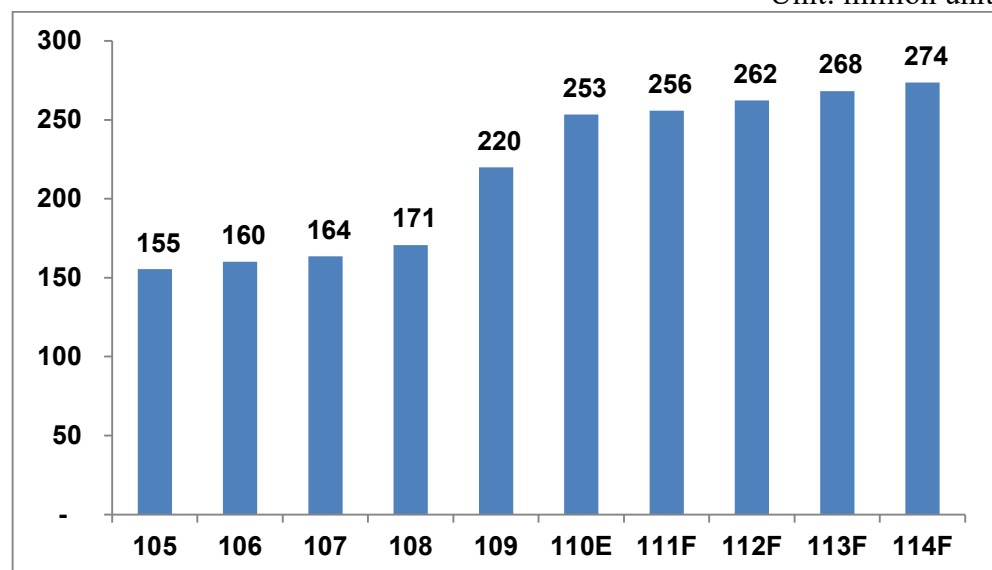
Source: IDC (February, 2022) [Note]: Shipments for 2021-2025 are estimates

2) Notebook computer related industries

Due to the stable demands for business and educational needs, notebook computers have maintained an annual sales volume of 160 to 170 million units in recent years. The global COVID-19 pandemic in 2020 has driven the demands for working from home, online learning, and home entertainment. Sales volume for notebook computers has increased by 28% to 220 million units, which has indirectly driven the significant increase in output for related components, such as PCB and substrates. According to IDC research, global notebook computer shipments grew by 15.3% in 2021 compared to 2020, reaching 250 million units. Global notebook computer shipments are projected to stay at 250 million units every year until 2025.

Global Notebook Computer Shipment Estimates

Unit: million units

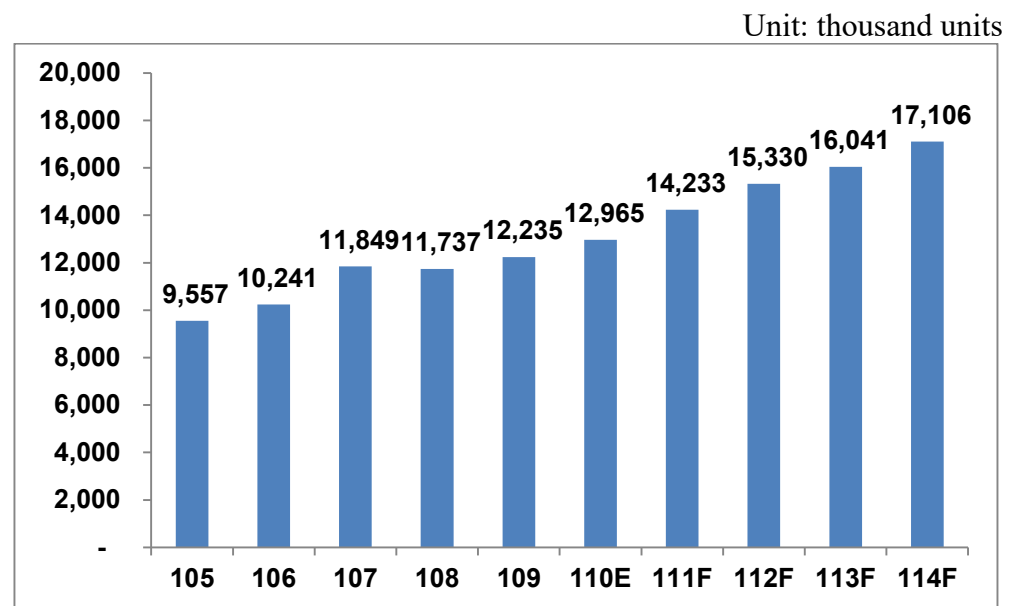


Source: IDC (February, 2022) [Note]: Shipments for 2021-2025 are estimates

3) Server and related industries

The emergence of AI, IoT, 5G, and other new applications increased demand for data storage and computing, contributing to continuous growth in the output of servers, storage devices, and other data center related equipment. According to IDC research, global server shipments reached 12.97 million units in 2021, increasing by 6.0% compared to 2020. Global server shipments are projected to reach 17.11 million units by 2025, at a compound annual growth rate of 7.2%.

Global Server Shipment



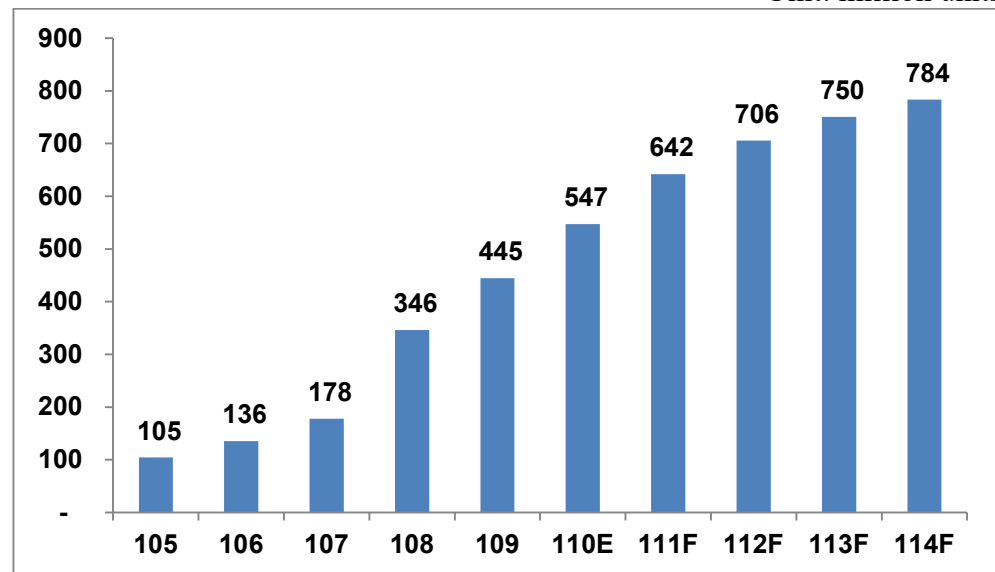
Source: IDC (February, 2022) [Note]: Shipments for 2021-2025 are estimates

4) Wearable devices industry

As the development of wearable devices intensifies, the application markets gradually expanded. It started out from smart wristbands and now includes smart watches, smart clothing, head-mounted devices, earpieces, and various other products. The growth in sports and leisure wearable devices is the most significant while the potential for applications in the future healthcare sector is also highly anticipated. According to IDC data, the shipment of global smart wearable devices in 2021 reached 550 million units, a 23.1% growth from the 445 million units in 2020. It is expected to grow at a compound annual growth rate of 9.4% reaching 780 million units from 2021 to 2025.

Global Wearable Devices Shipments

Unit: million units



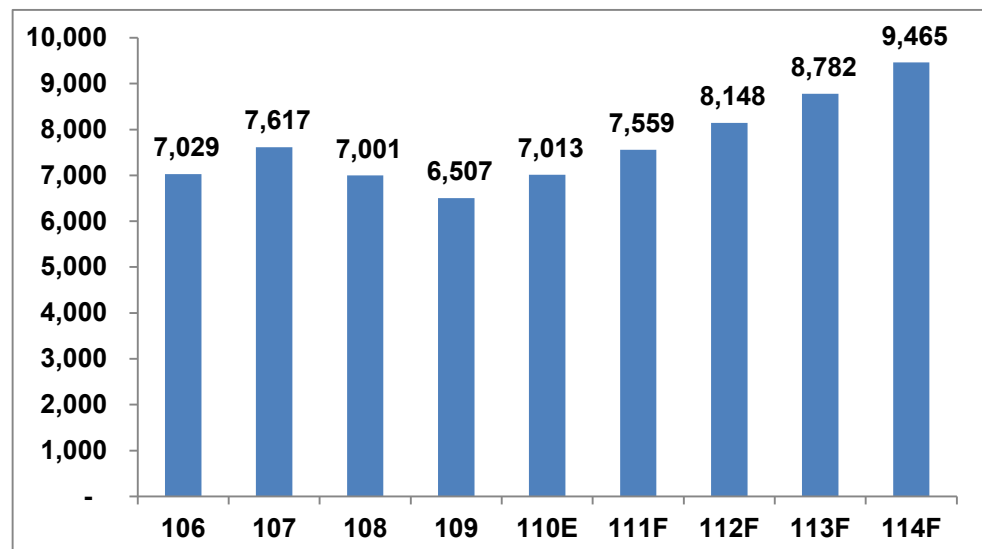
Source: IDC (February, 2022) [Note]: Shipments for 2021-2025 are estimates

5) Automotive electronics industry

The advancement of the global automotive industry from new-energy vehicles to autonomous vehicles has promoted the continuous growth of automotive PCBs as multiple PCB operators vied to invest in technologies to gain a share of the market. Although the application involves human safety and thus incurs long product certification schedules and high entry barriers, the products would generate stable growth in the Company's revenue once they are certified and shipped. According to the latest Prismark statistics, the revenue of global automotive PCBs in 2021 amounted to US\$7.01 billion and it is expected to grow at a compound annual growth rate of 7.8% from 2021 to 2025. It is set to reach US\$9.47 billion in terms of market revenue by 2025.

Global PCB Market Revenue

Unit: US\$ million



Source: Prismark (November, 2021) [Note]: Revenue for 2021-2025 are estimates

(3) Competition

Continuous upgrade of electronics product applications and specifications accelerate advancements in PCB technology and intensify competition between large international PCB manufacturers in Taiwan, Japan, Korea, and China. The Company's existing and potential competitors leverage their advantages in finance, manufacturing, technology, marketing personnel, and marketing resources to enter the consumer electronics market while the Company focuses on a wide range of products and services as well as partnerships with long-standing customers. We seek to differentiate ourselves from competitors and prevent price competition.

The Company believes that our main competitors are companies that provide long-term services for leading brands in the consumer electronics market. These companies often have good relations with customers, highly competitive products, and the skills and capacity required for developing new products that lead the market. The Company's main competitors in various products include Unimicron, TTM, Mektron, Suzhou Dongshan Precision Manufacturing, Compeq, Tripod, Shennan Circuit Company, HannStar Board Corp, Samsung Electro-Mechanics, Young Poong, WUS Printed Circuit, Ibiden, AT&S, etc.

The Company focuses on a market with high levels of competition and change. It is particularly susceptible to the impact of rapid technological changes, evolving industry standards, continuous decrease in average prices, and high product replacement rate. Future competition will continue to intensify and the competition will not only come from existing competitors but may also come from other companies that enter our existing or future markets. Their solutions may be cheaper, perform better, or have more ideal functions than the Company's products. Consumer electronics PCB suppliers compete on the following competitive niches:

- ◆ Technology R&D and execution
- ◆ Product development roadmap
- ◆ System integration level
- ◆ Reliability
- ◆ Compliance to industrial standards
- ◆ Product quality, performance, and functions
- ◆ Price
- ◆ Market time
- ◆ Market position and reputation
- ◆ Intellectual property rights
- ◆ Customer service and support

Based on the aforementioned standards, the Company retains favorable conditions for competition. However, the Company's future competitive capacity is determined by whether we can establish, design, and launch new products that meet or foresee customers' demand for next-generation products and applications. In addition, the Company's competitive position will also be determined by whether we can continue to attract and retain talents and whether we can securely protect the Company's intellectual property rights. These are key factors to the Company's continuous growth and success.

(III) Overview of Technology and R&D

1. Technology level and R&D for operations

The Company upholds rigorous production management, basic scientific research, and high-quality technical services to provide high reliability, high performance, and high output that satisfy the demands of first-rate international companies and become one of the leading companies in the world. In addition, the Company is also constantly committed to product research and development and technological innovation. We cooperate with industry-leading customers to develop novel applications, gain accurate knowledge of mainstream markets, and satisfy customers' demands. We also leverage planned actions and management synergy to establish the Company as a role model among global PCB and semiconductor suppliers.

The Company keeps pace with the times in providing comprehensive PCB and semiconductor products and services for industry-leading customers. As the integration of AI, big data, cloud computing, blockchain, and 5G applications with electric vehicle and new energy carbon neutral technologies under the global "carbon peak in 2030, carbon neutral by 2050 to 2060" initiative creates increasingly more demands for PCB and semiconductor customization for various end products, we provide customers with comprehensive solutions for the design, R&D, manufacturing, and after-sales services of PCB and semiconductor products. These solutions include consumer electronics, wearable electronics, communication technologies, automobile and biomedical electronics, and other applied PCBs based on different downstream applications. They are also widely adopted in smartphones, AR VR devices, Internet equipment, tablet computers, wearable devices, laptop computers, servers, base stations, smart appliances, automobiles, and medical devices. We serve our customers with advanced production technologies and outstanding quality to win the approval of world-class manufacturers. The Company established a R&D team based on demands in the mainstream market. The team consists of members with PCB and semiconductor experiences and professional backgrounds in 5G communication and AI applications. The team is committed to research and development of high-end products to satisfy customers' demand for future products including flexible printed circuit boards (FPC), high density interconnection (HDI), rigid printed circuit board (R-PCB), substrate-like PCB (SLP), rigid-flex printed circuit boards (Rigid Flex), MiniLED, modular products, and related semiconductor products. We focus on technology innovation and development and establish a technology development roadmap in line with market trends and customer demands for current and future products to improve the Company's equipment and process capacity and create unique products and leading technologies, thereby improving customer satisfaction and our competitiveness in the market.

2. Specific results of technology and R&D

- (1) Mass production of 5G millimeter wave simulation and testing technologies
- (2) Mass production of high aspect ratio plating technology through hole board
- (3) Mass production of back-drill-to-plug process through hole board for high multi-layer boards
- (4) Successful industrialization of pre-tinned reball substrate product processing and technology
- (5) Successful development and industrialization of long lifespan battery protection modules
- (6) Successful development and introduction of long lifespan, high density dynamic bending technology

- (7) Micro copper post substrate technology passed customer certification
- (8) Successful development of ultra-long profile arbitrary length interconnect technology
- (9) Successful development of high density, fine pitch thermo-welding technology
- (10) Successful development of high reliability voltage monitoring and protection soft board technology
- (11) Successful development of ultra-multi-layer high-density high-definition display FPC module technology
- (12) Successful development of ultra-thin and ultra-sensitive pressure sensor technology
- (13) Successful development of ultra-thin and ultra-fine coil motor products
- (14) Successful development of 10L ultra-thin high-density motherboards
- (15) Successful development of thermal bending simulation construction and analysis technology
- (16) Successful development of dual carbon driven ultra-simple high-resolution overlay technology
- (17) Successful prototyping of ultra-thin high reflectivity backlight module products
- (18) Successful development of 5G base station antenna board
- (19) Successful certification of automotive radar board
- (20) Successful development of 5G millimeter wave AiP antenna board
- (21) Successful development of high precision connectivity for consumer applications
- (22) Successful certification of AI server FPGA products
- (23) Successful development of ink film anti-yellowing jelly glue curing control
- (24) Successful improvement of ink film cohesion improvement research
- (25) Successful development of embedded bare die in DC/DC transformer products
- (26) Successful product development of high angle resolution 4D image radar board
- (27) Successful development of 4D imaging radar board products
- (28) Successful development of conductive paste technology in base station antenna applications
- (29) Completed the research for environmentally friendly surface treatment technology
- (30) Successful development of elastic insulating material MSAP multilayer board
- (31) Successful development of blockchain computing packaging substrate products
- (32) Successful development of 5G millimeter antenna package module circuit board
- (33) Successful development of cavity opening technology for any layer
- (34) Successful development of 5G high-end embedded semi-additive thin-line integrated substrates

(IV) Long and short-term development strategies and plans

1. Short-term development strategies and plans

(1) R&D strategies and plans

In response to product development trends, the Company is actively investing in environmental protection and green processes, adhering to the continuous development of advanced process technology and high-performance multi-functional product technology, leading the industry, strengthening core competitiveness, and focusing on short-term R&D plans to meet customer needs, including Metaverse's high-frequency high-deflection technology and pressure sensing technology, 5G terminal micro-motherboard and high-density carrier technology, 5G communication millimeter-wave antenna and high-frequency transmission technology, smart car radar and domain control board technology, cloud supercomputing AI server and HPC board-level application technology, new display and high-density integrated packaging module technology, mechanical RF thermal management multi-dimensional process product simulation application research, etc. The Company is expanding its diversified product lines to improve cost and the Company's competitive advantage.

(2) Production strategies and plans

The Company shall continue to expand production capacity in all plants based on customer requirements and the plants shall also focus on the product types and customers established in the plans. Product development and production strategies shall be established for each plant based on the Company's annual sales strategy. We shall focus on both purchasing high-end production equipment in response to product upgrade and expanding new capacity based on customer demand and orders. We added investment plans for Shenzhen, Huai'an, and Qinhuangdao plants in China and parks in Kaohsiung, Taiwan and Chennai, India and the investments shall be executed in accordance with the plans as well as market and order status in the next quarter.

(3) Operation and finance strategies and plans

- 1) Maintain suitable short-term liquidity funding levels to meet business requirements and secure company operations.
- 2) Due to fluctuations in exchange rates, the existing parts and future predictions are integrated. The Company adopts hedging transactions or financial products according to market information to avoid the risk of exchange rate fluctuations and reduce the impact of uncertainty.
- 3) Adopt unified price negotiation and centralized procurement for equipment, construction, raw materials, and consumables of each plant to effectively reduce overall operating costs

2. Long-term development strategies and plans

(1) R&D strategies and plans

The Company is focused on long-term participation in customers' preliminary product research, development, and design. We seek to use innovation and R&D to guide customers and commit resources to developing new products, new technologies, new materials, new manufacturing processes, and new equipment that meet customer demands. In addition to R&D, the Company has also established a platform for cooperating with industries, the government, academia, and research institutes to engage in advanced technological R&D

projects. We have also established a technological R&D center to work on R&D projects with 22 prestigious universities and 3 research institutes in Taiwan, China, Hong Kong, and Macau, including ITRI, National Taiwan University, Tsinghua University, Chiao Tung University, Cheng Kung University, Chung Hsing University, Taiwan University of Science and Technology, Chung Yuan University, Feng Chia University, and related departments in China's Tsinghua University, City University of Hong Kong, Southeast University, Hebei University of Technology, Shenzhen University, and Guangdong University of Technology. R&D works are aimed at increasing the depth and width of technological developments and integrating up/mid/downstream industries to develop new models and achieve independence in key technologies. Concurrently, the Company has established dedicated units to carry out technology investments and research, so that we may strengthen the Company's core technologies, guide customers in long-term partnerships, fully satisfy customers' demands for new products, and continue to create win-win conditions for mutual prosperity.

(2) Production strategies and plans

- 1) Maintain long-term partnerships with strategic partners and jointly develop new materials, new equipment, and new technologies. Proceed with joint development of process with special functions and strengthen the development automation equipment to lower production cost and develop high-quality and high-functionality products.
- 2) Select long-term strategic partners for non-core processes and leverage the capacity of partners for single specialized processes to increase production efficiency, lower cost, improve yield, and enhance overall competitiveness.
- 3) Establish two R&D centers in Taiwan and China and continue to improve the capacity for developing new technologies and maintain leading advantages in high-end products and technologies.

(3) Future Research and Development (R&D) Plans and the R&D expenses expected to be invested:

The Company continues to expand investment in R&D resources to provide customers with top innovative technologies in the industry and assist customers develop future products. We adopt a centralized competitive leadership strategy and established unique core technologies to lead trends and develop high-end next-generation products. We also expand basic research and collaboration with industrial, government, academic, and research institutions and integrate resources to continue to accumulate and strengthen R&D energy and improve the Company's long-term competitiveness.

Future development projects include:

12 strategies for future PCB and semiconductor development plans: Light (light-weight), thin (thin design), short (short procedures), small (small footprint), high (high frequency/high speed/high heat dissipation), low (low pollution/low cost/low power consumption), multiple (multi-functional and multi-layer), fast (fast development and production), precision (low tolerance), beauty (aesthetically appealing), refined (refined circuits), and smart (intelligence). The main applications include high-end technologies for smart phones, tablet computers, wearable devices, communications, Internet, automotive electronics, servers, base stations, and medical devices.

The Company's R&D expenditures in 2020 amounted to NT\$5,545,496 thousand, which accounted for 4% of the revenue in the current year. The amount in 2021 is approximately NT\$6.5 billion, accounting for 5% of revenue.

(4) Operation and finance strategies and plans

- 1) Uphold a people-oriented corporate philosophy and core values for integrity, responsibility, and excellence to build world-class business management capabilities, recruit talents, and achieve world-class performance in R&D, production, markets, marketing, and operation management.
- 2) Strengthen environmental protection and industrial safety risk management and implement services and corporate ideals for speed, equal quality, technology, efficiency, cost, and added value.
- 3) Develop the Company's comprehensive PCB industrial platform and jointly develop new products, new technologies, new equipment, new materials, and new processes with the Company's partners in production technology, equipment, and raw materials as well as professional research institutions. Provide brand companies and professional electronics OEM companies with high-quality and cost-effective PCB design, development, manufacturing, and sales services.
- 4) Plan long-term fundraising activities, repay matured long-term debts, and implement suitable adjustments to long-term liability ratios.
- 5) Control suitable financial leverages based on the Company's operations and growth while retaining sufficient cash reserves to respond to future demand in growth.

II. Market, Production and Sales Overview

(I) Market analysis

1. Sales regions for major products

Unit: NT\$ thousands

Sales Regions	2020		2021	
	Amount	Percentage	Amount	Percentage
USA	88,249,583	67.22%	111,063,476	71.64%
China	27,878,274	21.24%	26,208,170	16.91%
Taiwan	6,487,395	4.94%	8,246,550	5.32%
Others	8,663,285	6.60%	9,504,001	6.13%
Total	131,278,537	100.00%	155,022,197	100.00%

Note: Geographical information on the Group's revenue is shown based on the countries of customers.

2. Market share

Based on the revenue rankings of global PCB companies in 2021, since 2017, the Company is now the world's largest PCB plant. However, our market share is still only 6.9%, which demonstrates the high level of competition in this market. The Company has an exceedingly high demand for product process technology and a wide range of applications. We have leveraged our technical advantages and explored sectors such as mobile phones, tablets, notebook computers, wearable devices, game consoles, servers/storage devices, Internet communications, and automotive electronics.

3. Future market supply/demand and growth

In terms of the concentration of the industry, there are more than 2,000 PCB

manufacturers across the world with close to 1,000 in China where the overall output in the circuit board industry is rapidly increasing. As environmental protection legislation in all countries grow stricter and the demand for circuits grows increasingly refined, it has become apparent that there are fewer large-scale companies with the capacity for providing high-tech and high-quality products while meeting requirements in environmental protection legislation. According to Prismark statistics, the top 30 PCB companies accounted for 50.9% of the revenue in the industry in 2011. The proportion reached 66.2% in 2021, demonstrating a visible trend toward consolidation and survival of the largest companies.

As global economy gains steady growth, consumers' purchasing power for electronics products also strengthened and emerging countries' demand for electronics products also increased. Coupled with development in applications for new technologies, the scale of the PCB market is expected to continue growth. According to Prismark's forecast in February 2022, the global PCB market scale will grow at a compound annual growth rate of 4.8% from 2021 to 2026 and exceed the 100 billion USD mark in 2026, reaching USD101.56 billion. The outlook of the PCB industry remains optimistic in the next few years.

4. Competitive edge

The industry is a basic industry in the electronics sector and it provides key components for all electronics systems and products. The industry provides functions for mounting and connecting electronics components that ensure the operations of system products. The Company's competitive niches include the following:

- (1) Establishment of a one-stop supply platform for brand companies with entire product lines for various PCBs.

The Company designs, develops, manufactures, and sell PCBs with different materials, electrical components, and functional designs. We have distinct production processes and mass production management methods. The Company has accumulated years of patents, technologies, and professional know-how to fully understand and satisfy customer demands and to provide specific customers with rapid design, development, sample production, and ramp-up services within a short time. We assist customers in shortening product launch schedule and take the initiative on the market. We help customers by building a successful operation model of Time to Market + Time to Volume + Time to Money / Market share.

The Company has invested massive amounts of resources in various PCB engineering R&D and process development. We can therefore cooperate with companies and provide system brands companies with up-to-date and high-quality products. We shall continue to expand based on our past records. Most popular electronics products on the market in a given year use products provided by the Company to our customers. We help system brand companies achieve success with their products on the global market. We take the lead in industry trends and significantly reduce product launch time. The Company also plans to use our advantage of the proximity of our plants to customers and develop specific new technologies, materials, and equipment for specific customers in order to expand product portfolio and satisfy customer demands for one-stop procurement. We believe that, compared to competitors, we are a professional global company with product design, development, manufacturing, and sales expertise and our comprehensive product capacity will help maintain solid and long-term strategic partnerships with system brand companies.

- (2) Maintain solid and close business partnerships with leading global brand customers and electronics OEMs.

The Company has always provided customers with flexible and high-quality customized manufacturing services and built long-lasting partnerships with customers. The Company's main customers are all well-known international companies, electronics OEMs, and innovators in advanced technologies. By cooperating with customers in joint product research and development, the Company continues to strengthen and refine our technology platform. We also leverage the Company's expertise in R&D and focus on developing technologies and enhancing engineering services to satisfy customer demands and gain knowledge of market trends and business opportunities for new products.

- (3) Direct purchase orders and participation in design and development of brand customers (JDVM/JDSM)

The Company's main orders are issued directly by major electronics system brands or main electronics OEM companies across the world. The Company participates in the Early Involvement phase for product design and ensure that all mass production after products is launched to satisfy customer demands. We thus form close partnerships with major electronics system brands or main electronics OEM companies across the world and establish lasting and stable business alliances. With regard to competitors, most companies either lack the capacity for providing independent OEM services to global brand customers or leading OEM companies or they may have insufficient engineering service capacity or lack the flexibility or production capacity that customers need. Therefore, many companies obtain orders from agents and only position themselves as production plants. The customer relations and prices in this business model are controlled by the agent. The manufacturers are only the production plants which have no significant added value and are highly replaceable. Order cancellations and bankruptcy are common issues.

- (4) Experienced operations and management team with capacity for consecutive years of high-speed growth

Our management team has extensive experience in the industry and the executives of main product business units have practical management experience. An operations and management team with capacity for implementation is the Company's key to success. After the holding company was established in 2006, we successfully focused on the main customers and assisted the customers in promoting its products across the world in 2007. The operations and management team then formulated strategies to expand operations and product development and to establish new plants. They led the Company's rapid expansion while improving core engineering and technology capacity. We later became the main supplier of various PCBs used by global leading mobile phones, laptop computers, tablet computers, game consoles, digital cameras, and digital books. Under the professional leadership of the operations and management team, the Company's revenue surpassed NT\$100 billion for the first time in 2017 and we became the world's largest PCB supplier.

Since the establishment of the Company, we have recruited many engineers with good academic backgrounds and extensive experience in the industry. We organized diverse operations and management teams and grew from a medium-sized company to a large professional company with a full product line and comprehensive capacity that operates in plants in four provinces in China and conducts businesses across the world.

- (5) Cross-strait cooperation strengthens competitive advantages

As traditional products mature, the Company has concentrated on high-end products for new product development in recent years. We use automation to replace labor cost which has risen continuously in China. We also continue to optimize the product portfolio and use engineering development capacity as our core competency to provide customers with product designs and innovation to grasp business opportunities on the market. The Company actively uses high-quality human resources and engineering technology to develop high-end PCB products and focuses on the Company's technical development roadmap with the aim of helping customers maintain leading positions in technology and R&D capacity.

Our subsidiaries in China integrate engineering and R&D resources of the plants and focus on related technology that can be used for customers' future mass production to improve product performance as well as production efficiency and yield. Engineering units focus on improvements for process and replacement of raw materials/consumables in the production process of current products. They aim to reduce production cost, improve yield, and provide customers with more advantages in production in terms of cost and flexibility. The effective cross-strait cooperation model encompasses the technology development required for the Company's development growth in all stages and effectively builds comprehensive product development capabilities.

5. Favorable and adverse factors for long-term growth and response strategy

(1) Favorable factors

1) Stable industrial development

The wide range of applications for PCBs, rapid expansion in smart devices in recent years, increase in the scale of online communication industries due to continuous growth in the cloud computing market, and applications for automotive electronics and IoT have contributed to forecasts of steady growth in the global consumer electronics product, computer, communications, automobile, and semiconductor industries. Industries related to these industries therefore maintained stable growth. According to Prismark data, the compound annual growth rate of the global PCB industry from 2021 to 2026 will be 4.8% and the market exhibits stable growth.

The Company's product strategy centers on providing high-quality and comprehensive PCB products and we adjust our product portfolio based on industrial development trends at all times. We also integrate R&D and order acceptance in Taiwan and allocate production capacity in China to facilitate flexible orders and production and maintain optimal competitive advantages.

2) Comprehensive development in the industry with comprehensive production bases in key economic areas in China

Related operators in the PCB industry are concentrated in Taoyuan in Northern Taiwan and they have formed comprehensive supply chains in the Yangtze Delta in East China and Pearl River Delta in South China where upstream and downstream plants and various suppliers congregate and accumulate a significant amount of competitive strengths. Bohai Economic Rim recently became a highlight in economic growth in China. Industrial clusters quickly formed and the most prominent clusters included the "Five Points One Line" stretching from Beijing and Tianjin to Liaoning.

The Company has established large-scale production bases in key economic

development areas in China including Pearl River Delta in South China, Yangtze Delta in East China, Beijing, Tianjin, and Hebei. Recently, we also incorporated a new manufacturing site in Guanyin and Kaohsiung, Taiwan, and India. We aim to closely meet the needs of our customers by providing, consistent high-speed, technically efficient, cost-effective, value-added, environmentally friendly, and industrial safety PCB design, development, manufacturing, and sales services. The Company differentiated itself from competitors by implementing comprehensive development in Taiwan, South China, East China, North China, and India economic regions to provide customers with convenient, diverse, flexible, and customized manufacturing services.

3) Grasp opportunities based on optimistic outlook for the consumption market in China

The Chinese market is the world's most important, vibrant market with the most rapid growth. The high efficiency of the Chinese government, comprehensive infrastructure, and high-quality human resources make China a key target for global brands and give birth to Chinese brands. As the Company is one of the few companies with product design, development, manufacturing, and sales capacity, it naturally became an important partner for Chinese mobile phone brands. In addition, opportunities in the Chinese consumption market can also be found in the information and computer sector and telecommunications sector which help the Company's development.

4) A sound management system

The Company's operations and management system have evolved over the years and we have formed a sound operation and management style that upholds strict management systems and cost control with the aim of achieving reasonable cost control, optimal resources allocation, and stable quality.

The Company obtains stable sources of raw material supply and price bargaining powers by integrating the Company's resources. Our management system and performance have received recognition from customers and we have established a good reputation in Taiwan and abroad to increase the Company's business expansion capacity. Business performance of top companies across the world relies on a foundation of corporate management skills in order to achieve sustainability. The Company's management teams adopted "Technological development for the benefit of mankind; "Protect the environment and make the Earth a better place" as the Company's motto.

(2) Unfavorable factors and the response measures

1) Rise of environmental protection awareness in China leads to increase in operators' green expenditures

In 2021 (January 9), the Ministry of Ecology and Environment, China, published the "Guiding Opinions on Coordinating and Strengthening Operations to Address Climate Change and Ecological Environmental Protection". It proposed using carbon reduction as the source of the problems. Together with greenhouse gas and pollution emission controls, the Company proposed ecological restoration in response to climate change. The "Waste Discharge Permission Guidelines" were published on January

24. It was implemented on March 1, 2021. In February, in order to completely implement the "Solid Waste Act" and strengthen hazardous waste monitoring, the State Department initiated the revision of the "Measures for the Administration of Hazardous Waste Operations". The amendments are currently underway. In March, the Department of Justice sought the opinions of related departments on "Carbon Emission Right Trading Management Temporary Guidelines" (amended draft). On April 27, the State Administration for Market Regulation and Ministry of Ecology and Environment jointly announced the "Regulations on the Administration of Environmental Recall of Motor Vehicles", which was implemented on July 1, 2021. On May 11, the "Reform Implementation Plan for Strengthening Hazardous Waste Supervision and Utilization and Disposal Capacity" was published. It proposed strengthened restrictions, stricter controls, and severe punishments for the hazardous waste supervisions system until the end of 2025. On May 14, the Ministry of Ecology and Environment published the "Carbon Emission Registration Management Rules (trial)", "Carbon Emission Trading Management Rules (trial)", and "Carbon Emission Calculation Management Rules (trial)", further regulating the registration, trading, and calculation of national carbon rights. On May 30, the Ministry of Ecology and Environment published the "Guiding Opinions on Strengthening the Prevention and Control of Ecological Environment Sources in High Emission and High Energy Consumption Construction Projects". In September, in order to fully implement the "Solid Waste Act", the regulated environmental management of hazardous materials was strengthened. The Ministry of Ecology and Environment stipulated the "Hazardous Waste Storage Pollution Control Standard (Second Draft for Comments)", "Technical Specifications for Marking Hazardous Waste (Draft for Comment)", "Technical Specifications for Environmental Management Plans and Ledgers of Hazardous Waste Producers (Draft for Comments)", and "Technical Specification for Pollution Control of Waste Denitrification Catalyst Regeneration (Draft for Comment)". Public comments were sought and the amendments to the 4 regulations are underway. On September 22, the "Opinions on the Complete and Accurate Implementation of the New Development Concept and Fulfilling Carbon Neutralization" were published. Five main goals were put forward in terms of building a green and low-carbon circular economy, improving energy utilization efficiency, increasing the proportion of non-fossil energy consumption, reducing carbon dioxide emission levels, and improving the carbon sink capacity of the ecosystem. On October 21, the "Underground Pipeline Management Regulations" were published. On November 2, the "Opinions on Deepening the Battle for Pollution Prevention and Control" were published. When conducting corporate environmental management that complies with the regulations, the Company realized that with the growing popularity of slogans related to blue skies, clear waters, and clean lands, corporations will be facing more legal regulations in terms of air pollution, water pollution, and soil pollution. It is essential to take precautionary measures to conduct self-assessments related to compliance management, and to carry out rectification and improvement as soon as possible. On November 30, the Ministry of Ecology and Environment, together with the Ministry of Public Security and Ministry of Transport, published the "Hazardous Materials Transfer Guidelines". On December 2, the Ministry of Ecology and Environment published the "Hazardous

Materials Exclusion Management List (2021)". On December 11, the Ministry of Ecology and Environment published the "Corporate Environmental Information Legal Disclosure Guidelines".

In conclusion, China's enhancement of environmental protection legislation and law enforcement shows high levels of focus on environmental protection issues and it also implements stricter penalties on violations of environmental protection regulations. At the same time, energy conservation and consumption reduction requirements have become mandatory targets for companies. The policy of integrating economic development with environmental protection will have profound impact on the PCB industry. Certain small and medium-sized manufacturers or plants that do not comply with environmental protection regulations will be forced to reduce production or cease operations.

Response measures

The Company actively introduced high-performance, low-pollution environmental protection equipment and advanced innovative green technology to improve wastewater recycling rate, reduce waste production, and promote green upgrade in process optimization. The departments have actively implemented Zhen Ding's Seven Greens KPI goals for green innovation, green procurement, green production, green operations, green services, green renewable resources, and green life. Our efforts not only meet global trends and Chinese environmental protection regulations but also fulfill our corporate social responsibilities. Sufficient waste water to supply production expansion shall be obtained from the new parks to ensure favorable conditions for the Company's sustainable growth.

2) Homogeneous products and price wars threaten industry development

Domestic PCB manufacturers are affected by development trends in the upstream electronics industry and they have highly concentrated product applications on information and communication and consumer products. The industrial cluster effect also contributed to gradual reductions in production capacity and technical entry barriers, leading to an increase in the number of competitors in the industry. During periods of economic downturn or slowdown in growth, PCB operators face tightened profit margins and fall into the trap of price wars which cause difficulties in company operations and increase risks of operations.

Response measures

The Company rates and classifies target customers and allocates resources to main customers. We also actively pursue target customers and use high quality and outstanding services to replace price wars. In addition, we also enter markets for new applications and develop products with high margins. Despite the long learning curve, the relatively high technical entry barriers lead to fewer competitors, reduce downward pressure on prices, and maintain stable profits for companies.

The Company allocates production capacity, implements division of labor between plants, adjusts production capacity for different customers, and forms strategic alliances with suppliers and customers to diversify operations and disperse operational risks. The Company is a comprehensive PCB supplier and is thus able to implement flexible adjustments in our product portfolio strategy. In terms of high-end products, we cooperate with

customers for joint development to understand development trends for future products and we leverage our advantages in mass production, technology, and abundant supply of materials to maintain strong and stable business relations with customers.

In addition, we strengthen strategic partnerships with upstream raw material suppliers to effectively reduce cost on raw materials and maintain product competitiveness. Measures such as enhancing automation of production equipment, improving employees' overall qualifications, and training workers with multiple skills help improve productivity per capita and maintain the Company's overall competitiveness.

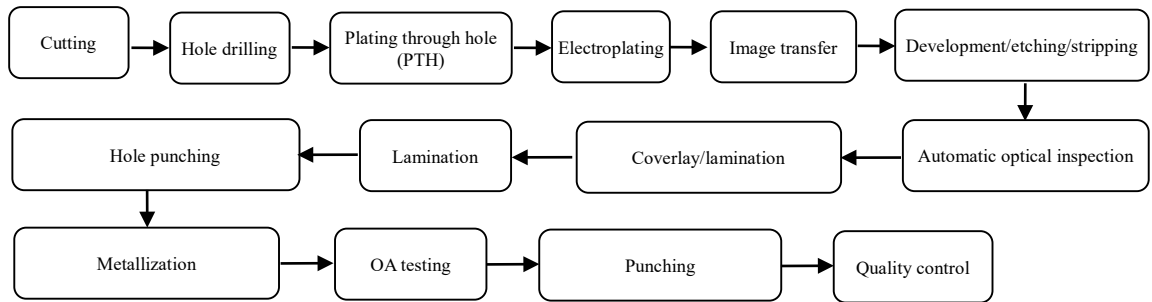
(II) Usage and Manufacturing Processes of Main Products

1. Major applications of main products

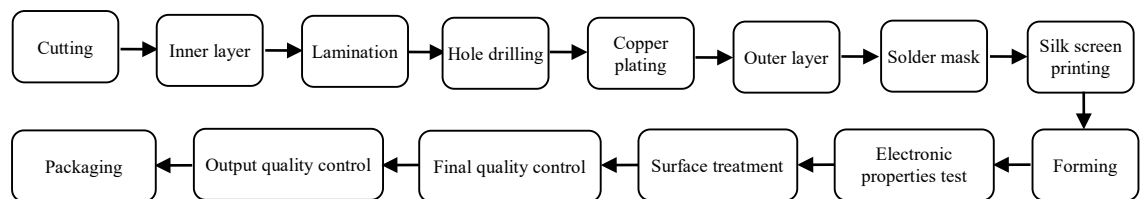
Main Products	Characteristics	Important Applications
Rigid PCBs	Inflexible, wide range of thickness, high-current capacity	Automotive electronics, servers/storage devices, desktop computers, laptop computers, monitors, hard drives, TVs, game consoles, etc.
Flexible PCBs	Flexible, bendable, light-weight, thin	Wearable devices, mobile phones, tablet computers, notebook computers, handheld game consoles, touch panels, camera lenses, etc.
High-density Interconnect PCB	Small, high-density circuit distribution, high transmission efficiency	Wearable devices, mobile phones, tablet computers, ultra-thin notebook computers, smart speakers, servers/storage, memory modules, etc.
IC Substrate	Lighter and more compact to mainly act as a carrier for IC.	Application processors, baseband chips, power management chips, NFC chips, RF chips, graphics chips, power amplifiers, flash memory, MEMS, etc.

2. PCB production process

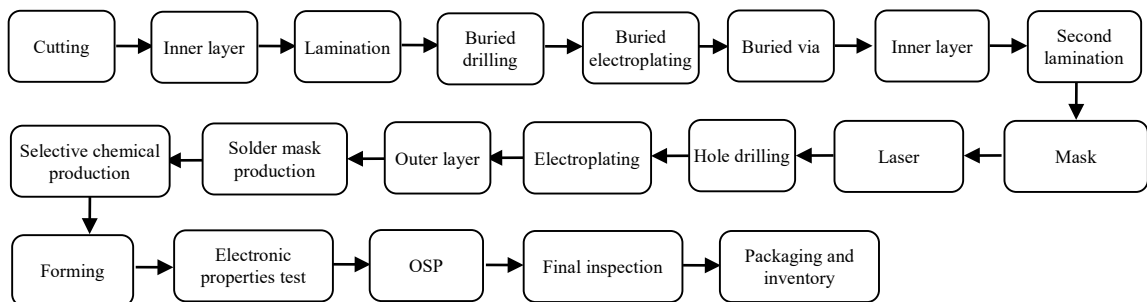
(1) Flexible PCB production process



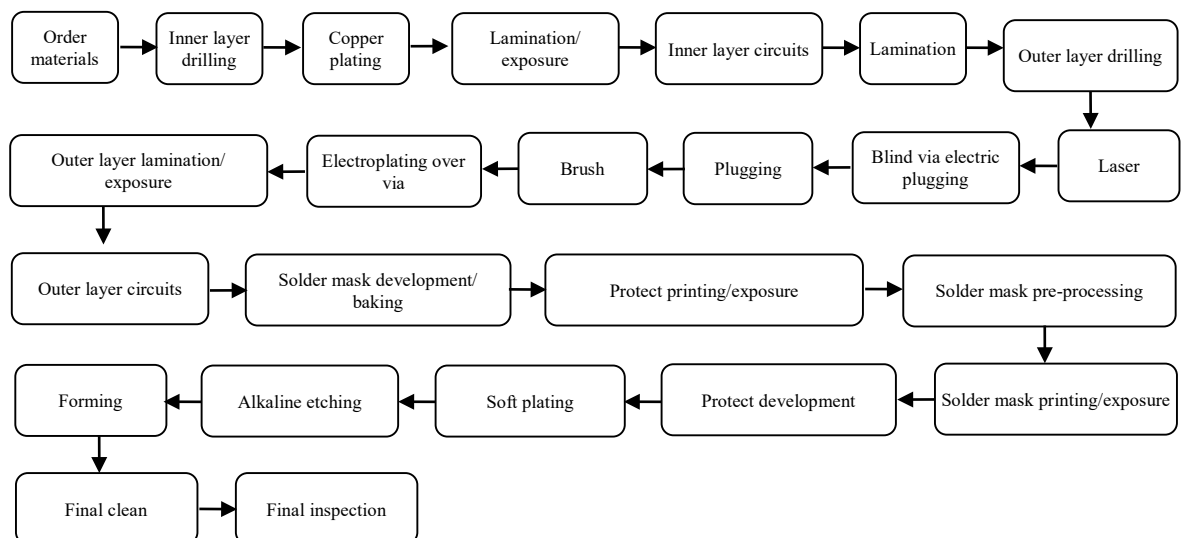
(2) Rigid PCB production process



(3) High-density interconnect PCB production process



(4) IC Substrate production process



(III) Supply Status of Main Materials

Key Raw Materials	Major Supplier	Supply Status
Copper-clad Laminates	DuPont, Taiflex, Elite Material, Nan Ya	Good
Chemical Products	Atotech, Macdermid Enthone	Good
Electronics Components	Apple, QORVO	Good

(IV) Names of Customers who Accounted for More Than 10% of the Purchase (sales) in Any of the Most Recent two years, Transaction amount, and Sales as a Percentage of Total Sales

- Names of suppliers who accounted for more than 10% of the purchases of the Company in the last two years, and the ratio to total purchases:

Unit: US\$

Item	2020				2021			
	Name	Amount	% of Total Annual Net Purchase	Relationship with the Issuer	Name	Amount	% of Total Annual Net Purchase	Relationship with the Issuer
1	Supplier H	529,859,038	21	None	Supplier H	481,768,223	15.6	None
2	Others	1,998,484,728	79	None	Others	2,601,334,014	84.4	None
	Net Purchase	2,528,343,766	100.00	—	Net Purchase	3,083,102,237	100.00	—

Note: Where procurement acquired from a supplier exceed 10% of total procurement for the most recent two years, the name of the said supplier, procurement value, and proportion of the procurement shall be disclosed. However, contractual terms dictate that the name of such a supplier or trading partner cannot be disclosed if the said supplier or trading partner is an individual and unrelated party, and codes may be used to replace the names instead.

- Names of customers who accounted for more than 10% of the sales in the most recent two years, and sales as a percentage of total sales

Unit: NT\$ thousands

Item	2020				2021			
	Name	Amount	% of Total Net Sales	Relationship with the Issuer	Name	Amount	% of Total Net Sales	Relationship with the Issuer
1	Customer X	87,964,942	67.01%	None	Customer X	110,233,046	71.11%	None
2	Others	43,313,595	32.99%	—	Others	44,789,151	28.89%	—
	Net Sales	131,278,537	100.00%	—	Net Sales	155,022,197	100.00%	—

(V) Production Volume and Value in Most Recent Two Years

Unit: Capacity/KSF; Volume/KPCS; NT\$ thousands

Production Quantity and Revenue Primary Products	Year	2020			2021		
		Production Capacity	Production Volume (Note)	Production Value	Production Capacity	Production Volume (Note)	Production Value
PCBs		64,120	6,572,957	109,176,311	78,465	6,935,947	129,161,092
Total		64,120	6,572,957	109,176,311	78,465	6,935,947	129,161,092

Note: Units of production volume and sales volume are consistent.

(VI) Sales Volume and Value in Most Recent Two Years

Unit: 1,000 pcs/NT\$ thousands

Sales Volume and Value Main Product	Year	2020				2021			
		Domestic Sales		Export Sales (Note)		Domestic Sales		Export Sales (Note)	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
PCBs		3,118,089	27,878,274	2,248,032	103,400,263	4,376,453	26,208,170	2,571,499	128,814,027
Total		3,118,089	27,878,274	2,248,032	103,400,263	4,376,453	26,208,170	2,571,499	128,814,027

Note: As the Company's main place of operations is Mainland China, export refers to sales to regions other than China.

III. Number of Employees in the Most Recent Two years as the Publication Date Report

Unit: person; year; age

Year		December 31, 2020	December 31, 2021
Number of Employees	Direct Labor	31,642	26,397
	Indirect Labor	15,277	16,423
	Total	46,919	42,820
Average Age		29.8	29.7
Average Years of Services		3.1	2.6
Education Background Distribution	Doctorate	19	21
	Master	460	429
	Bachelor	6,977	6,654
	College	9,805	10,174
	Senior High School and Below	29,658	25,542

Note: Numbers above represent the number of in-service employees.

We recruit talented employees with an open and tolerant attitude and provide equal employment opportunities and the right to choose a career. The overall remuneration and benefits of employees do not differ based on their gender, age, nationality, race, gender identity, religion, marital status, physical or mental disability or political stance. We comply with local laws and regulations, "Human Rights Policy of Zhen Ding Technology Holding Limited", and the RBA Code of Conduct. We protect and respect human rights and will never use child labor or forced labor. We formulate our recruitment strategies according to the status of each plant and adopt diverse recruitment channels. These include: Campus recruitment, employee recommendation, industry-academia partnerships, headhunting companies, and social media recruitment.

ZDT places great importance on diversity and tolerance. We are focused on the issues of female employees and we welcome more women to join us. We hope that more female employees can stay for the long term and utilize their potential to contribute to the Company and society. Due to the specificity of the Company's product line, the current production line employees are still mainly male.

Category	Group	Male		Female		Subtotal of groups and the ratio	
		Number of people	Percentage (%)	Number of people	Percentage (%)	Total	Percentage (%)
Manufacturing Sites	China	26,491	66.0	13,669	34.0	40,160	93.8
	Taiwan	1,346	59.2	929	40.8	2,275	5.3
	Other overseas offices	219	56.9	166	43.1	385	0.9
Total						42,820	100.0

IV. Expenditure on Environmental Protection

(I) Explanations on the pollution treatment and environment improvement of the Company over the most recent year until the publication date of this annual report. If there had been any pollution dispute, its handling process will also be explained:

The rise in environmental awareness in recent years has promoted members of the society to scrutinize corporates' environmental efforts. China has implemented increasingly strict control over the emission of pollutants. Therefore, we are actively developing energy saving, chemically treated water reducing, emission reducing, and water recycling technologies. Please refer to the Company's past environmental protection investments and expenditures.

There have been no disputes regarding environmental pollution in the most recent year and as of the publication date of the Annual Report.

The environmental protection measures are as follows:

1. Focus on environmental protection laws and international standards

The Company strictly adheres to regulatory requirements for environmental assessment applications and related environmental protection facilities our investments. We obtained emissions licenses after qualifying in acceptance inspections performed by environmental protection authorities. All operations meet requirements in environmental protection regulations. In addition, we have introduced and executed ISO 14001 environmental management systems for all plants. We strictly abide by the EU's RoHS requirements and related requirements of customers in our management to provide products that meet environmental protection regulations. In addition, we established the "Supplier (Contractor) Management System", "Supplier Corporate Social Responsibility Management Regulations", and "Supplier Conflict Minerals Management Regulations" to extend our environmental protection ideals to the supply chain and establish partnerships with suppliers for joint management. We require companies to abide and commit to such regulations and ensure all operations meet related environmental protection laws and international regulations.

The Company conducted annual auditing of quality and hazardous substance on suppliers. Of the suppliers audited, aspects requiring improvement by suppliers who passed conditionally included failure to practice onsite management as requested, unclear designation of materials area, incomplete supply chain management mechanism, and incomplete quality management system and onsite management. These aspects have been improved during the current year, and these suppliers have been re-audited and passed the evaluation.

4 new substances were added to the 23rd SVHC candidate list, for a total of 209 substances, 27 in new customer regulations, and 46 substances were revised. We exchange opinions on and communicate the appropriateness of what we require from our customers. If a technology is feasible, we implement control using the strictest standard and keep our hazardous substance control documents up-to-date. If a requirement cannot be satisfied, we will assess the standards and offer reasonable suggestions to our customers.

Conflict minerals refer to minerals mined in areas of armed conflict or under conditions that violate human rights, specifically precious metal minerals mined by the Democratic Republic of the Congo and adjoining countries. Conflict minerals include gold (Au), tin (Sn), tantalum (Ta), tungsten (Wu), and cobalt (Co) (collectively referred to as 3TG) and are mainly used in electronic parts. In response

to global control measures for conflict minerals, the Company has incorporated conflict minerals into its supplier management policies, and proposed policies, objectives and management practices to meet international trends and customer requirements.

Conflict Mineral Management Policy	Conflict Mineral Management Objectives
<ul style="list-style-type: none"> • The Company promises that the smelters from which it purchases 3TG are RMI's smelters or customer-approved smelters. • The Company promises to follow the OECD due diligence guidelines to conduct due diligence on its supply chain. • The Company promises to not directly or indirectly purchase conflict minerals that directly or indirectly finance armed conflict groups. • The Company shall not purchase 3TG from the Democratic Republic of the Congo and adjoining countries. • Suppliers shall impose the same conflict mineral management requirements on their upstream suppliers. 	<p>The Company continues to promote supply chain improvement as required by laws and customers in order to eliminate the use of conflict minerals in its supply chain.</p>
<p>Conflict Mineral Management Practices</p> <ul style="list-style-type: none"> • Conduct investigation to trace conflict minerals in gold salts, electronic parts, tri-tin, and all materials in PCB that main contain 3TG. • Use the list of conformant smelters provided on the RBA website. If a smelter is not on the list, request for a response plan from the supplier. • Require suppliers to impose the same conflict mineral management on their upstream suppliers. • Require suppliers to sign a Declaration of Conflict-Free Minerals. 	

2. Develop independent pollution prevention and resource recycling technologies

As our production process consumes large amounts of water, electricity, and chemicals, the wastewater we produce in the process have complicated characteristics and our waste resources can be recycled and reused. The Company thus established a department to take charge of environmental protection and to manage and develop our own energy conservation, emissions reduction, pollution prevention, and resource recycling technologies and management systems. Wastewater is divided into 25 categories of sources based on their characteristics and difference in concentration. The Company also planned and designed wastewater treatment and recycling systems and the investee companies' current wastewater effluent standards far exceed government regulations for emissions. The average wastewater recycling rate is above 45% and we recycled 9,446 million tons of water in 2021. In terms of waste resources, we have more than 65 types of waste resources

derived from different products and sources. We increased the recycling rate and value for waste and the average waste recycling rate in the plants is now above 93%.

3. Create the "Zhen Ding Seven Greens" platform and let green culture take root

Corporate development is centered around "people". We actively implemented the aforementioned environmental protection and energy conservation measures and we have always been focused on educating employees and cultivating their environmental protection awareness and habits. Therefore, the Company organizes an environmental protection and energy conservation month promotion event with participation from all employees from April 22 to June 5 each year. We also interact with the government, communities, schools, and other companies in the industrial parks of our subsidiaries and share our environmental protection and energy conservation experience and achievements. In addition, the Company proposed the "Zhen Ding Seven Greens" concept in 2008 and established a platform to guide employees in all aspects of production and life to achieve green innovation, green procurement, green production, green operations, green services, green renewable resources, and green life. We carefully analyzed and examined methods and practices for improving energy conservation, carbon emissions reduction, efficiency, consumption reduction, greenery, and recycling and implemented in our daily lives and work. We aim to cultivate habits in hopes of creating a unique green corporate culture for the Company and plant the seeds for the most valuable intangible assets.

4. Respond to global climate change and actively promote energy conservation and carbon emissions reduction

The Company began implementing regular greenhouse gas inventories since 2007 to monitor the status of carbon emissions of the Company at all times. We integrated government requirements and our own development needs to establish specific energy conservation and carbon emissions reduction goals and actively implemented various carbon emissions reduction programs. Starting from 2010, our subsidiaries simultaneously began voluntary clean production reviews and converted the Company environmental protection ideals from traditional governance at the end-points to energy conservation and carbon emissions reduction at the source. The Company has completed ISO 50001 Energy Management Certification in all plants and we continue to improve our energy management methodology and standards.

This year, we promoted a number of energy-saving and emission-reduction technological transformation projects, including measures such as the introduction of magnetic levitation ice machines, energy saving transformations for heat dryers, the optimization and improvement of the operating frequency of exhaust tower fans, the introduction of photovoltaic power generation, and the construction of water/air source heat pumps. Carbon reduction amounted to 14,817 tons of CO₂. The Company also actively participates in the Carbon Disclosure Project (CDP) as we continue to learn from advanced carbon management initiatives from foreign countries. We also use this platform to share our experience in reducing carbon emissions. The Company's CDP score in 2021 was B which was higher than the average score in Asia and the industry.

To effectively manage the impact of climate change, we carried out management and information disclosure in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Major energy saving plan for 2021 and performance

Major Energy Saving Plan	Description	Environmental Performance
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Energy saving improvements for the heat dryer	By improving the operation mode of the adsorption dryer and changing from the fixed time mode to the temperature control mode, it can extend the adsorption cycle and reduce the amount of compressed air used	By adjusting the operating mode of the equipment, a total of 5,256 GJ of energy can be saved. The carbon dioxide emission reduction = $1,460,000\text{kWh} \times 0.502/1000 = 732.92$ tons CO ₂ e/year
Introduction of magnetic levitation ice machine	The magnetic levitation ice machine does not produce friction, so it produces less noise and vibrations. It has a long lifespan (at least 25 years), which is a big advantage. Compared to other similar products, magnetic levitation can save more than 30% of energy use compared to centrifugal models	By using magnetic levitation ice machines, a total of 6,552 GJ of energy can be saved. The carbon dioxide emission reduction = $1,820,000\text{kWh} \times 0.502/1000 = 913.64$ tons CO ₂ e/year
Energy-saving hot blower	Raise the temperature of the equipment's incoming air through the energy saving functions of the hot blower to reduce the electricity used for heating, in order to achieve the energy saving effect.	By using the energy saving hot blower, a total of 684 GJ of energy can be saved. The carbon dioxide emission reduction = $190,000\text{kWh} \times 0.502/1000 = 95.38$ tons CO ₂ e/year
Solar power generation	Installation of solar panels on the plant floor, increasing green energy usage through solar power.	By using the solar photovoltaic power, a total of 4,536 GJ of energy can be saved. The carbon dioxide emission reduction = $1,260,000\text{kWh} \times 0.502/1000 = 632.52$ tons CO ₂ e/year
Water/air source heat pump	Through the water/air source heat pump, the heat can be recycled from the air compressor and ice machine, replacing the heat needed to create steam for the production water intake and air conditioning unit	By using the heat pump for heating, a total of 38,412 GJ of energy can be saved. The carbon dioxide emission reduction = $10,670,000\text{kWh} \times 0.502/1000 = 5,356.34$ tons CO ₂ e/year
Transformation of the automotive AVI equipment	Exhaust air is directly passed to the AVI equipment through high static pressure exhaust air, reducing the indirect exhaust between the blower and the low-static pressure exhaust, improving the load usability of the current system	After the improvements, a total of 1,404 GJ of energy can be saved. The carbon dioxide emission reduction = $390,000\text{kWh} \times 0.502/1000 = 195.78$ tons CO ₂ e/year

Note: Annual carbon reduction = Electricity consumption * 0.502kgCO₂e/kWh, where 0.502kgCO₂e/kWh is the emission coefficient for electricity published by the Bureau of Energy for 2030.

In addition, the Company also actively participates in the Shenzhen carbon emission trading system and cooperates with carbon emission trading surveys in Hebei and Jiangsu Provinces in China. We continue to enhance carbon asset management and operations through cooperation with the government.

5. Fulfill corporate social responsibilities and purchase environmental liability insurance

The Company is committed to innovation and improvements in energy conservation and carbon emissions reduction technologies to improve environmental protection and provide additional commitments and protection of the environment and related parties. Our subsidiaries have purchased independent environmental liability insurance policies since 2013 and the Company's insurance amount in 2021 amounted to NT\$25,000 KNTD as we sought to fulfill corporate social responsibilities.

(II) The Company's losses and total fines as a result of pollution to the environment (including reparation) within the previous year up to the publication date of the Annual Report. Disclose future response measures and possible expenditures (including estimated losses, fines, and compensation if response measures are not taken; if the amount cannot be reasonably estimated, please state reason for not being able to make a reasonable estimate): None.

(III) Current status of pollution and improvement, and capital expenditure estimated major environmental protection measures in the following year:

1. Current status of pollution and improvement:

All plants of the Company have retained legal and comprehensive reviews and emissions permits and certificates for environmental protection operations in the most recent year and as of the publication date of the Annual Report. All environmental protection tasks have been effectively implemented in a stable manner without any material environmental protection. Therefore, there has been no negative impact on the Company's earnings, competitive position and capital spending.

China has implemented increasingly rigid controls on pollutant emissions and companies would face difficulties in obtaining necessary permit for total pollutant emissions in the future. In response to such trends, the Company continues to improve environmental protection measures and actively develops energy conservation, carbon emissions reduction, wastewater recycling, and waste reduction technologies to reduce the Company's emissions and waste and to provide greater room for development in the Company's future expansion.

The Company has won the trust and support of various local governments and customers based on our outstanding performance in environmental protection tasks and active participation in government policies and green activities. We have also obtained green awards issued by the government and customers and created more favorable foundations for additional environmental resources for the future and corporate sustainable development.

Awards at each site for environmental protection and energy conservation in the most recent 5 years

Year	Award	Sites
2022	Industry standard "Leader" certification	Shenzhen First Park
2021	Shenzhen 2021 Waste-Free City-Green Enterprise	Shenzhen First Park
	Shenzhen 2021 Waste-Free City-Green Enterprise	
	"Dual hundred" model corporation for the Shenzhen City Hazardous Waste Management and Environmental Safety Standardized Management	
	China Environmental Social Responsibility Company awarded by the Ministry of Ecology and Environment (China Environment News) of the People's Republic of China in 2020	
	2020 Guangdong Year Circuit Association PCB "Green Environmental Protection Excellent Enterprise"	Qinhuangdao
	China Ministry of Industry and Information Technology Green Supply Chain Management for green manufacturing companies in 2021	
	Qinhuangdao City 2021 Corporate Credit Rating A Corporation	
	2020 Provincial Water-Saving Enterprise	Huai'an First Park
	Jiangsu Province Green Factory	
	UL Platinum Certification for zero-landfill in waste processing	
	Green design products	
	Rated Green in the 2020 Environment Protection Credit Rating by the Department of Ecology and Environment of Jiangsu Province	Huai'an Second Park
	Huai'an City Bureau of Industry and Information Technology 2020 Municipal Green Factory	
	Green Enterprise in Huai'an Economic and Technological Development Zone	
	Rated Green in the 2020 Environment Protection Credit Rating by the Department of Ecology and Environment of Jiangsu Province	
	UL Platinum Certification for zero-landfill in waste processing	
2020	Corporate leader in green developments	
	Green Enterprise in the 2019 Environment Protection Credit Rating by the Department of Ecology and Environment of Jiangsu Province	Huai'an First Park
	Model Environmental Protection Enterprise of Huai'an City in 2020	
	Platinum certification for AWS sustainable water management	
	Platinum certification for AWS sustainable water management	Huai'an Second Park
	Green Enterprise in the 2019 Environment Protection Credit Rating by the Department of Ecology and Environment of Jiangsu Province	
	Green Enterprise in Huai'an Economic and Technological Development Zone	
	Model Environmental Protection Enterprise of Huai'an City in 2020	
	China Ministry of Industry and Information Technology Green Supply Chain Management for green manufacturing companies in 2020	
	Platinum certification for AWS sustainable water management	

Year	Award	Sites
	Green Label Enterprise in Guangdong Province's 2018 Environmental Protection Credit Rating	Shenzhen First Park
	Green Label Enterprise in Guangdong Province's 2019 Environmental Protection Credit Rating	
	China Environmental Social Responsibility Company awarded by the Ministry of Ecology and Environment (China Environment News) of the People's Republic of China in 2020	
	2019 Guangdong Year Circuit Association PCB "Green Environmental Protection Excellent Enterprise"	
	2019 Key Environmental Protection Demonstration Project 8000m3/d circuit board heavy metal wastewater recycling for BOO project	Qinhuangdao Park
	Platinum certification for AWS sustainable water management	
	2018 Provincial Water-Saving Enterprise	
	Good Enterprise in the 2019 Ecology and Environment Protection Credit Rating of Hebei Province	Qiding
	Good Enterprise in the 2019 Ecology and Environment Protection Credit Rating of Hebei Province	
2019	China Industrial Innovation Alliance of Green Design and Manufacturing - 2019 Green Pioneer Enterprise	Shenzhen
	2018 Guangdong Printed Circuit Association PCB "Green Environmental Protection Model Enterprise"	
	Best Waste VOCs Governance Practice Award in the 2019 Annual Supplier Social and Environmental Responsibility Conference	
	Platinum award for zero-landfill in waste processing	
	Jiangsu Province Environmental Protection Trusted Enterprise	Huai'an Comprehensive Bonded Zone
	Huai'an Leader in Water Efficiency	
	Green Enterprise in Huai'an Economic and Technological Development Zone	Huai'an Industrial Park
	Jiangsu Province Environmental Protection Trusted Enterprise	
	Huai'an Leader in Water Efficiency	
	Qinhuangdao 2019 "Advanced Water Conservation Unit"	Qinhuangdao
2018	Hebei Province Eco-Friendly Exemplar Enterprise	
	China Environmental Social Responsibility Company awarded by the Ministry of Ecology and Environment (China Environment News) of the People's Republic of China in 2018	
	Regarded as "a company with environmental protection awareness and outstanding performance" in the "2018 Supplier Responsibility Progress Report" of an important customer	Shenzhen
	"Green Label Enterprise" in Guangdong Province's 2017 Environmental Protection Credit Rating	
	2017 Guangdong Printed Circuit Association PCB "Green Environmental Protection Model Enterprise"	

Year	Award	Sites
	Jiangsu Province 2017 Water Conservation Enterprise	Huai'an Comprehensive Bonded Zone
	"Advanced Unit" for environmental protection tasks in Huai'an Economic and Technological Development Zone in 2017	Huai'an Comprehensive Bonded Zone
	Huai'an 2017 Water Conservation Enterprise	
	Jiangsu Province 2017 Water Conservation Enterprise	Huai'an Industrial Park
	"Advanced Unit" for environmental protection tasks in Huai'an Economic and Technological Development Zone in 2017	
	Huai'an 2017 Water Conservation Enterprise	
	China Ministry of Industry and Information Technology "Green Factory" for green manufacturing companies in 2017	
	"Green Enterprise" in the 2017 Huai'an Environmental Protection Credit Rating	
	"Platinum award" for zero-landfill in waste processing	Qinhuangdao
	China Ministry of Industry and Information Technology "Green Factory" for green manufacturing companies in 2017	
	"China Environmental Social Responsibility Company" awarded by the Ministry of Environmental Protection (China Environment News) of the People's Republic of China in 2018	
2017	China Ministry of Industry and Information Technology "Green Factory" for green manufacturing companies in 2016	Shenzhen
	"Green Label Enterprise" in Guangdong Province's 2016 Environmental Protection Credit Rating	
	2016 Guangdong Printed Circuit Association PCB "Green Environmental Protection Model Enterprise"	
	Qinhuangdao 2017 "Advanced Water Conservation Unit"	Qinhuangdao
	Qinhuangdao 2016 "Advanced Water Conservation Unit"	
	"China Environmental Social Responsibility Company" awarded by the Ministry of Environmental Protection (China Environment News) of the People's Republic of China in 2016	
	"Advanced Unit" for environmental protection tasks in Huai'an Economic and Technological Development Zone in 2016	Huai'an Comprehensive Bonded Zone
	Huai'an 2016 Water Conservation Enterprise	
	"Advanced Unit" for environmental protection tasks in Huai'an Economic and Technological Development Zone in 2016	Huai'an Industrial Park
	Huai'an 2016 Water Conservation Enterprise	

* As government authorities in Liaoning Province and Yingkou have not organized awards for environmental protection or energy conservation, no statistics on awards are available.

2. Material capital expenditure on environmental protection anticipated for the next year:

Material capital expenditure on environmental protection anticipated in the next year consists mainly of construction conducted in response to future expansion of production in plants, stricter environmental protection regulations, and production capacity expansion. They also include capital expenditures for continuous improvements such as recycling various wastewater and waste resources and energy conservation and carbon emissions reduction. Material capital expenditure on environmental protection anticipated for the next year:

Unit: NT\$ thousands

Subsidiaries and Locations	Capital Expenditure Item	2022	2023	2024
Avary (Shenzhen)	Pollution prevention equipment and construction	10,722	-	-
	Energy conservation improvement equipment and construction	14,534	-	-
Leading Technology	Pollution prevention equipment and construction	128,721	117,001	62,574
	Energy conservation improvement equipment and construction	-	-	-
Hong Heng Sheng (Huai'an Comprehensive Bonded Zone)	Pollution prevention equipment and construction	13,330	-	-
	Energy conservation improvement equipment and construction	13,734	8,170	-
Qing Ding, Yu Ding Precision Electronics (Huai'an Industrial Park)	Pollution prevention equipment and construction	477,799	94,054	-
	Energy conservation improvement equipment and construction	1,290	-	-
Hong Qi Sheng, Qiding Technology (Qinhuangdao)	Pollution prevention equipment and construction	34,439	-	-
	Energy conservation improvement equipment and construction	6,880	-	-
Garuda Technology (Kaohsiung)	Pollution prevention equipment and construction	260,786	-	121,931
	Energy conservation improvement equipment and construction	-	-	-
Zhen Ding Technology (Taoyuan, BoardTek)	Pollution prevention equipment and construction	5,500	-	-
	Energy conservation improvement equipment and construction	9,000	-	-
Total		976,732	219,224	184,505

V. Labor-management relations

- (I) List various employee benefit plans, continuing education, training, retirement systems, and the state of implementation as well as various employee–employer agreements and measures for protecting employee rights and the interests of the Company:

1. Employee Benefits

The employee welfare measures for the Company's employees in Taiwan include the National Health Insurance, Labor Insurance, and labor pension systems required by the Labor Standards Act of the Republic of China. We also provide employees with group insurance to protect their related benefits. ZDT's group insurance in Taiwan includes a certain amount of term life insurance, accident insurance, hospitalization and medical insurance, cancer insurance, accident injury medical insurance, and occupational hazards insurance. In addition, employees' family members can also purchase the Company's group insurance with lower insurance premiums. In addition to paying for social insurance (pension, medical, work injury, maternity, and unemployment insurance) and housing provident fund in accordance with the law, employees in China are provided with annual health checkups.

Besides special leave (national statutory holidays, paid annual leave, marriage leave, bereavement leave, maternity leave, paternity leave and other holidays), pension, labor health insurance and employee insurance (pension, medical care, work injury, maternity, unemployment insurance etc.) and housing provident fund in accordance with the labor-related laws and regulations of the operating locations, ZDT provides various employee benefits and is compassionate to employees and protects their work rights and provides opportunities for promotion and salary adjustment every year to reward employees with excellent performance. The Company also gives out various types of monetary rewards as a form of encouragement to boost morale when needed and retain well-performing employees. These rewards include year-end performance bonuses, bonuses for continuous services, employee bonus, and monetary rewards for innovative research and development and for proposing improvement ideas. A certain percentage of the annual "profits" is set aside for the employee bonuses.

2. Employees' education and training status

The Company upholds a people-oriented corporate philosophy and values each employee's value for growth to provide education based on their talents. We also actively establish diverse development and training programs for each employee to learn from different disciplines, make full use of their skills, and achieve their dreams to become the key for the Company's continued growth. The Company's education and training can be divided into the following categories:

- 1) Orientation training for new employees: The Company arranges training courses on the Company's history, corporate culture, human resources policies, work safety, environmental protection knowledge, integrated management, and the SER policy to prepare employees for business development after they enter the Company.
- 2) Quality management training: To become a world-class and high-quality company, the Company implements various quality management policies and introduced comprehensive quality management training such as daily quality management, Seven Basic Tools of Quality, Eight Disciplines of Problem Solving (8D), SPC/CPK, FMEA 6 Sigma, and DOE.
- 3) Professional skills training: The Company provides all employees with professional skills training courses and appoints senior managers, technical experts, and professional companies to share their experience and systematically train talents necessary for the

operations and development of the Company and improve the Company's competitive advantages.

- 4) Management skills training: The Company incorporates professional skills and concepts into the talent improvement plans for various managers and key talents. We also arrange training for corresponding management skills to assist managers in work and management.
- 5) Language skills training: The Company is committed to creating a diverse foreign language learning environment. We continue to cultivate international talents and strengthen employees' proficiency in multiple foreign languages to achieve seamless communication with the world.
- 6) Online training programs: The Company established an online platform learning platform, Ding Sheng e-learning, for individual employees to expedite their studies. Employees can learn and test themselves online at any time to improve their skills.
- 7) Self-development training: To satisfy the Company's future development requirements, the Company plans various development and training courses such as academic education (on-the-job studies), book clubs, expanded training, and overseas or occupational rotations to allow employees to realize their potential and improve work performance.

In response to the rapid changes in the global environment and to satisfy the different needs of manufacturing units and customers, ZDT established a talent training system and designed education and training contents for corresponding job levels and departments to effectively integrate internal resources while systematically fostering all types of professionals required for organizational operations and development. To this end, in 2021, ZDT formulated educational plans for employees to encourage employees to choose different learning resources and learning methods according to their own needs, and introduced a Mini MBA management courses to improve the core competencies of managers at different levels. ZDT aims to provide solid and systematic support for managers at all levels and training for different management functions. In 2021, the average learning hours per employee was 48 hours [total learning hours / average annual workforce (average number of employees at the end of each month)], and the total annual training expenses exceeded NT\$32.67 million.

Because of the Covid-19 pandemic, ZDT introduces the online learning platform, Ding Sheng E-Learning College, and officially began a new chapter in digitized learning. However, due to the continuous spread and uncertainties of the pandemic, ZDT comprehensively strengthened the promotion and use of Ding Sheng E-Learning College in 2021, and planned various learning and development projects in accordance with organizational needs. Through the use and promotion of the internal learning platform, and the hybrid teaching method that combines the online and offline, ZDT encourages employees to use their spare time to study. The Company also adopts the method of promoting learning through examinations to strengthen employees' learning efficiency and cultivate independent study habits. At the same time, to encourage participation by employees, we welcome employees to share their knowledge and upload their lesson work. In 2021, the internal course development rate was nearly 59.5%. So far, many employees are incorporating the use of Ding Sheng E-Learning College in their daily habits. In 2021, a total of 1,478 internally developed courses were made available on the platform for employees. In 2021, the usage rate of the platform was 98%, and the learning rate reached 88%.

The Company regularly announces publicly disclosed and approved financial reports, regulations, and work rules on the company website and internal website, so that employees can download and read through the rules themselves, understand that the company has a

special spokesperson and information disclosure system, and promise to strictly abide by the such system. The employees can also understand that before the company publishes or discloses any business information according to law, if matters, which significantly impact shareholders' equity or securities prices, affect the order of securities transactions and violate securities laws and regulations, employees will be bear relevant civil, criminal, and contractual liabilities in accordance with law. When new employees report for duty, they will be introduced to the company's Intranet and applicable links, including work rules and applicable regulations.

3. Retirement system and the status of implementation

To take care of employees' post-retirement lives and to enhance the spirit of service during their employment, Zhen Ding has established employee retirement programs according to the Labor Standards Act and Labor Pension Act to ensure employees in Taiwan receive a fixed pension fund.

For employees under the old labor retirement system, the Company has established retirement and pension management regulations in accordance with the Labor Standards Act. The Company also established the Supervisory Committee of the Labor Retirement Reserve in accordance with regulations. The labor retirement reserve fund is appropriated each month in accordance with the "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds" to the Committee's dedicated account in the Central Trust of China and managed by the Committee. Since July 1, 2005, in conjunction with the implementation of the "new system" stipulated in the Labor Pension Act, for employees who were covered by the Labor Standards Act and opt for the new system or employees who commence their job after the new system is implemented, their seniority shall be calculated by the defined contribution plan. The Company shall pay pension by allocating 6% of the employee's monthly salary to the personal labor pension account established for each employee. Employees may also choose to allocate 0% to 6% of their monthly salary to their personal pension account; once employees meet the legal retirement age prescribed by the government, they may apply for monthly pension payments or a lump-sum pension payment from the government.

The Company's subsidiaries in China set aside pension insurance based on the mandatory ratio in accordance with the retirement and pension system required by the government of the People's Republic of China. All pension funds of current and retired employees are organized and managed by local governments.

4. Protection measures for agreements between the employer and employees and all employee rights

The successful fulfillment of the Company's operation targets relies on employees' dedication and contributions. Therefore, the Company has always focused on cultivating a harmonious relationship between labor and management. The Company upholds the ideals of creating mutual prosperity to take care of employees and we designed salary, benefit, and training policies for employees' interest and providing personal work satisfaction and a good work environment. Both labor and management work hard to pursue growth for the Company.

The Company's internal control system and management regulations clarified the duties and interest of employees on all levels in all departments. We also specified Work Rules in the Employee Handbook to protect their rights and interests. We established the Employee Welfare Committee to organize various employee activities. We also provide incentives in the form of rewards, salary adjustments, bonuses, and promotions based on performance evaluations.

The Company's subsidiaries in Taiwan established labor meeting systems in accordance with laws and they convene labor-management meetings each quarter to facilitate bidirectional communication and coordination on the Company's recent and future policies and form consensus. Employees can also use the Company's employee opinion box, digital platform, and other grievance channels to propose recommendations and feedback to the Human Resources Department or senior managers to maintain good relations and protect employees' legal rights.

The Company's main sites for operations are provided with social welfare funds that correspond to the social security and welfare system required for each site to protect employees' rights and interests in work.

- (II) List the losses suffered due to labor disputes in the most recent fiscal year up to the publication date of this annual report, and disclose the estimated amount for current and possible future occurrences, and response measures. If the amount cannot be reasonably estimated, clarify the reason: The Company has always enjoyed a harmonious relationship between labor and management and there are no labor disputes or losses in the most recent year and up to the publication date of the Annual Report.

VI. Important Contracts

Item	Nature of the Contract	Counterpart	Commencement Date/ Expiration Date	Main Content	Restrictive Terms
1	Syndicated Loan Contract	Bank consortium including Mega International Commercial Bank and Taipei Fubon Commercial Bank	3 years from the signature date February 24, 2021 to the drawdown date (5 years if the credit extension period is renewed in accordance with the contract)	Signed a syndicated loan contract with a total credit extension amount of US\$250 million with a consortium of banks including Mega International Commercial Bank	Financial Standards
2	Sales	Company AR	From May 26, 2021 to January 31, 2025	Framework Agreement	Confidentiality
3	Sales	Company AU	From August 24, 2021 to December 31, 2027	Framework Agreement	Confidentiality
4	Sales	Company AV	From 23 July, 2021	Framework Agreement	Confidentiality
5	Sales	Company AW	From July 21, 2021 to December 31, 2027	Framework Agreement	Confidentiality
6	Sales	Company AY	From November 1, 2021	Framework Agreement	Confidentiality
7	Sales	Company AZ	From January 1, 2022	Framework Agreement	Confidentiality
8	Sales	Company BA	From August 31, 2021	Framework Agreement	Confidentiality
9	Sales	Company BB	From September 22, 2021	Framework Agreement	Confidentiality
10	Sales	Company AS	From August 6, 2021	Framework Agreement	Confidentiality
11	Sales	Company AT	From August 30, 2021	Framework Agreement	Confidentiality
12	Sales	Company AX	From October 16, 2021	Framework Agreement	Confidentiality

Chapter 6. Financial Overview

I. Condensed Balance Sheet and Condensed Consolidated Income Statement in the Most Recent Five Years

(I) Condensed balance sheet

Disclosure based on the revised International Financial Reporting Standards (IFRS) as endorsed by the Financial Supervisory Commission (FSC):

Unit: NT\$ thousands

Year		2017	2018	2019	2020	2021
Item						
Current assets		81,368,070	88,894,203	83,203,716	99,312,005	95,935,034
Property, plant and equipment		36,681,453	41,913,166	46,242,613	68,177,175	86,072,884
Intangible assets		88,854	185,615	360,370	2,165,029	2,079,308
Other assets		5,578,136	9,114,169	10,074,636	11,466,278	11,668,068
Total assets		123,716,513	140,107,153	139,881,335	181,120,487	195,755,294
Current liabilities	Before distribution	55,181,109	51,835,059	39,032,879	63,423,798	56,879,726
	After distribution	57,836,779	55,858,801	43,092,913	67,685,519	(Note 3)
Non-current liabilities		13,274,085	10,163,514	10,504,355	13,658,813	25,355,629
Total liabilities	Before distribution	68,455,194	61,998,573	49,537,234	77,082,611	82,235,355
	After distribution	71,110,864	66,022,315	53,597,268	81,344,332	(Note 3)
Equity attributable to owners of the parent company		44,344,034	56,055,207	67,159,702	78,417,230	84,361,152
Capital		8,047,484	8,047,484	9,022,299	9,470,492	9,470,492
Capital surplus		14,851,298	22,000,657	29,534,781	35,671,212	36,937,742
Retained earnings	Before distribution	23,163,165	28,955,372	33,617,319	37,663,331	43,058,708
	After distribution	20,507,495	24,931,630	29,557,285	33,401,610	(Note 3)
Other equity		(1,717,913)	(2,948,306)	(5,014,697)	(4,130,316)	(4,848,301)
Treasury stock		—	—	—	(257,489)	(257,489)
Non-controlling equity		10,917,285	22,053,373	23,184,399	25,620,646	29,158,787
Total equity	Before distribution	55,261,319	78,108,580	90,344,101	104,037,876	113,519,939
	After distribution	52,605,649	74,084,838	86,284,067	99,776,155	(Note 3)

Note 1: CPA-audited consolidated financial report for 2017 to 2021.

Note 2: Financial data from the 2022 up to the publication date of the Annual Report has not been reviewed by CPAs.

Note 3: Distribution of earnings for 2021 is subject to approval of the shareholders' meeting.

(II) Condensed consolidated income statement and condensed income statement

The condensed consolidated income statement is disclosed based on the revised IFRS as endorsed by the FSC:

Unit: NT\$ thousands

Item \ Year	2017	2018	2019	2020	2021
Operating revenue	109,237,731	117,912,881	120,067,508	131,278,537	155,022,197
Gross profit	17,833,435	26,060,948	27,222,009	26,584,148	30,537,486
Operating profit	8,657,136	14,845,618	14,800,808	14,140,216	15,781,456
Non-operating income and expenses	(163,246)	(179,056)	150,100	(346,226)	437,351
Net profit before tax	8,493,890	14,666,562	14,950,908	13,793,990	16,218,807
Net profit from continuing operations in the current period	6,771,783	11,536,495	12,401,617	11,508,290	13,694,368
Losses from discontinued operations	—	—	—	—	—
Net profit for the period	6,771,783	11,536,495	12,401,617	11,508,290	13,694,368
Net value of other comprehensive income after tax	234,175	(1,485,700)	(3,312,504)	1,194,101	(1,113,422)
Total comprehensive income	7,005,958	10,050,795	9,089,113	12,702,391	12,580,946
Net income attributable to owners of parent company	5,172,436	8,447,792	8,685,202	8,094,547	9,651,297
Net income attributable to non-controlling interests	1,599,347	3,088,703	3,716,415	3,413,743	4,043,071
Comprehensive income (loss) attributable to owners of parent company	5,148,524	7,217,484	6,619,298	8,990,427	8,939,113
Comprehensive income (loss) attributable to non-controlling interests	1,857,434	2,833,311	2,469,815	3,711,964	3,641,833
Earnings per share (unit: NTD)	6.43	10.50	9.93	8.90	10.21

Note 1: CPA-audited consolidated financial report for 2017 to 2021.

Note 2: Financial data from the 2022 up to the publication date of the Annual Report has not been reviewed by CPAs.

(III) Names of CPAs for the 5 most recent years and audit opinions

1. Names of CPAs for the last 5 years and their audit opinions

Year	Certifying CPA	Company Name	Audit Opinion
2017	Sheng-Chung Hsu, Chang, Ming-Hui	PricewaterhouseCoopers Taiwan	Unqualified opinion
2018	Sheng-Chung Hsu, Yung-Chien Hsu	PricewaterhouseCoopers Taiwan	Unqualified opinion
2019	Yung-Chien Hsu, Min-Chuan Feng	PricewaterhouseCoopers Taiwan	Unqualified opinion
2019	Yung-Chien Hsu, Min-Chuan Feng	PricewaterhouseCoopers Taiwan	Unqualified opinion
2020	Yung-Chien Hsu, Min-Chuan Feng	PricewaterhouseCoopers Taiwan	Unqualified opinion

2. If there is any replacement of auditor in the last 5 fiscal years, the reasons for the replacement of the accounting firm and the former and successor auditors should be explained: None

II. Financial analysis for the last five years

Financial Analyses – Adoption of IFRSs

Analysis Item		Year	Financial Analysis for Each Year				
			2017	2018	2019	2020	2021
Financial Structure	Liability to asset ratio (%)		55.33	44.25	35.41	42.56	42.01
	Proportion of long-term capital in PP&E (%)		186.84	210.61	218.09	172.63	161.35
Solvency	Current ratio (%)		147.46	171.49	213.16	156.58	168.66
	Quick ratio (%)		121.46	144.95	183.50	128.55	130.03
	Interest coverage ratio (times)		12.04	16.83	22.76	30.77	31.88
Operating Ability	Receivables turnover (times)		4.39	4.29	4.66	4.30	4.34
	Average collection days		83	85	78	85	84
	Inventory turnover (times)		9.33	8.18	9.31	9.01	7.58
	Payables turnover (times)		4.62	4.45	5.71	5.47	5.67
	Average inventory turnover days		39	45	39	41	48
	Property, plant and equipment turnover rate (times)		3.17	3.00	2.72	2.29	2.01
	Total asset turnover (times)		1.00	0.89	0.86	0.82	0.82
Profitability	Return on assets (%)		6.76	9.30	9.27	7.41	7.50
	Return on equity (%)		14.49	17.30	14.72	11.84	12.59
	Ratio of pre-tax income to paid-in capital (%)		105.55	182.25	165.71	145.65	171.26
	Net profit margin (%)		6.20	9.78	10.33	8.77	8.83
	Earnings per share (NT\$)		6.43	10.50	9.93	8.90	10.21
Cash Flow	Cash flow ratio (%)		4.01	51.90	41.69	26.72	24.72
	Cash flow adequacy ratio (%)		80.10	94.03	82.80	69.52	59.49
	Cash reinvestment ratio (%)		0.46	20.07	8.98	8.00	5.13
Leverage	Operating leverage		2.06	1.76	1.84	1.88	1.94
	Financial leverage		1.10	1.07	1.05	1.03	1.03
Description of change in financial ratios over the past two years (deviation over 20%):							
(1) Reduction in cash reinvestment ratio: Mainly attributed to decrease in cash flows from operating activities.							

III. Financial Statements in the Most Recent Year: N/A.

IV. Consolidated Financial Statements of the Most Recent Year Audited and Certified by the CPA:

Please see Pages 216 to 326..

V. Financial Difficulties Occurred to the Company and its Affiliated Enterprises in the Most Recent Year and as of the Publication Date of this Report: None

VI. Audit Committee's Report on the Financial Statements in the Most Recent Year

Zhen Ding Technology Holding Limited

Audit Committee's Audit Report

The Board of Directors has prepared and submitted the 2021 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:

2022 Shareholders' Annual General Meeting

Zhen Ding Technology Holding Limited

Audit Committee Convener: Chih-Chen Chou

March 16, 2022

Chapter 7. Review and Analysis of the Financial Conditions and Operating Performance and Risk Assessment

I. Financial Conditions

Unit: NT\$ thousands; %

Item \ Year	2020	2021	Difference	
			Amount	%
Current assets	99,312,005	95,935,034	-3,376,971	-3.40%
Property, plant and equipment	68,177,175	86,072,884	17,895,709	26.25%
Intangible assets	2,165,029	2,079,308	-85,721	-3.96%
Other non-current assets	386,986	229,977	-157,009	-40.57%
Total assets	181,120,487	195,755,294	14,634,807	8.08%
Current liabilities	63,423,798	56,879,726	-6,544,072	-10.32%
Non-current liabilities	13,658,813	25,355,629	11,696,816	85.64%
Total liabilities	77,082,611	82,235,355	5,152,744	6.68%
Capital	9,470,492	9,470,492	-	0.00%
Capital reserve	35,671,212	36,937,742	1,266,530	3.55%
Retained earnings	37,663,331	43,058,708	5,395,377	14.33%
Other equity interest	-4,130,316	-4,848,301	-717,985	17.38%
Treasury stock	-257,489	-257,489	-	0.00%
Total equity	104,037,876	195,755,294	91,717,418	88.16%
Explanation of material changes: (changes in the amount of more than 10% and more than 1% of the total assets of the current year)				
(1) Property, plant, and equipment: Invested in plant expansions and machinery and equipment procurements to meet production capacity increase requirements for long-term development.				
(2) Current liabilities: Mainly attributed to long-term liabilities from long-term borrowings due within a year.				
(3) Non-current assets: Same as explanation for (2) Current liabilities.				
(4) Retained earnings: Mainly attributed to profits in the current period appropriated to retained earnings.				
(5) Total equity: Same as the explanation for (4) retained earnings.				

Source: CPA-audited consolidated financial report for 2020 to 2021.

II. Financial Performance

Unit: in NT\$ thousands; %

Item \ Year	2020	2021	Variation	
			Amount	Proportion of change (%)
Operating revenue	131,278,537	155,022,197	23,743,660	18.09%
Operating costs	-104,694,389	-124,484,711	-19,790,322	18.90%
Gross profit	26,584,148	30,537,486	3,953,338	14.87%
Operating expenses	-12,443,932	-14,756,030	-2,312,098	18.58%
Operating profit (loss)	14,140,216	15,781,456	1,641,240	11.61%
Non-operating income and expenses	-346,226	437,351	783,577	-226.32%
Profit before tax	13,793,990	16,218,807	2,424,817	17.58%
Net profit of this period	11,508,290	13,694,368	2,186,078	19.00%
Comprehensive income or loss (net value after tax) in this period	1,194,101	-1,113,422	-2,307,523	-193.24%
Total combined income for this period	12,702,391	12,580,946	-121,445	-0.96%
Explanation of material changes: (changes in the amount of more than 10% and more than 1% of the total assets of the current year)				
(1) Operating Revenue: Mainly attributed to the increase in revenue from the Company's continued comprehensive development of PCB business and focus on customer service.				
(2) Operating cost: Mainly attributed to cost increases from operational growth.				
(3) Gross profit: Same as explanation for (1) revenue, and (2) operating costs.				
(4) Operating expenses: Mainly attributed to the increase in expenses from operational growth, and the need to increase development capabilities for the long term.				
(5) Net profit before tax: Same as explanation for (1) revenue, (2) operating costs, and (4) operating expenses				
(6) Net profit of this period: Same as explanation for (1) revenue, (2) operating costs, and (4) operating expenses				
(7) Comprehensive income or loss (net value after tax) in this period: Caused mainly by increased exchange differences in financial statements of overseas operations.				

Source: CPA-audited consolidated financial report for 2020 to 2021.

III. Cash Flow

(I) Analysis of cash flow changes over the most recent fiscal year

Unit: NT\$ thousands; %

Item \ Year	2020	2021	Increase (decrease) amount	Percentage of change (%)
Operating activities	16,948,028	14,058,190	-2,889,838	-17.05%
Investing activities	-18,267,863	-29,598,201	-11,330,338	62.02%
Financing activities	6,447,556	5,654,355	-793,201	-12.30%
Analysis of changes:				
(1) Decrease in net cash from operating activities: Mainly attributed to account receivables during peak season that are not yet due, and to the recovery of higher amount of receivables and				

inventory for previous year.
(2) Increase in net cash outflow from investing activities: Mainly attributed to the investments in plant expansions and machinery and equipment procurements for long-term development.
(3) Increase in net cash inflow from financing activities: Mainly attributed to the increase in short-term funds for operational growth, and the issuance of convertible corporate bonds in the early stage.

Source: CPA-audited consolidated financial report for 2020 to 2021.

(II) Cash liquidity analysis for the following year:

Unit: NT\$ thousands

Cash balance at beginning of the period	Estimated net cash flow from operating activities in the entire year	Estimated net cash flow from financing and investing activities in the entire year	Cash surplus (inadequacy) amount	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
33,789,530	35,033,241	-6,246,532	62,576,239	—	—

IV. Impact of Major Capital Expenditures on Corporate Finances and Business for the Most Recent Year: None

V. Investment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/Losses Generated Thereby, the Plan for Improving Profitability, and Investment Plans for the Coming Year

(I) The Company's investment policy

The Company currently focuses on investments in related PCB industries and does not engage in investment in other businesses. The Company's related departments execute investments based on the "investment cycle" in the internal control system and the "Procedures for the Acquisition or Disposal of Assets". Long-term investment strategies are focused on bolstering the core competitiveness of our main business activities, strengthening technological capability and meeting customers' overall requirements.

(II) Main reasons for gains or losses in the investments in other businesses in the most recent year:

Investments in other businesses	Profit or loss in the most recent period	Explanation
Monterey Park	11,405,845	Mainly attributed to recognition of profit or loss from investment in investees
Zhen Ding Technology Co., Ltd.	-421,798	Mainly attributed to operating expenses derived from purchase orders in trading
BoardTek Electronics Corp.	-818,054	Mainly attributed to adjustment of product structure
ZDT Singapore	2,858	Mainly attributed to recognition of profit or loss from investment in investees
Coppertone	9,403,007	Mainly attributed to recognition of profit or loss from investment in investees
Mayco	9,403,092	Mainly attributed to recognition of profit or loss from investment in investees

Investments in other businesses	Profit or loss in the most recent period	Explanation
Pacific Fair	942,500	Mainly attributed to recognition of profit or loss from investment in investees
FAT Holdings	-1,019	Mainly routine management expenditures
Leading HK	-5,681	Mainly routine management expenditures
BoardTek Investment	9,227	Mainly profits from interest income
Garuda HK	1,674,080	Mainly profits derived from purchase orders in trading
Avary Singapore	-636,263	Mainly attributed to recognition of profit or loss from investment in investees
Avary Japan	-18,069	Mainly routine management expenditures
Avary India	-635,576	Mainly attributed to the developments in the early stages
Garuda Technology Taiwan	-11,942	Mainly routine management expenditures
ZDT India	-340	Mainly routine management expenditures
ZDT Developer India	1,713	Mainly profits from interest income
Avary Holding (Shenzhen)	10,730,696	Mainly attributed to growth in revenue
Fu Bo Industrial (Shenzhen)	2,714	Mainly attributed to profits from leases
Hong Qi Sheng (Qinhuangdao)	4,043,273	Mainly attributed to growth in revenue
Hong Heng Sheng Precision Electronics Technology (Huai'an)	-410,191	Mainly attributed to adjustment of product structure
Yu Ding Precision Electronics (Huai'an)	10,813	Mainly attributed to profits from leases.
Qing Ding Precision Electronics (Huai'an)	1,080,539	Mainly attributed to growth in revenue
Qi Ding Technology (Qinhuangdao)	1,097,862	Mainly attributed to growth in revenue
Kuisheng (Shenzhen)	8,617	Mainly attributed to profits from processing services
Jiawei Industry (Huai'An)	-1,272	Mainly routine management expenditures
Avary Investment (Shenzhen)	28,438	Mainly attributed to the recognition of profit from investments
Zhan Yang (Dongguan)	-14,081	Mainly attributed to the developments in the early stages
Leading (Shenzhen)	62,249	Mainly attributed to recognition of profit or loss from investment in investees

Investments in other businesses	Profit or loss in the most recent period	Explanation
Leading (Qinhuangdao)	-4,618	Currently under construction and operations have not started

(III) Investment plans for the next year:

The Company shall investment plans for the next year shall consist of investment in subsidiaries in China or other regions. They shall be processed based on customers' orders and demands in accordance with related investment evaluation and decision-making procedures.

VI. Risk Management, Analysis, and Assessment of the Most Recent Year as of the Publication Date of This Report

(I) Risk management policies

The Company upholds corporate sustainable development ideals, introduces international trends, and actively promotes and strengthens the Company's sustainable management, in order to lower the potential risks from operations. The Company stipulated the "Risk Management Policy" through the Board of Directors' resolution on December 28, 2021. The Policy is to be used for reference during the formulation of business strategies, in order to ensure the long-term stable development of the Company's business and overall operations.

(II) Scope of risk management

The Policy is applicable to the risk management processes at all levels of the Company and subsidiaries (hereinafter referred to as the Group).

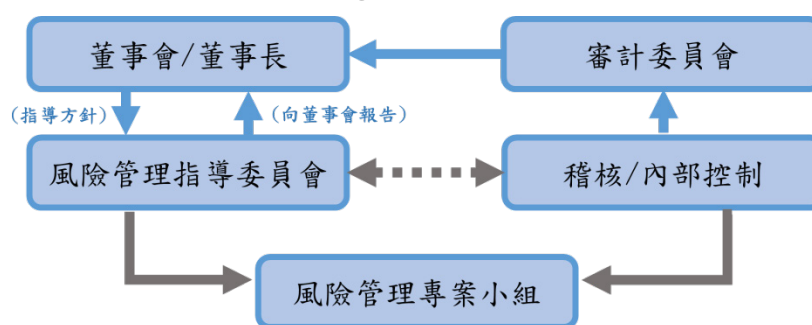
(III) Direction of risk management

In response to global political and economic development trends and changes, the Company upholds the principles of "long-term focus, continued developments, and becoming the best", and actively implements the policy of "prevention first, control at the source; total participation for total control" and the principle of "the supervisor is responsible". ZDT defined risks according to its overall operating strategies and set up risk management mechanisms through internal and external environment changes for early identification, accurate measurement, effective supervision, and rigorous control. The Company aims to prevent possible losses within the tolerable risk range, in order to optimize resource allocation.

(IV) Risk management framework

1. The Chief of Staff is the highest supervisor of risk management and is responsible for the operations of the risk management organization. The Chief of Staff is responsible for supervising the Group's risk identification procedures through R&D, manufacturing, sales, and participation of surrounding units. The first line risk managers detect, identify, and evaluate various risks and formulate related countermeasures. They are responsible for reviewing and supervising the risks regularly during risk management related meetings. If different risks are encountered, the Chief of Staff shall establish response teams for different incidents and appoint a responsible supervisor to coordinate a response.
2. The Company has established the Risk Management Steering Committee, which consists of the highest supervisors of each business unit. The Committee supervises improvements to risk controls and identifies and approves the prioritization of risk controls, and is responsible for reporting to the Board of Directors.
3. The Risk Management Project Team has been established below the Risk Management Steering Committee. The Team is responsible for identifying potential risks and operational impacts. They shall adopt actions corresponding to the risk category and establish crisis management procedures and conduct drills.
4. Regarding the internal control system, the audit unit shall be responsible for the implementation of audits.

Zhen Ding Technology Holding Limited Risk management framework

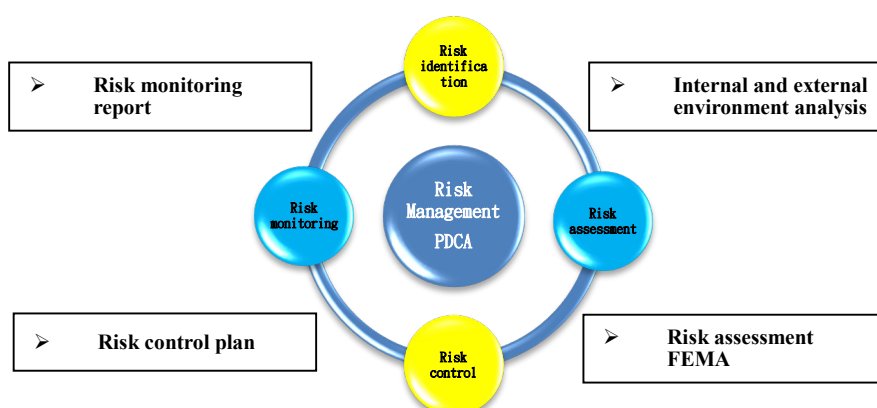


(V) Duties of risk management

1. The role of the highest risk management supervisor
 - The highest risk management supervisor (Chief of Staff) should acknowledge the impact of different risk categories on the Group and ensure the effectiveness of risk management.
 - Apart from being aware of the risks of each business unit, the supervisor must consider the effects of various risks together from the overall standpoint of the Company. The supervisor is responsible for interdepartmental coordination and communication.
2. The role of the Risk Management Work Group is to be the first line risk management personnel in different regions. The main duties are as follows:
 - Ensure correct and timely methods for conveying risk information.
 - Ensure the effective implementation of risk regulations by related units.
 - Determine the risk category and suggest response measures depending on the external environment and internal strategy changes

(VI) Risk management procedure

In order to strengthen the risk management functions, the Group's risk management is based on risk identification, risk assessment, risk control, risk supervision, and communication. The Company clearly understands the scope of all risks and continues to effectively improve and control the risk factors through PDCA (Plan, Do, Check, Act). This will decrease the probability and severity of losses caused by the risks. The Company adopts appropriate measures to effectively implement risk management.



1. Risk identification

Risk identification is carried out according to the environmental, social, and corporate governance aspects related to the Company's operations. The risk management policies are used to define the 4 major categories of risk and stipulate the 14 risk factors, in order to ensure that the various types of risk are covered during the risk identification process.

The risk management scope can analyze the various risk factors from the aspects of operations, strategy, finance, and hazardous events.

2. Risk assessment

All subsidiaries of the Group comply with the "Strategic Risk Control Procedures". The possible risk factors faced by each functional unit can be expanded with "Risk Assessment FMEA". Identification and assessment standards can also be stipulated by the unit. The risk levels are identified and assessed for different risk projects and corresponding controls shall be implemented.

3. Risk Control

3.1 Risks related to the daily operations of each business unit shall be managed by the risk controls of each business unit.

3.2 For important crisis incidents that are cross-departmental or cross-plant, cross-departmental or cross-plant risk assessment should be carried out. The Chief of Staff or a designated representative is responsible for coordinating and negotiating, in order to identify feasible strategies for preventing crisis incidents. The supervisor shall formulate crisis handling procedures and recovery plans according to the crisis incident.

After evaluating and summarizing the risks, each functional unit will monitor the risks it faces, take appropriate response measures and propose countermeasures, and provide the risks and countermeasures to the Risk Management Working Group for review and tracking. The risks and countermeasures shall be regularly reported to the Risk Management Committee and the Chairperson.

4. Risk monitoring

Implement regular rolling reviews and completely record the risk management implementation results, in order to understand the risk management solutions and the effectiveness of related control processes. The Risk Management Work Group regularly reports the implementation results and explanations to the Board of Directors.

(VII) Summary of the 2021 implementation results

	Risk factors	Control the implementation plan
Operations	Market risk	Understand trends, deployment of multiple products, improve the percentage of non-consumer electronics, and select excellent customers. Understand the production capacity of suppliers and plant operations, and the categorization operations of different materials Implement cost reduction and efficiency improvements according to the Group's digital transformation project. Improve technological standards, improve yield rates, and reduce damage through project design and manufacturing teams.
	Regional risks	Comply with local cultures. Similar cultures do not produce differential risks. Non-border areas are prosperous economically and the politics are stable, which do not create an impact on the Company's operations. Continuously track policy and system changes by governments in different regions and provide response measures.
	Information security risk	Regularly implement ISO27001 reviews every year. Regularly focus on domestic legal requirements and update the list of related laws and regulations. Back up important data regularly and create copies on hard drives stored in other locations.

	Risk factors	Control the implementation plan
		<p>Access to confidential information must be reviewed and approved by supervisors.</p> <p>The related operations are regularly reviewed according to the information security internal management procedures.</p>
	Supply chain risk	<p>Continuously review the impact of trend changes on required materials, and prepare related response measures.</p> <p>Regularly investigate the production capacity of upstream suppliers and maintain the communication channels at all levels.</p> <p>Conduct warehouse and supplier manager according to SOP documents.</p> <p>Continue to improve daily management operations and employee training. Conduct regular drills and random inspections for two-way management.</p> <p>The operating standards are handled according to related operating procedures.</p>
	Quality process risks	<p>Conduct business operations according to supplier management related operating standards.</p> <p>Fully review the plant quality systems, and implement source management, procedural controls, and MRB reviews.</p> <p>Strengthen IE functions and NSRB management.</p> <p>Strengthen employee training management, material planning, and equipment maintenance.</p> <p>Review the shipping operating standards and warehouse management operations from time to time.</p>
	Industrial security risk	<p>Engage qualified testing companies to conduct hazardous factor testing in the production environment.</p> <p>Personnel management: All employees in occupational hazard positions shall sign a hazard notification letter to make them aware of the hazardous factors and preventive measures. Warning signs and notification cards are posted in each hazardous space.</p> <p>Health monitoring: Employees undergo physical examinations before, during, and after working a post, and related files are created.</p> <p>Stipulate and review equipment procurement assessment safety guidelines and the implementation status. Establish a security management organization, education and training, and implement a two person, 24 hour shift structure.</p> <p>Response management for occupational safety incidents</p>
	Human Resources risks	<p>Regularly conduct manpower supply and demand analysis.</p> <p>Continuously focus on the status of the labor market to understand the human resources competition and develop corresponding recruitment policies.</p> <p>Plan and review the annual remuneration policies, create the corporate culture, and establish a talent cultivation structure.</p> <p>Establish good labor-management relations and provide diverse complaint channels to maintain good communications with employees.</p> <p>Establish the "Social and Environmental Responsibility Committee (SER)" and comply with RBA and internationally recognized labor and human rights principles.</p> <p>"Measures for Emergency Response to Accidental Injury" to support necessary implementations.</p> <p>Work safety training and evaluations are organized regularly every quarter to teach employees about self-protection and self-preservation.</p>
	Risks related to	Intellectual property rights are stipulated in procurement contracts,

	Risk factors	Control the implementation plan
	intellectual property rights	defining the responsible parties for infringement. Conduct risk assessments according to the "Research and Development Operations Regulations" and "Intellectual Property Rights Policies and Investigation Operation Measures for Third-Party Manufacturers".
Strategy	Strategic risk	Regularly collect market information, industry news, and product and market development trends. The Company analyzes the policy direction to provide a basis for the development and planning of new products and new technologies. Review the development progress of new customer products and technologies each month and monitor the technological trends and decision-making direction. Track market movements and regularly investigate the production capacity of upstream suppliers. Manager the matters according to the various documents of SOP review. Monitor and update the pricing strategy according to market changes.
	Risks of business ethics	The Company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties before conducting business and whether any of them have a history of unethical conduct, and shall avoid any dealings with persons so involved. Regular completion of confidentiality and ethical education and training, with an 100% passing rate for the examinations. Regularly enforce information security audits. Regularly update laws and regulations, and conduct promotion for related personnel.
Finances	Investment risk	Track changes in the financial markets, control and regulate foreign currency exposures to lower the impact of fluctuations. Raise the funds need for operations and retain sufficient funds. Pre-investment evaluations shall be conducted according to investment management. The post-investment tracking principle is used to manage various investments. Choose to deal with large and reputable financial institutions, and suitably work with different banks.
	Finance and tax risks	Review the cash, accounts receivable, inventory, and fixed assets according to the established financial indicators. Establish various asset management systems to ensure the safety and utilization efficiency of assets. Regularly estimate the corporate cash flow and assess long- and short-term liabilities. Closely track and understand the impact on operating costs caused by exchange rates and regulate the level of liquid capital. Implement the "Customer Credit Risk Management Procedures" and inventory control mechanisms. Review the liability insurance each year and complete the insurance procedures early.
Hazardous events	Natural disaster risks	Due to changes to the natural environment, the Company shall be able to respond at any time and report the management measures. In response to the government, we have prepared and responded to emergency handling methods. Establish the Group Epidemic Prevention Committee and hold control meetings each week. The Company shall continue implementing strict controls according to internal rules. Daily operations are implemented according to the internal emergency protection measures.

	Risk factors	Control the implementation plan
		<p>Increase equipment automation and the use of safety protection devices.</p> <p>Strengthen equipment fire source and hazardous materials management. Inspect the wiring regularly according to the correct procedures.</p> <p>Organize fire safety drills, and employee infectious disease knowledge promotion and training.</p> <p>Control and management of materials/equipment, and cold chain items in regions severely affected by the pandemic.</p> <p>Activity areas for workers and staff members are managed according to the related procedures.</p>
	Environmental risk	<p>Carbon neutral prediction roadmap and simulation. SBT carbon neutral estimations are also conducted and are expected to be disclosed this year.</p> <p>Connect with green energy providers in different regions in acquisition plans and partnerships.</p> <ol style="list-style-type: none"> 1. Floods: Conduct evaluations of the altitudes and historic rainfall in different regions. Establish flood gates in the basements. Install sandbags and flood barriers at the gates of the plants. Establish flood pumps in the rain discharge pools and physical walls around the plants. Implement river flow alarms and flash rain warnings. 2. Predict future water suppliers around the plants using software and plan back up water sources. Install emergency water tanks in the plants to ensure that at least 24 hours of water can be provided. Concurrently, prepare water vehicles to carry water. 3. Extreme climate: Establish the El Nino project and winter project to prevent heatstroke and implement low temperature protection through good management. 4. Lightning strikes: Identify areas where lightning strikes. Regularly commission third parties to conduct lightning prevention testing. Install grounded lightning rods on every building. 5. Use RC structures for the walls. Secure the equipment on the rooftops and conduct regular inspections.

(VIII) Potential Risks Associated with Strategic Aspects, Operational Aspects, Financial Aspects, and Hazardous Events

1. The impacts of changes of important domestic and foreign policies and laws on the Company, and the response measures:

The Company is registered in the Cayman Islands and its main operations are in Mainland China, Hong Kong, British Virgin Islands (BVI), and Taiwan. Cayman Islands' economic activities consist mainly of financial services and Mainland China is now one of the largest economies in the world. The Company's business operations are carried out in accordance with important domestic and foreign policies, laws, and regulations. We also pay close attention to important domestic and foreign political development trends changes in laws to quickly respond to changes in the market environment and take appropriate response measures. In the most recent year and as of the publication date of this annual report, Cayman Islands and BVI have successively introduced new laws on economic substance since 2019, which require new and old companies on the island to provide true economic substance. Although the Cayman Islands enacted the Guidance of Economic Substance for Geographically Mobile Activities in April 2019, and BVI published the Rules on Economic Substance in the Virgin Islands on October 9, 2019, the Company Zhen Ding Holdings and FAT Holdings (registered in Cayman Islands), and Monterey Park and

Coppertone Enterprises (registered in BVI) do not have activities of economic substance on Cayman Islands and BVI. Therefore, the Company's finances and businesses have not been affected by the economic substance rules. The Company's finances and businesses in Mainland China, Hong Kong, and Taiwan have also not been affected by major changes in policies and laws.

The Company's important customers and suppliers are mostly located in Asia. Due to special political conditions in certain Asian countries such as the divided Korea, special international political relations between Mainland China and Taiwan, and Hong Kong's status as a Special Administrative Region of China, the business operations of the Company's customers and the Company's own business operations may be affected by the political, economic, and legal environment in countries in Asia. In the most recent year and as of the publication date of the Annual Report, the Company's finances and businesses have not been affected by major changes in policies and laws of domestic or foreign governments. Any change in government policies, taxation, economic conditions, or interest rate in any region or any political, diplomatic, or social incident that affects the Company's customer may affect the business operations of the Company.

2. The impact of technology changes and industry changes on the Company, and response measures:

As technical requirements for consumer electronics products continue to increase, the Company pays close attention to market trends and evaluates their impact on the Company's operations. The Company's important customers are mostly leading companies in global consumer electronics products and we maintain close partnerships. In the most recent year and as of the date of Annual Report, the Company's finances and businesses have not been negatively affected by changes in technologies or industries.

3. The expected benefits and potential risks of capacity expansion and response measures:

- (1) Expected benefits: Production began in expanded plants which have contributed to revenue.
- (2) Possible risks and response measures: We continue to strengthen and improve the Company's management efficiency, optimize product structure, and maintain competitiveness. We also carefully and rigorously evaluate market supply and demand and future orders to reduce risks and lower the impact of future uncertainties.

4. The impacts and risks arising from a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or changes hands and the response measures: In the most recent year and as of the printing date of the annual report, there was no impact on the Company as a result of change of any major shareholder with more than 10% ownership interest or of large transfer/exchange of equity.
5. Impact of change of management rights on the Company, associated risk and response measures: In the most recent year and as of the printing date of the annual report, there was not impact of change of management rights on the Company.
6. Results of litigation or non-litigation events with material impact on the interests of shareholders or stock price: The Company was not involved in litigation or non-litigation events that generated major impacts on shareholder equity or share value in the most recent year as of the publication date of this annual report.

7. Risks of fluctuations in materials prices
PCBs use copper foil, copper-clad laminates, and films as main materials. Despite the increase in raw material cost in the past year, we have maintained long-term strategic partnerships with suppliers and the prices of raw materials have remained stable. Materials are expected to remain at such levels and there should be no risks of price variation.

Response measures

The Company obtains stable sources of raw material supply and price negotiation powers by integrating the Company's resources. We also work hard to improve the production process and leverage our advantages for high quality and high efficiency to reduce unnecessary production cost.

8. Market competition risks
Numerous of suppliers in the industry resulted in intense competition. During times of general economic decline or downturn, companies suffer decrease in profit margins which leads to vicious competition and price wars. The Company's main competitors in various products include Unimicron, TTM, Mektron, Suzhou Dongshan Precision Manufacturing, Compeq, Tripod, Shennan Circuit Company, HannStar Board Corp, Samsung Electro-Mechanics, Young Poong, WUS Printed Circuit, Ibiden, AT&S, etc. In addition to the aforementioned companies, the Company also faces competition from new competitors and competitors in emerging markets.

Response measures

The Company leverages our advantages in finance, manufacturing, technology, marketing personnel, and marketing resources to enter the various electronic product markets and we focus on a wide range of products, services as well as partnerships with long-standing customers. We seek to differentiate ourselves from competitors and prevent price competition to establish, design, and launch new products that meet or foresee customers' demand for next-generation products and applications.

9. Risks associated with over-concentration in purchase or sale and response measures:

(1) Concentrated purchases:

The PCB industry is a mature industry with numerous upstream suppliers and abundant resource supply. The Company has dispersed sources of materials and there is currently no risk of concentrated purchases.

(2) Concentrated sales:

The Company is a professional PCB manufacturer and PCBs are used in a wide range of applications. International brand customers are mainly concerned about the system assembly and manufacturing strategies for PCB supply. Our main customers include large-scale international electronic manufacturing services (EMS), original design/equipment manufacturer (ODM/OEM) designated by brand customers, and assembly plants of brand customers. The Company works closely with brand customers and we also maintain close partnerships with EMS and ODM/OEM manufacturers. However, more than 60% of our current operating revenue derives from designated production and manufacturing by international brand customers.

International brand companies have increasingly delegated production to professional EMS. For instance, Company A and its subsidiaries are the largest companies in the world that adopted this operating model. The results were based on Company A's position in the global electronics industry supply chain,

its scale of operations, and influence in procurement with consumers who are renowned international communication, consumer electronics, and information and computer brand companies. Therefore, there are no risks of concentrated sales.

10. The Impacts of interest rates, exchange rate fluctuation and inflation situation on the Company's profit and loss, and the future response measures:

(1) Impact of changes to interest rate on the Company's profit or loss and response measures:

The global Covid-19 pandemic has lasted 2 years. The main economies of the world continue to adopt loosened monetary policies. The global capital interest rate has also reached historic lows. However, with the coverage of vaccines in different nations, the economy and consumption are gradually returning to previous levels. With the added tension of rising inflation, interest rates are starting to reverse in 2021. The 10-year U.S. government bond, the anchor for global asset pricing, has gradually risen in 2021 and reached the pre-pandemic high by the end of the year. The U.S. Federal Reserve (FED) began to reduce bond purchases in 2021, and is expected to start raising interest rates in 2022. Financial institutions predict that there may be more active and frequent interest rate hikes in 2022, and interest rates are expected to gradually increase, returning to the levels before the pandemic.

During the epidemic, Taiwan's economy demonstrated industrial resilience and the results of years of economic transformation efforts. In 2021, economic growth, domestic demand, export sales, and investment all produced outstanding results. The central bank is expected to follow the global trend of tightening currency policies and gradually increase interest rates. However, inflation in Taiwan is less than the global trend. The interest rate in Taiwan is expected to be maintained at the same steady level.

China is facing energy problems, economic transformations, and real estate and corporate financial pressures. It was forced to decrease LPR interest rates twice in December 2021 and January 2022, representing the government's adoption of loosened monetary policies. Because the overall economy and exports of China still hold an important place in the world, it is expected to maintain a certain level of growth as the world economy recovers from the pandemic. Therefore, the overall interest rate policy is expected to remain neutral. The interest rate controls will remain steady, in order to stabilize the domestic economy.

(a) Impact on the Company's profit/loss:

The Company's net interest expenses in 2021 amounted to NT\$226,250 thousand. The interest of main loans is calculated based on the USD floating interest rates. Therefore, the decrease in USD interest rate decreased the Company's savings and borrowings revenue. The USD interest rate is expected to rise in 2022. The overall interest rate standard of the Company will also recover with it. However, this is not expected to have a major impact on the Company's losses and gains because the interest rate income and expenditure accounts for only a small part of overall operations.

(b) Future response measures:

The company has completed ECB and syndicated loans early to reduce the impact of future interest rate increases that may cause future borrowing

costs to increase. In the future, the Company will continue to raise medium- to long-term loans in order to lock in financing costs in advance to meet the working capital needs of future business growth. We will also use good operating performance and credit to negotiate preferential interest rates with financial institutions to further reduce the overall cost of funds.

- (2) The effects of exchange rate and inflation on company profits or loss and response measures:

As the US monetary policy tightens in 2021, the USD index showed signs of increase throughout the year, meaning that the USD has been strong against other currencies during the year. With the FED increasing interest rates in 2022, international financial institutions are predicting that the USD will maintain the growth this year, and the possibility of accelerated interest increase and early tightening exists.

The NTD exchange rate was mainly affected by Taiwan's relatively good economic performance and the strong investments in the stock market, so the exchange rate against USD rose greatly in 2021. Because of the international expectation of a strong USD, the NTD is expected to slightly weaken. The possibility of big fluctuations is relatively low.

The RMB exchange rate has been affected by fluctuations in economic growth, and has depreciated first and then rose over the past year. With the trend of the RMB exchange rate in 2022, due to the expectation that China will maintain a relatively loose monetary policy, compared with the start of interest rate hikes in the United States, the market expects that the RMB exchange rate will depreciate. However, the People's Bank of China has always maintained a stable view of the exchange rate, and at the same time, there is sufficient foreign exchange reserve support in the book. Therefore, sharp depreciation is not expected to occur.

In terms of inflation, due to the impact of the pandemic on global trade and transportation and the overall increase in the prices of raw materials and energy, the International Monetary Fund (IMF) predicted that in January 2022, high inflation will continue for a longer period of time, and the global inflation phenomenon has become the focus of various countries. It is expected that inflation will continue to rise in 2022. When the pandemic gradually eases, the supply chain imbalance should be eased, and inflation may begin to fall in the second half of the year.

- A. Impact on the Company's profit/loss:

The company's main operating currencies include USD and RMB. Due to the depreciation of the USD against the RMB exchange rate in 2021 the exchange rate impact will be higher. However, the company adopts a focus on the business and a conservative and stable financial policy, and has not engaged in high-risk and high-leverage speculative transactions, and it is expected that significant market risks should not arise.

- B. Future response measures:

To evade the risks of exchange rate fluctuations, the Company adopts hedging on the basis of receivable and payable foreign currency positions for its operations in derivative products. We also offset assets and liabilities to reduce exposure and the impact of exchange rate risks.

- (3) Regarding policies to engage in high-risk, high-leverage investments, lending

funds to others, endorsements and guarantees, and the transactions of derivative products, the Company has established the "Procedures for Acquisition and Disposal of Assets", "Procedures for Lending to Others", "Procedures for Making Endorsements and Guarantees", and "Procedures for Engaging in Transactions of Derivative Products" as the basis for the Company and its subsidiaries' related actions.

Except for endorsements, guarantees, and loans between the Company and subsidiaries and between subsidiaries, there are no endorsements, guarantees, or loans between the Company and other companies. The aforementioned endorsements, guarantees, and loans have been processed in accordance with related operating procedures and do not affect consolidated profit and loss. The Company has always focused on operations in its main business and does not involve itself in other high-risk industries. We also base our finance policy on the principles of stability and conservatism and we do not engage in high-risk high-leverage investments or transactions. The level of related risks should be considered as limited.

The Company operates derivative products to reduce the exchange Impacts risks resulting from the appreciation of RMB. We operated relatively few derivative products, and therefore, the impact of unrealized gains and losses was limited. As transactions in derivative products are based on hedging accounts receivable and payable, the unrealized gains and losses can be offset against foreign currency positions on the account. Therefore, there should be no material impact.

- (4) The expected benefits and potential risks of mergers and acquisitions and response measures: We improve our independent process capacity and reduce cost in response to product transformation. There are currently no potential risks of mergers or acquisitions.

11. The impacts of change of corporate image on the enterprise crisis management and the response measures:

The Company has adopted a people-oriented corporate philosophy and core values for integrity, responsibility, and excellence since its establishment. We actively strengthen internal management to improve quality and efficiency. We also continue to recruit outstanding talents to serve the Company and cultivate the capabilities of our management team. As of the printing date of the prospectus, there were no need for crisis management resulting from change of corporate image.

In addition, the Company has received environmental credit ratings by multiple provincial governments of Mainland China, including the Blue Enterprise, Green Brand Enterprise, Green Environmental Protection Model Enterprise, Water Conservation Construction Award, Advanced Unit for environmental protection task, Green Factory of green manufacturing enterprise, and Water-Saving Enterprise (please see the annual report for further information on environmental awards received by our plants over the year). We also won the Best Wastewater Treatment Award in the first Microsoft Annual Supplier Social and Environmental Responsibility Conference, Best Energy Conservation Award in the second Microsoft Annual Supplier Social and Environmental Responsibility Conference, and Best Corporate Social Environment Responsibility Award in the third Microsoft Annual Supplier Social and Environmental Responsibility Conference. As a result, our corporate image and culture were further enhanced.

As of the printing date of the prospectus, there were no need for crisis management resulting from change of corporate image.

12. Risks of turnover of senior managerial officers and other important employees and response measures

Talent attraction and retention management plan establishes a PCB industry platform to integrate industry-academia-government resources and attract and train excellent professionals. We hope to help achieve the operating goals of the Company. The Company provides competitive compensation and benefits to attract and retain key personnel through the excellent corporate culture.

The Company has succeeded in expanding business operations since its establishment due to the senior management's business strategies, vision, and their accumulated customer relationships. A significant part of the Company's future success will be determined by the continuous contribution of the current management team.

The Company's future success will also be determined by the Company's capacity for retaining, attracting, and encouraging employees (including management, sales, marketing, and finance personnel, particularly design and technical personnel) and training their successors. As the source of technology and product innovation, the Company's design and technical personnel are vital assets of the Company.

Response measures

The Company currently adopts a rotating CEO system to train its successors. Executive meetings with the Chairman of the board, the president, and various department heads are held regularly to discuss and select teams of potential successors from top-level management, plan the paths of development, and review schedules. Training methods include courses and online training course for improving leadership and business combat ability. The training model is divided into management ability, professional ability, overseas engagement, CMBA, language learning, and personal development plan. Key talents are assigned important tasks and rotated to other job roles to increase their training experience and accelerate their personal development. These people are given priority to fill relevant job vacancies.

Since the launch of the key talent development program, members including the chairman, president, and vice presidents of the Group attend weekly meetings to provide resolutions on management talent recruitment, job promotions, overseas business trips, and career development plans and confirm whether such resolutions are executed. The president of the Company and various excellent-performing vice presidents of the Group are also included for consideration as the potential successor of members of the Board of Directors.

The Company advances the successor training program and remains committed to improving the internal work environment. We provide reasonable remuneration and promotion system to strengthen the connection between the performance of senior management and the Company and reduce the risks of turnover of senior managerial officers and other important employees.

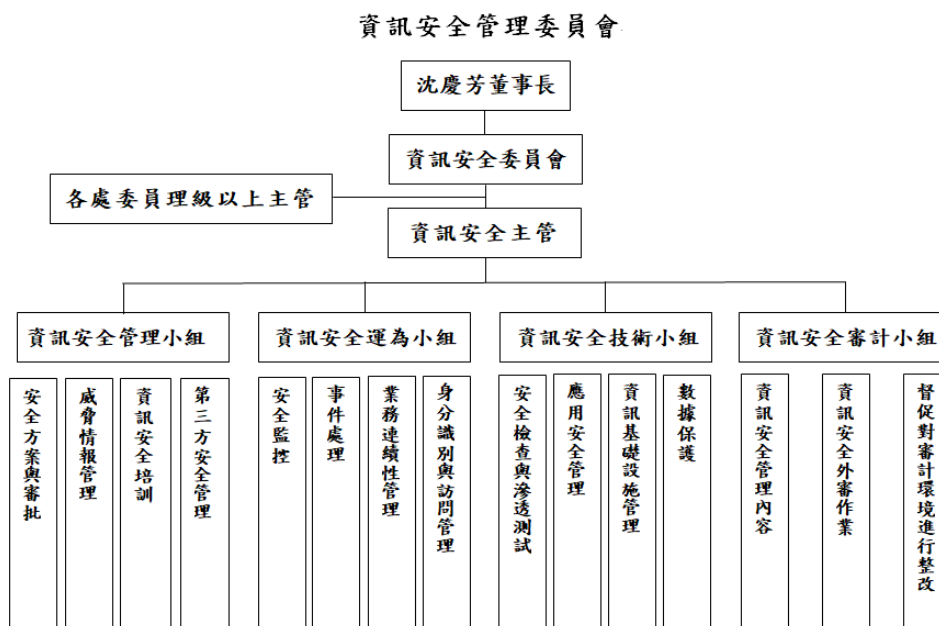
13. Information security policies, organization, and response measures:

In order to strengthen information security management, ensure the confidentiality, integrity and availability of information assets and support the implementation of information security management systems, we provide an IT environment for the company's business continuity. The Company implements this policy through appropriate standards and procedures to ensure compliance with relevant laws and regulations, so that it can be protected from internal and external intentional or accidental threats. Therefore, the Company stipulated this policy and Mr. Chen-Fu

Chien, who is an expert in information security, was hired as an independent director.

(1) Information and network management structure

For the Company's Information Security Committee, the head of each department is appointed as a committee member and meetings are held periodically to formulate and review the objectives, policies, and processes of information security management. To effectively promote the implementation of information security management policies, the Company has established an information security manager, Information Security Work Group and an Information Security Internal Audit Group. Both groups are composed of senior managers from various functional departments to promote the continuous and steady operations of the Company.



(2) Information and Network Security Policy

Our information security strategy is focused on three dimensions of information security governance, compliance, and technology to provide comprehensive protection of information security at the institutional to technical level and individual to organizational level. To strengthen information security management, the Company not only plans network frameworks by using the most rigorous IT requirements, but also establishes an information security policy, which states: "When maintaining the confidentiality, integrity and availability of the Company's information to avoid situations in which human negligence and deliberate sabotage lead to improper use, leakage, tampering, damage, and loss of assets, or situations in which assets are unavailable due to natural disasters, thereby affecting the business continuity and compromising the company's interests." The Company controls the likelihood of information security incidents by employing information security strategies, contingency mechanisms, and soft/hardware facilities.

Information security for product design and manufacturing. The Company manufactures PCBs and not end products, therefore it is not applicable.

(3) Information security risk management

The Company actively plans and deploys information security measures and constantly improves the information security environment to reduce information security risks. In terms of management, the Company develops management regulations covering the aspects of policy development,

organizational responsibilities, personnel safety, document control, asset management, communications and operational management, interview control, physical environment, system development and maintenance, business continuity management, information security event management, and compliance. In terms of technology, the Company has installed firewalls, intrusion detection system, email security system, operating system automatic detection and update, anti-virus systems, network access control system, security monitoring system, and vulnerability scanning system. At the end of every year, the Information Security Committee conducts reviews on the status of information security operations, risk control, and event corrections and uses the results to control and reduce information security risks. The Company organizes internal reviews and management reviews at least once a year, but not more than 12 months apart, to check the presence or absence of information security risks and to adopt corrective and preventive measures in a timely manner to ensure the continuous operation of its businesses. The matters are periodically reported to the Board of Directors.

(4) Employee information security training

Personnel training is focused on educating new employees on the importance of information security. Information security education and training has been established in the knowledge management system and new employees must complete the courses within the specified time. Regularly conduct social engineering drills throughout the Company to improve information security awareness among employees. Promotional videos are shown on the company's large electronic billboards. The plants also posted information security promotional posters, and the company's monthly publication included information security knowledge. The Company aims to use diversified methods to convey the company's information security regulations and concepts. In order to strengthen the information security response capabilities and establish a comprehensive defense consisting of all staff, ZDT has formulated security incident management procedures. Employees can follow these procedures to report incidents, accelerating the early warning, monitoring, and notification of information security incidents, and improve the information security incident response capabilities. Clearly stipulate information security rewards and penalties system in the Employee Handbook.

167,403 hours of information security training courses were provided in 2021 to a total of 329,641 people.

In order to prevent cyberattacks and collect network postures, an average of 77,000 cyberattacks and 3,000 malicious emails are blocked each month to prevent malicious behavior from causing company losses.

(5) Impact of on the Company's finance and specific management measures

Information security management type	Related operations
System accessibility	Monitoring system and network availability The remote data recovery system ensures the complete restoration of data Regularly rehearse the data recovery process for disasters Data interruption response measures
External threats	Malicious virus and software attack detection and data loss prevention Computer vulnerability detection and update
Access management	Settings management for personnel accounts and access Regularly review accounts and permissions for necessary operations Access management for important server rooms
Access control	Restrict data and file access Data access records Important data is encrypted according to the rules

- 1 information security management meeting was convened by the Company in 2021 to review the information security policies of each unit and the implementation status. No dangerous information security incidents occurred in the year. (There were no information security incidents or fines resulting from the violation of customer information security requirements from 2019 to 2021)
- 9 back up drills were organized this year. where
 - 3 drills each in Shenzhen, Huai'an, and Qinhuangdao,
 - Including one main back up equipment switching, and 2 back up data recovery tests.
- The initial issue date for ISO27001 certification 2020/5/8
 - The rereview approval date for the Shenzhen plant certification 2021/4/29
 - Qinhuangdao - First time approval for Hong Qi Sheng 2021/8/26
 - Qinhuangdao - First time approval for Qiding 2021/8/26
 - First time approval for Huai'an 2021/8/31

(6) Information Equipment Security Management

The IT equipment carried by control personnel when entering server rooms, production lines, and restricted areas shall be controlled according to access permissions for the networks, computers, operating systems, and applications of different units in the Company. The Company has stipulated business continuity management procedures. We classify the different systems and established business continuity management mechanisms to ensure that operations are not interrupted. Back up recovery drills are conducted once every 6 months to ensure the quick restoration of operations during security incidents or disasters. This will reduce risk and minimize the losses caused by incidents and disasters.

(7) Network and anti-virus management

In order to prevent cyberattacks and the collection of posture, the Company has established firewalls, defense systems, email filtering systems, and anti-virus protection systems. External information security experts were engaged to perform penetration testing, social engineering drills, and other information security assessments, in order to establish a safe work environment and ensure sustainable management. From 2018 to 2021, there were no violations of information security related laws and regulations and information security incidents. The Company did not report of any customer complaints as a result of privacy infringement or loss of customer information.

(8) Confidential customer information protection

In 2021, the Information Security Management Committee was established, and it reports to the chairman and holds quarterly meetings to communicate information security management, review policies and directions to the whole company through the committee, and adjust information security policies and management. The chairman of the committee is responsible for supervising information security management. All levels of units elected members to publicize and implement information security policies. On May 8, 2020, they officially passed the BSI British Standards Institute certification and passed the annual review. This year, on April 29, they passed the annual review. On 8/26 and 8/31 of the same year, respectively, passed the review and obtained the certificate, established a safe and reliable information operating environment, and protected the company's computer data, systems, equipment and network security, based on the three principles of information security "confidentiality, integrity In order to protect the non-repudiation, verification and accountability of the overall information assets.

In order to ensure the confidentiality of business secrets of the company and customers, **the** data is managed by grades and categories, the information of products and customers is properly communicated, a special security area is set up for customer secrets, and access to the network, computers and personnel is controlled. ZDT specifies items to be managed for information security, including personnel training, information equipment security management, network and anti-virus management.

(9) The Company has not suffered any impacts or losses on the Company's finances, operations, and business reputation caused by information security risks.

14. Regarding the intellectual property rights management plan and results

Intellectual Property Management Plan

Improving how an enterprise manages its intellectual property rights enables the enterprise to reinforce its independent innovation capability. The Company has proposed four major strategies for intellectual property rights management, which are "accumulation", "focus", "innovation", and "increased benefits". The 6 major management directions were stipulated to implement benefits tracking and management.

(1) Management system results:

In order to provide complete and effective patent, trade secret, and other intellectual property management, the Company has actively established an intellectual property management system. As of December 31, 2020, the "Intellectual Property Rights Management Manual", the "Intellectual Property Rights Application Procedures" and the "Intellectual Property Rights Policies

and Investigation Operation Measures for Third-Party Manufacturers" have been established.

(2) Intellectual property achievements:

Patent deployment - Mainly includes Taiwan, Mainland China, and the United States, strengthening its competitive advantages. In 2021, the Company proposed 387 patent applications and received approval for 136 patents. As of December 31, 2021, the number of patents obtained totaled 1193, including 492 in Taiwan, 493 in China and 208 in the United States. The Company is expected to propose 340 patent applications in 2022, in order to protect the results of self-developed technological advancements. The annual implementation status and results have been reported to the Board of Directors on March 16, 2022.

(3) Attained certification

The Company is an important legal representative in China. According to the local intellectual property management policies, we have competed the implementation of the intellectual property regulations and obtained the certification.

- Qing Ding Precision Electronics (Huaian) Co., Ltd.

Passed the "Enterprise Intellectual Property Management GBT-29490" certification on June 18, 2020. The certification is valid until June 17, 2023.

- Avary Holding (Shenzhen) Co., Limited

Passed the "Enterprise Intellectual Property Management GBT-29490" certification on June 16, 2021. The certification is valid until June 15, 2024.

- Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.

Expected to complete "Enterprise Intellectual Property Management GBT-29490" certification in June 2022.

15. Compliance with environmental protection, safety, and sanitation regulations

The Company strictly abides by environmental protection, safety, and sanitation regulations in the countries of operations (including BVI, Mainland China, and Taiwan). Failure to comply with such regulations may result in fines and/or suspension or revocation of the Company's business license or permit. As such regulations encompass a wide range of complicated issues, compliance with such regulations may be difficult and we may be required to invest large amounts of financial and other resources to establish effective compliance and monitoring systems for compliance.

In addition, relevant government authorities will continue to implement additional or more rigorous laws and regulations each year. Compliance with related regulations may increase the Company's cost. Furthermore, certain countries may implement certain technical, sanitary, or environmental regulations on the Company's products. If the Company fails to reach related standards currently adopted by such countries and regions or those adopted in the future, the Company may suffer negative impact in business operations in these markets. The legislature is reviewing and revising other environmental protection laws and regulations (e.g., regulations on the limits of VOCs). Because the content of the laws and regulations has not yet been determined, the specific impact of such laws and regulations is unknown.

Response measures

The Company has strictly complied with the environmental protection, safety, and sanitation regulations in countries of operations (including BVI, China, and Taiwan)

since its establishment. We also established dedicated environmental protection and safety and sanitation management units (Environment and Conservation Division and Industry Safety Division) to take charge of the Company's various environmental protection/energy conservation, and safety/sanitation/health management affairs. We also pay close attention to changes in environmental protection, energy conservation, safety/sanitation/health policies across the world and on all levels of government in China. We predict future regulatory trends and implement advanced analysis, response, plans, and execution to minimize risks of changes in policies.

16. Risks associated with non-compliance with environmental and climate change related laws and regulations, and other international laws, regulations and accord, and response measures

(1) Risks related to laws and regulations on climate change faced by the Company

With the effects of climate change, the restrictions on greenhouse gas emissions in China are becoming stricter. Not only are corporations asked to disclose their greenhouse gas emission related information, China is planning to focus on expanding the carbon trade market as part of their economic development in recent years. Following this, the Company's Shenzhen manufacturing site in Guangdong Province became one of the first company to exercise carbon trades in 2013, and has acquired future carbon emission caps in Shenzhen.

Furthermore, the Company has stipulated carbon emission reduction goals for future unit revenue, which are as follows: The tons of carbon emissions per million NTD (t/MNTD) shall be reduced by 40% in 2025 compared to 2013 (completion period for the plants in China).

In response to the risks created by changes in laws and regulations, ZDT has established a dedicated department (Environmental Protection and Energy Conservation Division) to actively promote green initiatives and environmental protection, as well as corporate social responsibilities related to low carbon emissions. The Company is actively learning about the environmental protection laws and making preparations early. Currently, all plants have achieved the annual carbon reduction goals set forth by the local governments around China.

(2) Real risks of climate change faced by the Company

Climate change has caused temperatures and sea levels to rise. It is also increasing the intensity and frequency of extreme weather (drought, storms, typhoons, and thunderstorms). The real risks faced by ZDT are described below:

1. The temperature increases caused by climate change may cause the cooling costs of the plants to increase.
2. Droughts caused by climate change could cause water shortages in the plants and affect the daily operations of the Company.
3. Storms, typhoons, and lightning caused by climate change could cause power cuts in the plants and affect the daily operations of the Company.
4. Storms and typhoons caused by climate change could cause flooding in the plants and stop work, affecting the daily operations of the Company and leading to property losses.
5. The inability of the supply chain to manufacture or transport products due to climate change may affect the normal operations of ZDT.

The Company is subject to a number of government laws and regulations because it

engages in production activities in numerous areas, has customers around the world, and is subject to environmental, climate-related, health and safety, and humanitarian conflict-free sourcing laws.

In response to the risks caused by climate change, ZDT has established a complete set of response and management systems, in order to identify, evaluate, and control risks. ZDT has stipulated response plans for various emergencies and organizes multiple drills during normal times. At the same time, the plants are equipped with multiple emergency materials and equipment, such as sand bags for flooding, emergency generators, water pumps, and food. The Company uses the measures above to reduce the climate change risks for the company.

The Company's failure to comply with any such laws or regulations, as amended from time to time, and its failure to submit documents to relevant authorities in a timely manner could result in:

- significant penalties and legal liabilities, such as the denial of import or export permits or third party private lawsuits, criminal or administrative proceedings;
- the temporary or permanent suspension of production of the affected products;
- challenges from customers that place the company at a significant competitive disadvantage, such as loss of actual or potential sales contracts in case the Company is unable to satisfy the applicable legal standard or customer requirement;
- restrictions on company operations or product sales;
- loss of tax benefits, including termination of current tax incentives, disqualification of tax credit application and repayment of the tax benefits that the company is not entitled to; and
- damages to the company's reputation.

Response measures

Complying with applicable laws and regulations, such as environmental and climate change related laws and regulations, could also require the Company to take a number of measures, including the following:

- Purchase, use, and setup remedial equipment;
- Implement remedial programs such as climate change mitigation programs; and
- modify product designs and manufacturing processes, or incur other significant expenses such as obtaining substitute raw materials or chemicals that may cost more or be less available for the Company's production operations.
- Preventative measures for climate risks, such as storms, droughts, high temperatures, extreme cold, and other extreme weather
- Deployment of renewable energies.
- Continued introduction of high energy efficiency equipment and advanced energy conservation technologies.
- Forest conservation and ecological protection.

The Company believes that climate change should be regarded as a significant corporate risk that must be controlled to improve corporate competitiveness. Climate change might result in regulatory, climate disaster, and other types of risks. Control measures for such risks are as follows:

- Climate regulatory risks:

The greenhouse gas (GHG) control regulations or agreements of countries around the world are becoming increasingly stringent. Enterprises are legally required to regularly disclose GHG-related information, and also limit GHG emissions. The cost of production, including raw materials and energy, may also increase along with future legal requirements, such as carbon or energy taxes and total carbon emission control trading. The Company communicates with various governments through industrial organizations and associations to set reasonable and feasible legal requirements.

The Company encourages major suppliers to conduct inventory of GHG emissions, guide them on establishing ISO systems, and increase the green performance of suppliers, thereby enhancing the Company's CSR influence.

Response measures

ZDT believes that the active implementation of energy conservation and emissions reductions can improve corporate sustainable competitiveness, creating better opportunities for stable, long-term developments. The climate change related opportunities for ZDT are described as follows:

- (1) Reduce energy consumption per unit product to improve competitiveness:
In the face of climate change and global warming, customers are placing greater importance on low carbon products. Therefore, ZDT established the "Zhen Ding Seven Greens" platform (green innovation, green procurement, green production, green operations, green services, green renewable resources, and green life). The water usage and energy consumption per unit product have been included as important management indicators for product design and development, introduction of new technologies, optimization of production processes, manufacturing, and transportation. On the other hand, ZDT is actively implementing carbon reduction technologies and projects. We have implemented energy conservation methods and conducted waste reduction from the three waste sources, as well as terminal recycling and emissions reductions. We hope to reduce the impact of ZDT's manufacturing on the surrounding environments. The Company's efforts are continuously reducing the carbon emissions of its products. As we help our customers respond to low carbon trends, we are able to improve the competitiveness of the Company's products.
- (2) Promote energy conservation and carbon reductions to create a carbon asset surplus.
ZDT is actively improving the energy efficiency of our products. We are lowering the carbon emissions per unit product. Currently, our carbon emissions per unit product are significantly superior to others in the industry. Furthermore, we have gradually introduced ISO 14064-1 Greenhouse Gas Inventory in the plants of the Company starting in 2008. In 2013, we started to introduce ISO50001 Energy Management System. Two plants (Shenzhen and Qinhuangdao) have been certified in 2015 and the Huai'an Comprehensive Bonded Plant completed energy management system certification in 2016. The new Huai'an Plant completed the certification in this year (2018) and continues to operate. Meanwhile, we have established carbon asset trading SOPs and appointed managers to complete carbon trading reviewer training in the Shenzhen Emissions Rights Exchange in Guangdong Province, in order to respond to carbon asset management and prepare for the introduction of comprehensive carbon trading related policies in China.

In 2021, the first batch of industries to be included in the national carbon trading market will be the power industry. The Company's Shenzhen manufacturing site

is an active participant of the Shenzhen carbon emission trading system, and we are also cooperating with the government to enhance our ability to manage carbon assets.

The environmental protection and energy conservation performance of ZDT have always received great feedback from local governments and customers. In 2020, the Company received 18 green awards from the government and customers, which recognized the Company's efforts toward green actions. The awards include AWS sustainable water management platinum certification (Shenzhen, Qinhuangdao, Huai'an First Park, and Huai'an Second Park), the "China Environmentally and Social Responsible Corporation" of the China Environment Newspaper Agency, Ministry of Ecology and Environment (Shenzhen), Guangdong Province's 2019 Environmental Protection Credit Rating "Green Corporation" (Shenzhen), Good Enterprise in the 2019 Ecology and Environment Protection Credit Rating of Hebei Province (Qinhuangdao), Green Enterprise in the 2019 Environment Protection Credit Rating by the Department of Ecology and Environment of Jiangsu Province (Huai'an First Park and Huai'an Second Park), Model Environmental Protection Enterprise of Huai'an City in 2020 (Huai'an First Park and Huai'an Second Park), and China Ministry of Industry and Information Technology Green Supply Chain Management for green manufacturing companies in 2020 (Huai'an Second Park). ZDT will continue to improve our green innovations and energy conservation management. While we reduce our own energy consumption, we will produce more environmentally friendly and low carbon green products for society, in order to make the Earth a better place.

(3) Climate disaster risks

In response to global climate change, ZDT will continue to promote greenhouse gas management and reductions. ZDT has completed the establishment of the "ISO14064-1 Greenhouse Gas Management System" in 3 plants in China in 2010, in order to respond to the carbon trade and carbon asset management policies that are about to be introduced in China. In order to improve the energy usage efficiency of products and reduce greenhouse gas emissions, ZDT has established a dedicated unit for environmental protection and energy conservation. The unit is responsible for planning and implementing various energy conservation and carbon reduction technologies.

In 2014, the Company's Shenzhen and Qinhuangdao plants received the energy management system certification. In 2015, Huai'an Comprehensive Bonded Zone received the energy management certification. In 2017, Huai'an Industrial Park began the construction of the energy management system, and completed the certification in 2018. Furthermore, in 2021, ZDT implemented the Science Based Target initiative (SBTi) as the basis for the evaluation and stipulation of future carbon reduction goals, in order to lay a solid foundation for subsequent management.

Response measures

Therefore, in addition to basic carbon-reduction and water-saving measures the Company undertakes at its own facilities and those of upstream and downstream suppliers, since 2014, the Company has also voluntarily disclosed information relevant to its GHG emissions and reduction on the Market Observation Post System. Meanwhile, we also assist major suppliers, as requested, to establish GHG inventory system and commit to GHG reduction activities in order to serve as the key basis of evaluation in the company's procurement strategy.

The Company adopts numerous prevention measures against potential risks that may influence the company's image such as earthquake, fire, disruption to information system service, supply chain disruption, and environmental incidents, among other significant events. Moreover, we have established a Crisis Commanding Center and set up an Emergency Response Commanding Team. The Company regularly organizes environmental, safety and health meetings on a monthly basis at its plants to ensure smooth communication with stakeholders when handling a crisis. A spokesperson is appointed to speak on behalf of the company to external parties. When the above mentioned crisis occurs, each department must be able to initiate an emergency response measure that prevents or reduces the impact of accidental incidents on the safety of personnel, surrounding environment, company property, and business operations. All departments must also provide clear and consistent explanations to the public to maintain the company's image.

17. Other significant risks and response measures

The Company's risk management policy is based on the establishment of a risk management system with risk identification, measurement, supervision, and control. We promote a model with an appropriate level of risk management to achieve operating goals and increase value for shareholders.

The risk management organizational chart and other critical risks and response measures are provided below:

1. Risks of changes in the demand for consumer electronics products

The demand for consumer electronics products is determined by the taste and preferences of consumers and government policies of different countries. The composition of product suppliers and their market share change rapidly. The integration of the Company's products and producers of consumer electronics products and the growth rate of the market share of the Company's products are determined by the ability of consumer electronics producers to predict consumer taste and preferences and the Company's capacity for the design, development, production, and sales of products to end customers. Related measures adopted by government authorities also affect the demand and sales of consumer electronics products.

Response measures

The Company would pay close attention to market demands and gain head starts on the market. We shall develop more innovative and advanced products to reduce the risks of changes in demand for consumer electronics products. We shall also pay close attention to changes in government policies and reduce the negative impact of changes in policies simultaneously.

2. Shareholder interest protection risks

There are several differences in the provisions of the Cayman Islands Companies Law and the Company Act of the Republic of China (ROC). Although the Company has revised its Articles of Incorporation according to the Checklist for the Protection of Shareholder Rights and Interests in the Registration Site of a Foreign Issuer, there are still a number of differences related to corporate operations in the laws of both countries. An investor is unable to adopt the concept of legal rights protection for investments in Taiwanese companies when investing in a Cayman Islands company. Investors should have proper understanding and consult professional advice to ensure that investments made in a company incorporated in the Cayman Islands are subject to protection of shareholders' interests.

3. Public trading market risks

The Company's stocks were listed on the Taiwan Stock Exchange on December 26, 2011. However, stock prices may fluctuate quickly for several different reasons, and some of which may not be controlled by the Company. The reasons are as follows:

- Changes in the results of operations of the Company and other similar companies;
- Investors' perception of changes in the value of companies similar to the Company;
- Economic development of the overall consumer electronics industry;
- Slow or negative growth in the overall economy and related markets;
- Political or economic conditions of the target markets for the Company's products;
- Changes in financial forecast or indicators including the Company's ability to achieve future income and forecast or indicators for operating profits or losses;
- Changes in profitability forecast or recommendations of securities analysts;
- Announcements of acquisitions, new products, material contracts or orders, business relationships, or other capital commitment from the Company or the Company's competitors;
- The Company's capacity for rapid research and development and launch of advanced new products;
- The Company's litigation or involvement in litigation;
- Suspension of operations;
- Material changes in the Board of Directors or management; and changes in laws and regulations.

For more information on the Company's key risks and response measures, please see Pages 332 to 354 for information on favorable factors and unfavorable factors for the Company's development and response strategies. Although we have such response strategies, they may not be completely carried out due to force majeure factors during implementation. Related risks may still impact the Company's businesses, results of operations, and financial position.

VII. Other important issues: None.

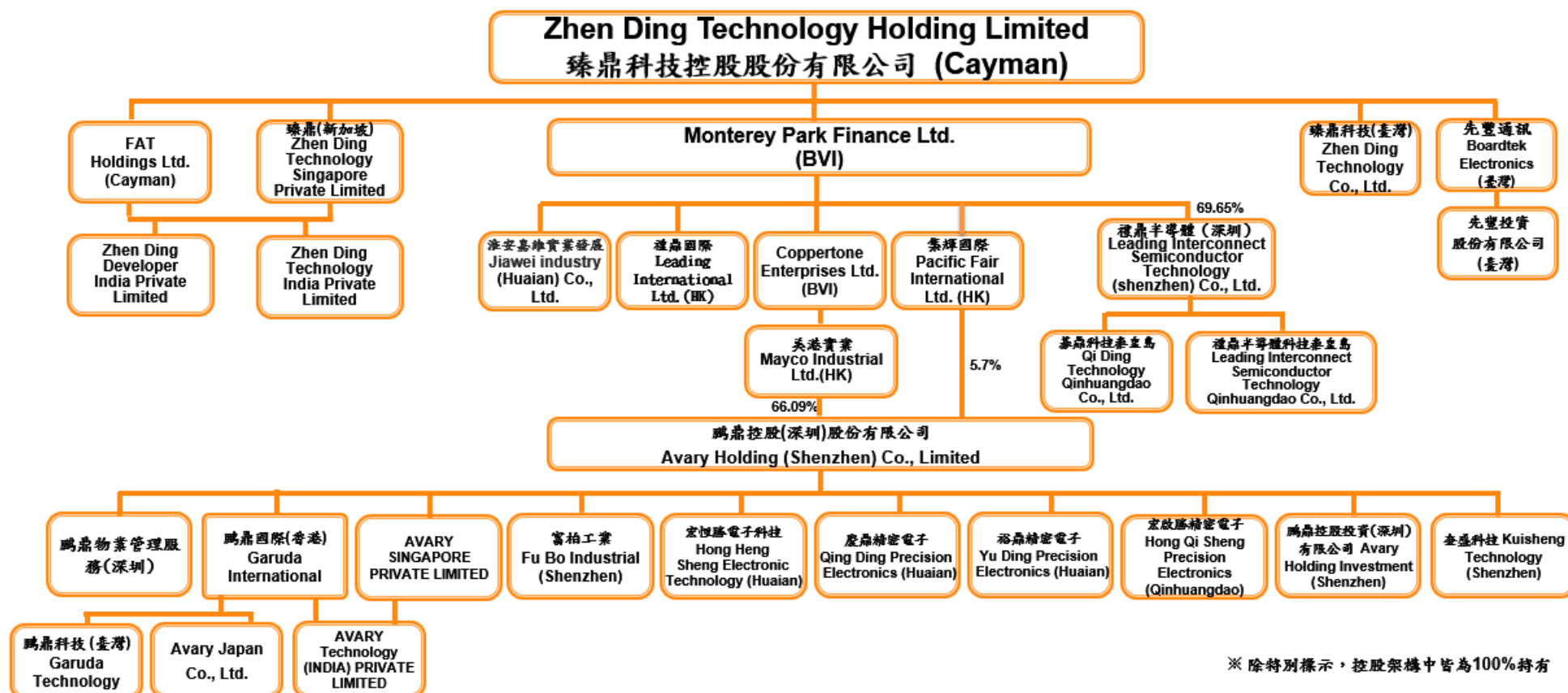
Chapter 8. Special Notes

I. Information on Affiliated Companies in the Most Recent Year

(I) Consolidated business report of affiliates

1. Organization structure of affiliated companies

Reference date: March 30 2022



2. Basic information of the various affiliated companies

As of March 31, 2021

Name of companies	Date of establishment	Address	Capital	Principal business or core products
ZHEN DING TECHNOLOGY CO., LTD.	1978.09.02	No.6, Lane 28, Sanho Road, Sanshi Village, Dayuan District, Taoyuan City, Taiwan, R.O.C.	NT\$ 125,488 thousand	Design, development, and sales of electronics products
Monterey Park Finance Limited	1998.10.22	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US\$ 976,250 thousand	Investment holding
Coppertone Enterprises Limited	1998.12.28	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US\$ 102,786 thousand	Investment holding
Pacific Fair International Limited	2007.11.23	Suite 1222, 12/F., Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong	HK\$ 2,133,300 thousand	Investment holding
Mayco Industrial Limited	2007.11.14	Suite 1222, 12/F., Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong	HK\$ 9,321,842 thousand	Investment holding
FAT Holdings Limited	1999.03.01	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands	US\$ 5 thousand	Investment holding
Zhen Ding Technology Singapore Private Limited	2020.09.30	9 Raffles Place, #26-01, Republic Plaza, Singapore (048619)	US\$ 30,000 thousand	Holding company
Zhen Ding Technology India Private Limited	2021.02.08	Unit No.01, 3rd Floor, No.27 Kamaraj Colony, 3rd Street, Kodambakkam, Chennai, TN 600024, India	INR 100 thousand	Design, development, manufacturing, and sales of PCB products
Zhen Ding Developer India Private Limited	2021.02.25	Unit No.02, 3rd Floor, No.27 Kamaraj Colony, 3rd Street, Kodambakkam, Chennai, TN 600024, India	INR 2,100,100 thousand	Leasing company
Leading Interconnect International Limited	2016.07.06	Suite 1222, 12/F., Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong	HK\$ 1	Sales of electronics products
Avary Holding (Shenzhen) Co., Limited	1999.04.29	AVARY Park, Songluo Road, Yanchuan Community, Yanluo Subdistrict, Bao'an District, Shenzhen, Guangdong Province, China	RMB 2,321,476 thousand	Design, development, manufacturing, and sales of PCB products

Name of companies	Date of establishment	Address	Capital	Principal business or core products
Garuda Technology Co., Ltd.	2016.12.28	8F, No. 8, Baoqiang Road, Xindian District, New Taipei City, Taiwan	NT\$ 1,525,000 thousand	Sales of PCB products
Garuda International Limited	2016.08.30	Unit B,26/F.,CKK Commercial Centre,289 Hennessy Road, WanChai, Hong Kong	HK\$ 460,200 thousand	Sales of PCB products
Avary Singapore Private Limited	2019.03.18	8 WILKIE ROAD #03-01 WILKIE EDGE SINGAPORE (228095)	US\$ 64,130 thousand	Holding company
Avary Technology(India) Private Limited	2019.06.17	No.28, Padur Road, Kuthambakkam Village, Poonamalle Taluk, Thiruvallur District, Tamil Nadu 600124, India	INR 716,200 thousand	Design, development, manufacturing, and sales of PCB products
Avary Japan Co., Ltd.	2019.07.30	Suite 808, 1-chōme-12-9 Shinbashi, Minato City, Tōkyō-to, Japan	JPY 98,000 thousand	Investigation and analysis of market trends, expansion of new customer and supplier base, development of new technologies, materials, equipment, and machines
Fu Bo Industrial (Shenzhen) Co., Ltd.	1998.08.03	AVARY Park, Songluo Road, Yanchuan Community, Yanluo Street, Bao'an District, Shenzhen, Guangdong Province, China	RMB 110,070 thousand	Design, development, manufacturing, and sales of PCB products
Kui Sheng Technology (Shenzhen) Limited	2017.03.28	AVARY Park, Songluo Road, Yanchuan Community, Yanluo Street, Bao'an District, Shenzhen, Guangdong Province, China	RMB 20,000 thousand	Design, development, manufacturing, and sales of PCB products
Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	2007.01.25	No.18, Tengfei Road, Qinhuangdao Economic and Technological Development Zone, Hebei Province, China	RMB 2,338,456 thousand	Design, development, manufacturing, and sales of PCB products
Honghengsheng ElectroniTechnology (Huai'an) Co., Ltd.	2006.12.06	No.168, Fushikang Road, Huai'an Economic and Technological Development Zone, Jiangsu Province, China (within the Comprehensive Bonded Zone)	RMB 926,487 thousand	Design, development, manufacturing, and sales of PCB products
Yuding Precision Electronics (Huai'an) Co., Ltd.	2014.06.23	No. 18, Pengding Road, Huai'an Economic and Technological Development Zone, Jiangsu Province, China	RMB 240,940 thousand	Design, development, manufacturing, and sales of PCB products

Name of companies	Date of establishment	Address	Capital	Principal business or core products
Qingding Precision Electronics (Huai'an) Co., Ltd.	2014.06.23	No. 8, Pengding Road, Huai'an Economic and Technological Development Zone, Jiangsu Province, China	RMB 2,650,526 thousand	Design, development, manufacturing, and sales of PCB products
Avary Holding Investment (Shenzhen) Co., Ltd.	2020.01.19	AVARY Park, Songluo Road, Yanchuan Community, Yanluo Subdistrict, Bao'an District, Shenzhen, Guangdong Province, China	RMB 185,000 thousand	Investing in production businesses, project investments, corporate management consulting, and economic information consulting services (excluding recruitment agency services, insurance, securities, financial business, and other restricted items)
Avary Logistics Services (Shenzhen) Co. Ltd.	2021.12.20	1F, Building A, Pengding Age Building, No. 2038, Haixiu Rd., Haibing Community, Xin'an Subdistrict, Bao'an District, Shenzhen, Guangdong Province	—	Property management. Parking lot services; Consolidate business entity management services; Corporate image planning; Etiquette services; Conference and exhibition services; Building cleaning services; Hotel management; Domestic trade agency; Park greenification construction; City greenification management.
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	2019.08.26	SL11, No. 8, Langdong Road, Yanchuan Community, Yanluo Subdistrict, Bao'an District, Shenzhen, Guangdong Province, China	US\$ 88,541 thousand	General Business Scope: Sales of self-manufactured products and proved related technological and after-sales services, lease of owned properties, wholesale of electronic products, import and export of electronic products and related services. Approved Business Scope: Research, development, and production of IC packaging substrate, materials for IC only, system-level packaging substrate, and solder ball

Name of companies	Date of establishment	Address	Capital	Principal business or core products
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Name of companies	Date of establishment	Address	Capital	Principal business or core products
Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	2021.03.29	No.18-2, Tengfei Road, Qinhuangdao Economic and Technological Development Zone, Hebei, China	RMB 200,000 thousand	The technological development, technical services, manufacturing, and sales of integrated circuit materials, systems in package, redistribution layer materials, ball grid array substrates and materials, real-time programmable grid array substrates and materials, chip scale package substrates and materials, multi-chip component substrates and materials, integrated circuit package substrates, embedded component substrates and materials, solder bump substrates, and new electronic components and equipment; Leasing of owned housing; Wholesale of electronics products; Import/export of cargo and technology.
Qiding Technology (Qinhuangdao) Co., Ltd.	2016.08.08	No.18-2, Tengfei Road, Qinhuangdao Economic and Technological Development Zone, Hebei, China	RMB 668,870 thousand	Design, development, manufacturing, sales, and wholesale of electronics products, and import/export of related products
Huaian Jia Wei Industrial Development Co., Ltd.	2018.07.05	Room A306, Building 2, No. 111, Yingbin Avenue, Huai'an Economic and Technological Development Zone, Jiangsu Province, China	US\$ 28,000 thousand	Manufacturing and sales of building materials, furniture, and hardware tools; Sales of decorative materials; Business information consultation; Catering management; Catering services
BoardTek Electronics Corp.	1987.06.08	No. 16, Jingjian 1st Road, Guanyin Industrial Park, Guanyin District, Taoyuan City, Taiwan	NT\$ 959,185 thousand	Design, development, manufacturing, and sales of PCB products
BoardTek Investment Co., Ltd.	2020.12.07	No. 16, Jingjian 1st Road, Guanyin Industrial Park, Guanyin District, Taoyuan City, Taiwan	NT\$ 248,294 thousand	General investment services

3. Information of common shareholders who are presumed to have controlling and subordinate relationship: None

4. Status of operation for various affiliated companies:

As of December 31,2021; Unit: various currencies

Name of business	Currency	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Current profit and loss	Earnings per share
Zhen Ding Technology Co., Ltd.	NTD	125,488,000	2,786,800,336	615,367,753	2,171,432,583	3,756,019,820	(397,478,211)	(421,816,451)	(33.61)
Monterey Park Finance Limited	USD	976,250,000	3,323,475,009	—	3,323,475,009	—	(51,889)	407,206,190	0.42
Coppertone Enterprises Limited	USD	102,785,806	2,652,135,855	—	2,652,135,855	—	(3,035)	335,701,776	3.27
Pacific Fair International Limited	USD	273,500,000	419,812,161	7,504,606	412,307,555	—	(7,010)	33,648,700	—
Mayco Industrial Limited	USD	1,195,107,940	2,665,826,639	13,746,328	2,652,080,311	—	(593,092)	335,704,805	—
FAT Holdings Limited	USD	5,000	25,100,913	—	25,100,913	—	(8,385)	(36,376)	(7.28)
Zhen Ding Technology Singapore Private Limited	USD	30,000,000	29,994,830	—	29,994,830	—	(12,282)	102,038	—
Zhen Ding Technology India Private Limited	INR	100,000	77,490	876,511	(799,021)	—	(899,021)	(899,021)	—
Zhen Ding Developer India Private Limited	INR	2,100,100,000	2,107,124,241	2,498,752	2,104,625,489	—	(21,460,786)	4,525,489	—
Leading Interconnect International Limited	USD	1	4,595,383	4,432,894	162,489	24,067,550	(202,893)	(202,826)	—
Garuda Technology Co., Ltd.	NTD	1,525,000,000	7,772,682,986	6,118,663,284	1,654,019,702	17,835,400,914	163,823,560	(11,942,427)	(0.08)
Garuda International Limited	USD	59,000,000	1,603,690,497	1,316,213,586	287,476,911	5,186,885,443	63,180,922	59,767,239	—
Avary Singapore Private Limited	USD	64,237,730	36,571,152	—	36,571,152	—	(24,119)	(22,715,641)	—
Avary Technology (India) Private Limited	INR	716,200,000	4,992,637,665	6,282,691,278	(1,290,053,613)	112,928,053	(1,390,921,215)	(1,678,828,407)	—
Avary Japan Co., Ltd.	JPY	98,000,000	35,365,597	8,960,157	26,405,440	—	(70,688,916)	(70,890,382)	—

Name of business	Currency	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Current profit and loss	Earnings per share
Avary Holding (Shenzhen) Co., Limited	RMB	2,321,475,816	28,986,375,395	5,204,113,090	23,782,262,305	15,555,863,324	1,723,504,602	3,382,608,441	—
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	RMB	2,338,456,231	9,293,170,379	2,783,476,736	6,509,693,643	9,844,477,962	1,390,921,894	1,280,934,534	—
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	RMB	926,487,130	2,307,020,004	2,297,591,828	9,428,176	1,552,782,432	(75,362,190)	(130,765,182)	—
Fu Bo Industrial (Shenzhen) Co., Ltd.	RMB	110,069,974	163,583,061	17,054,291	146,528,770	—	(4,492,053)	859,964	—
Kui Sheng Technology (Shenzhen) Limited	RMB	20,000,000	94,965,560	59,252,364	35,713,196	310,250,502	2,446,817	2,473,423	—
Yu Ding Precision Electronics (Huaian) Co., Ltd.	RMB	240,940,100	342,687,120	121,122,972	221,564,148	—	(10,351,110)	3,426,346	—
Qing Ding Precision Electronics (Huaian) Co., Ltd.	RMB	3,160,582,036	9,144,378,642	4,643,745,739	4,500,632,903	10,453,056,588	304,794,105	338,608,013	—
Avary Holding Investment (Shenzhen) Co., Ltd.	RMB	185,000,000	207,040,525	5,515,932	201,524,593	—	(3,016)	9,011,203	—
Avary Logistics Services (Shenzhen) Co. Ltd.	RMB	—	—	—	—	—	—	—	—
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	RMB	742,036,433	1,934,857,836	796,605,032	1,138,252,804	—	(6,373,311)	19,945,451	—
Leading Interconnect Semiconductor Technology	RMB	200,000,000	387,140,172	188,654,137	198,486,035	—	(1,056,375)	(1,513,965)	—

Name of business	Currency	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Current profit and loss	Earnings per share
Qinhuangdao Co., Ltd.									
Qi Ding Technology Qinhuangdao Co., Ltd.	RMB	477,026,000	1,283,576,696	613,938,831	669,637,865	1,165,216,065	247,424,370	261,946,438	—
Huaian Jia Wei Industrial Development Co., Ltd.	RMB	163,187,510	161,558,741	9,000	161,549,741	—	(300,315)	(293,534)	—
BoardTek Electronics Corp.	NTD	959,184,530	7,419,539,470	6,117,024,684	1,302,514,786	5,643,151,790	(797,930,158)	(818,089,357)	(8.53)
BoardTek Investment Co., Ltd.	NTD	248,293,620	281,493,976	160,000	281,333,976	—	(197,494)	9,227,387	0.37

5. Information of directors, supervisors and presidents in all affiliated companies:

As of March 31, 2022

Name of affiliated companies	Title	Name or representative	Number of shares held	
			Number of shares	Number of shares
Zhen Ding Technology Co., Ltd.	Chairman	Zhen Ding Technology Holding Limited - Chang-Fang Shen	12,548,800	100%
	Director	Zhen Ding Technology Holding Limited - Te-Wang Hsiao		
	Director	Zhen Ding Technology Holding Limited - Wei-Chen Yang		
	Supervisor	Zhen Ding Technology Holding Limited - Che-Hung Yu		
Monterey Park Finance Limited	Director	Zhen Ding Technology Holding Limited - Chang-Fang Shen	976,250,000	100%
Coppertone Enterprises Limited	Director	Monterey Park Finance Limited - Chang-Fang Shen	102,785,806	100%
Pacific Fair International Limited	Director	Monterey Park Finance Limited - Chang-Fang Shen	2,133,300,000	100%
Mayco Industrial Limited	Director	Coppertone Enterprises Limited - Chang-Fang Shen	9,321,841,932	100%
FAT Holdings Limited	Director	Zhen Ding Technology Co., Ltd. - Chang-Fang Shen	5,000	100%
Zhen Ding Technology Singapore Private Limited	Director	Zhen Ding Technology Holding Limited	30,000,000	100%
	Director	Wen-Yi Bo	—	—
	Director	Wei-Ping Chen	—	—
Zhen Ding Technology India Private Limited	Director	Qin-Ping Lin	—	—
	Director	Jia-Xiong Ni	—	—
Zhen Ding Developer India Private Limited	Director	Qin-Ping Lin	—	—
	Director	Jia-Xiong Ni	—	—
Leading Interconnect International Limited	Director	Monterey Park Finance Limited - Ting-Chuan Li	1	100%
Avary Holding (Shenzhen) Co., Limited	Chairman	Chang-Fang Shen	14,564,456	0.63%
	Director	Che-Hung Yu	—	—
	Director	Long Long	—	—
	Director	Tian-Yang Zhao	—	—
	Director	Jen-Shou Hsu	—	—
	Director	Chung-Hsing Huang	—	—
	Director	Po Chang	—	—
	Supervisor	Cheng-En Ko	—	—
	Supervisor	Hsiu-Ching Tsang	—	—
	Supervisor	Chun-Na Miao	241,418	0.01%
Garuda Technology Co., Ltd.	Chairman	Garuda International Limited - Wei-Chen Yang	152,500,000	100%
	Director	Garuda International Limited - Te-Wang Hsiao		
	Director	Garuda International Limited - Tun Ling		
	Supervisor	Garuda International Limited - Che-Hung Yu		
Garuda International Limited	Director	Avary Holding (Shenzhen) Co., Limited - Te-Wang Hsiao	460,200,000	100%

Name of affiliated companies	Title	Name or representative	Number of shares held	
			Number of shares	Number of shares
Avary Singapore Private Limited	Director	Ming-Hao Wu	—	—
	Director	Avary Holding (Shenzhen) Co., Limited - Fu-Lai Chen	64,130,000	100%
Avary Technology (India) Private Limited	Director	Zhang-Yao Chen	—	—
	Director	Qin-Ping Lin	—	—
	Director	Qing-Hong Bi	—	—
Avary Japan Co., Ltd.	Director	Kashiwatani Shinichi	—	—
Fu Bo Industrial (Shenzhen) Co., Ltd.	Chairman	Jung-Hsien Hsueh	—	—
	Director	Ming-Tsan Kao	—	—
	Director	Chin-Sheng Lin	—	—
	Supervisor	Hao-Hsu Li	—	—
Kui Sheng Technology (Shenzhen) Limited	Executive Director	Chung Lin Fu	—	—
	Supervisor	Wen-Tai Tai	—	—
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Chairman	Fang-Hsien Hsu	—	—
	Director	Meng-Chih Liu	—	—
	Director	Chen-Kun Fan	—	—
	Supervisor	Kun-Hsing Chen	—	—
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Chairman	I-Hung Lin	—	—
	Director	Chen-Kun Fan	—	—
	Director	Wei-Chung Lin	—	—
	Supervisor	Hsien-Chun Peng	—	—
Yuding Precision Electronics (Huai'an) Co., Ltd.	Chairman	I-Hung Lin	—	—
	Director	Meng-Chih Liu	—	—
	Director	Hsien-Chun Peng	—	—
	Supervisor	Wei-Chung Lin	—	—
Qingding Precision Electronics (Huai'an) Co., Ltd.	Chairman	Chen-Kun Fan	—	—
	Director	I-Hung Lin	—	—
	Director	Wei-Chung Lin	—	—
	Supervisor	Hsien-Chun Peng	—	—
Avary Holding Investment (Shenzhen) Co., Ltd.	Executive Director	Te-Wang Hsiao	—	—
	Supervisor	Hsu-Hua Wang	—	—
Avary Logistics Services (Shenzhen) Co. Ltd.	Executive Director	Te-Wang Hsiao	—	—
	Supervisor	Zhi-Chuan Liu	—	—
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Executive Director	Ting-Chuan Li	—	—
	Supervisor	Chin-Teng Chang	—	—
Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Executive Director	Ting-Chuan Li	—	—
	Supervisor	Chin-Teng Chang	—	—
Qiding Technology (Qinhuangdao) Co.,	Executive Director	Chang-Fang Shen	—	—

Name of affiliated companies	Title	Name or representative	Number of shares held	
			Number of shares	Number of shares
Ltd.	Supervisor	Pang-Chi Liu	—	—
Huaian Jia Wei Industrial Development Co., Ltd.	Executive Director	Chin-Teng Chang	—	—
	Supervisor	Wei-Ping Chen	—	—
BoardTek Electronics Corp.	Chairman	Zhen Ding Technology Holding Limited - Di-Guang Yang	95,918,453	100%
	Director	Zhen Ding Technology Holding Limited - Jian-Cheng Lee		
	Director	Zhen Ding Technology Holding Limited - Guo-Qian Kao		
	Supervisor	Zhen Ding Technology Holding Limited - Hsu-Hua Wang		
BoardTek Investment Co., Ltd.	Chairman	BoardTek Electronics Corp. - Di-Guang Yang	24,829,362	100%
	Director	BoardTek Electronics Corp. - Jian-Cheng Lee		
	Director	BoardTek Electronics Corp. - Guo-Qian Kao		
	Supervisor	BoardTek Electronics Corp. - Hsu-Hua Wang		

(II) Consolidated Financial Statement of Affiliates: please refer to page 219 to 326 of the Annual Report for more information.

(III) Affiliated Company Consolidated Financial Report Statement: Not applicable.

II. Private Placement of Securities of the Most Recent Year as of the Publication Date of This Report: None.

III. Securities Acquired, Disposed of, or Held by Subsidiaries in the Most Recent Year as of the Publication Date of This Report:

BoardTek Investment Co., Ltd. holds shares of the Company.

IV. Other Necessary Supplemental Information: None.

V. Events with Major Impacts on Shareholder Equity or Share Value Described in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the Most Recent Year as of the Publication Date of This Report: None.

VI. Explanation of Material Differences Between the Company's Articles of Incorporation and Protection of Shareholders' Equity Required by the Laws of the Republic of China:

The Company does not intend to handle distribution of earnings or make-up of deficit at the end of each quarter or halfway through the fiscal year. Therefore, we did not include rules on the distribution of earnings or make-up of deficit at the end of each quarter or halfway through the fiscal year in our amendments to the Articles of Incorporation. In addition, our amendments to the Articles of Incorporation have incorporated matters concerning the protection of shareholders of issuer as indicated in the "Checklist of Shareholders Rights Protection with respect to Foreign Issuer's Place of Incorporation", which was announced by the Taiwan Stock Exchange on March 11, 2022.

Important Matters Concerning the Protection of Shareholders' Equity	Provisions of the Company Act or Securities and Exchange Act	Provisions Contained in the Articles of Incorporation and Reasons for Differences
II. Procedure for Convening a Shareholders' Meeting or Method of Adopting Resolutions		
<p>1. Shareholders' meetings shall be convened within the territory of the Republic of China. If a shareholders' meeting is convened outside the territory of the Republic of China, it shall be resolved by the Board of Directors or permitted by the competent authority and then reported to the stock exchange for approval within two days.</p> <p>2. Shareholders who have continuously held 3% or more of the total number of outstanding shares for a period of one year or longer may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the Board of Directors to call a special meeting of shareholders. If the Board of</p>	<p>Paragraphs 1 and 2, Article 173 of the Company Act</p>	<p>The Companies Law of the Cayman Islands does not stipulate that shareholders must obtain the approval of the authority of the Cayman Islands in order to convene an extraordinary shareholders' meeting independently. Therefore, Article 17.2 of the Articles of Incorporation does not specify that shareholders shall obtain approval of the competent authority before convening an extraordinary shareholders' meeting independently. If shareholders convene an extraordinary shareholders' meeting independently outside the territory of the Republic of China, it requires no approval from the authority of the Cayman Islands. Therefore, Article 18.5 of the Articles of Incorporation</p>

Important Matters Concerning the Protection of Shareholders' Equity	Provisions of the Company Act or Securities and Exchange Act	Provisions Contained in the Articles of Incorporation and Reasons for Differences
<p>Directors fails to send a notice of shareholders' meeting within 15 days after the request is made, the shareholders may convene the meeting with the approval of the competent authority.</p>		<p>only specifies that prior approval of Taiwan Stock Exchange shall be obtained rather than that "it shall be permitted by the regulator and then reported to the stock exchange for approval within two days" as required in by the Important Matters Concerning the Protection of Shareholders' Equity.</p>
<p>When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means; however, when the Company holds a shareholders meeting outside the territory of the Republic of China, it shall allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. If the shareholder decides to attend the shareholders' meeting in person after submitting a written or electronic vote, a proper declaration of withdrawal must be issued in the same method as did the original vote no later than one day before the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.</p>	<p>Article 177-1 of the Company Act Article 177-2 of the Company Act</p>	<p>According to the lawyers in the Cayman Islands, the Companies Law of the Cayman Islands does not specify that a shareholder who exercises his/her voting power by correspondence or electronic means shall be deemed to have attended the said shareholders' meeting in person; in addition, lawyers in the Cayman Islands have not found any relevant cases. Therefore, the Articles of Incorporation specifies that a shareholder who exercises his/her voting power by correspondence or electronic means shall be deemed to have authorized the chairperson to exercise his/her voting power at the shareholders' meeting and that the voting power which the chairperson is authorized to exercise shall not be subject to the provision that the number of voting power represented shall not exceed 3% of the voting rights of the total shares issued. Article 24.4 of the Company's Articles of Incorporation stipulates that "When a shareholder exercises the voting right by correspondence or electronic means at a shareholders' meeting according to the aforesaid provision, he/she shall be deemed to appoint the chairperson as a proxy to exercise the voting right at the shareholders' meeting as instructed by the shareholder by correspondence or electronic means. This is different from the provision that "a shareholder exercising voting rights</p>

Important Matters Concerning the Protection of Shareholders' Equity	Provisions of the Company Act or Securities and Exchange Act	Provisions Contained in the Articles of Incorporation and Reasons for Differences
		by correspondence or electronic means will be deemed to have attended the meeting in person", as prescribed in the Important Matters Concerning the Protection of Shareholders' Equity. In addition, Article 25.3 of the Company's Articles of Incorporation stipulates that such a voting right which the chairperson of the shareholders' meeting has on behalf of the shareholder shall not be subject to the provision that the number of voting power represented shall not exceed 3% of the voting rights of the total shares issued.
<p>For the following motions that relate to major equity of the shareholders, the resolution shall be adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares. In the event the total number of shares represented by the shareholders present at a shareholders' meeting is not sufficient to meet the criteria specified in the preceding paragraph, the resolution to be made thereto may be adopted by two-thirds or more of the attending shareholders who represent a majority of the total outstanding shares of the Company:</p> <ol style="list-style-type: none"> 1. Enter into, amend or terminate any contract for lease of the Company's business in whole, or for entrusted business, or for regular joint operation with another party, transfer the whole or any essential part of its business or assets, or accept the transfer of the entirety of a business or asset from another party, in which the transfer has a great bearing on the business operation of the Company. 2. Changes to constitution 3. Resolve at the preferred shareholders' meeting on an amendment to the Articles of 	<p>Article 185 of the Company Act Article 209 of the Company Act Article 227 of the Company Act Article 277 of the Company Act Paragraph 1, Article 240 of the Company Act Article 316 of the Company Act Article 43-6 of the Securities and Exchange Act</p>	<p>1 Regarding the resolutions at a shareholders' meeting, in addition to the ordinary resolution and supermajority resolution under the laws of the Republic of China, Article 1.1 of the Company's Articles of Incorporation defines the special resolution under the Companies Law of the Cayman Islands. According to the definition, the special resolution means a resolution passed at a general meeting of the Company by a majority of at least two-thirds of the votes cast by shareholders (who, being entitled to do so, vote in person or by their proxies), and the notice of the meeting has legally stated that the resolution will be passed through a special resolution; however, the Company's Articles of Incorporation may specify a higher percentage and stipulate that matters subject to a special resolution may be passed by different percentages (but not less than two-thirds). Certain matters subject to a supermajority resolution in the Checklist of Shareholders Rights</p>

Important Matters Concerning the Protection of Shareholders' Equity	Provisions of the Company Act or Securities and Exchange Act	Provisions Contained in the Articles of Incorporation and Reasons for Differences
<p>Incorporation that prejudices the rights of preferred shareholders.</p> <p>4. Resolve on the distribution of stock and cash dividends through the issuance of new shares, in all or in part.</p> <p>5. Resolve on the liquidation, merger or divestment of the Company.</p> <p>6. Private placement of securities.</p>		<p>Protection with respect to Foreign Issuer's Place of Incorporation are subject to a special resolution in the Articles of Incorporation under the Companies Law of the Cayman Islands (refer to Point 2 below). Because these differences arise from the Companies Law of the Cayman Islands, and the Company's Articles of Incorporation have already listed matters subject to a supermajority resolution in the Checklist of Shareholders Rights Protection with respect to Foreign Issuer's Place of Incorporation in matters subject to a supermajority resolution and those subject to a special resolution separately, this shall have a limited impact on the shareholders' equity.</p> <p>2 According to the Companies Law of the Cayman Islands, the following matters shall be passed by a special resolution:</p> <p>(1) Amendment to the Articles of Incorporation:</p> <p>According to the laws of the Cayman Islands, any amendments to the Articles of Incorporation shall be passed by a special resolution prescribed in the Companies Law of the Cayman Islands. As a result, the threshold of a resolution on any amendments to the Articles of Incorporation as set forth in Article 11.3 of the Articles of Incorporation is not changed into a supermajority resolution in accordance with the Checklist of Shareholders Rights Protection with respect to Foreign Issuer's</p>

Important Matters Concerning the Protection of Shareholders' Equity	Provisions of the Company Act or Securities and Exchange Act	Provisions Contained in the Articles of Incorporation and Reasons for Differences
		<p>Place of Incorporation. Furthermore, according to Article 12 of the Articles of Incorporation, if any amendments or changes to the Articles of Incorporation may prejudice the preferential rights of any class of shares, such amendments or changes shall be passed by a special resolution under the Companies Law of the Cayman Islands, and shall also be passed by a special resolution under the Companies Law of the Cayman Islands at a separate meeting of shareholders of that class of shares.</p> <p>(2) Dissolution: According to the laws of the Cayman Islands, if a company is voluntarily liquidated and dissolved because it is unable to repay its debts due, its dissolution shall be adopted by a resolution at a shareholders' meeting; however, if a company is voluntarily liquidated and dissolved for reasons other than the above, its dissolution shall be adopted by a special resolution in accordance with the Companies Law of the Cayman Islands. Therefore, the threshold of a resolution on the voluntary liquidation and dissolution of the Company as set forth in Article 11.5 of the Articles of Incorporation is not changed into a supermajority resolution in accordance with the Checklist of Shareholders Rights Protection with</p>

Important Matters Concerning the Protection of Shareholders' Equity	Provisions of the Company Act or Securities and Exchange Act	Provisions Contained in the Articles of Incorporation and Reasons for Differences
		<p>respect to Foreign Issuer's Place of Incorporation.</p> <p>(3) Merger: Because the Companies Law of the Cayman Islands has a mandatory requirement for voting on the "mergers defined by the laws of the Cayman Islands", Subparagraph (b), Article 11.4 of the Articles of Incorporation specifies that "mergers" (except for "acquisitions and/or mergers under the Companies Law of the Cayman Islands that shall be passed by a special resolution) shall be passed by a supermajority resolution.</p> <p>The aforementioned differences are caused by different regulations provided by the laws of the Cayman Islands. Although the Company only requires an ordinary resolution to proceed when "it is voluntarily liquidated and dissolved because it is unable to repay its debts due," this shall be regarded as more favorable to shareholders, and is only applicable in certain circumstances. This shall have a limited impact on the shareholders' equity.</p>
<ol style="list-style-type: none"> 1. The Articles of Incorporation shall stipulate that the distribution of earnings or make-up of deficit may be proposed at the end of each quarter or halfway through the fiscal year. 2. The proposal of earnings distribution or make-up of deficit for the first three quarters or first half of the fiscal year, together with the business report and financial statements, shall be forwarded to supervisors or the Audit Committee for their auditing, and afterwards be submitted to the Board of Directors for approval. 	Article 228-1 of the Company Act	<p>According to the lawyers in the Cayman Islands, because the Company does not intend to handle distribution of earnings or make-up of deficit at the end of each quarter or halfway through the fiscal year, amendments to the Articles of Incorporation do not include rules on the distribution of earnings or make-up of deficit at the end of each quarter or halfway through the fiscal year. In addition, the amendments to the Articles of Incorporation have included matters concerning the protection of shareholders of issuer as indicated in the "Checklist of</p>

Important Matters Concerning the Protection of Shareholders' Equity	Provisions of the Company Act or Securities and Exchange Act	Provisions Contained in the Articles of Incorporation and Reasons for Differences
<p>3. A company distributing earnings in accordance with the provision of the preceding paragraph shall estimate and reserve the taxes and dues to be paid, the losses to be covered and the legal reserve to be set aside. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply.</p> <p>4. A company shall distribute earnings in the form of new shares to be issued by the company in accordance with the provision of Paragraph 2 by a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares of the company. In the event the total number of shares represented by the shareholders present at a shareholders' meeting is not sufficient to meet the criteria specified in the preceding paragraph, the resolution to be made thereto may be adopted by two-thirds or more of the attending shareholders who represent a majority of the total outstanding shares of the Company. If such earnings is distributed in the form of cash, it shall be approved by a meeting of the Board of Directors.</p> <p>5. Earnings distribution or make up of deficit by a company in accordance with the provisions of the preceding four paragraphs shall be made based on the financial statements audited or reviewed by a CPA.</p>		<p>Shareholders Rights Protection with respect to Foreign Issuer's Place of Incorporation", which was announced by the Taiwan Stock Exchange on November 30, 2018.</p>

Important Matters Concerning the Protection of Shareholders' Equity	Provisions of the Company Act or Securities and Exchange Act	Provisions Contained in the Articles of Incorporation and Reasons for Differences
III. Authority and Responsibility of Directors		
<ol style="list-style-type: none"> 1. Supervisors of a company shall be elected by a shareholders' meeting, among them at least one supervisor shall have a domicile within the territory of the Republic of China. 2. The term of office of a supervisor shall not exceed three years. However, a supervisor may be eligible for re-election. 3. In case all supervisors of a company are discharged, the Board of Directors shall, within 60 days, convene an extraordinary shareholders' meeting to elect new supervisors. 4. Supervisors shall supervise the business operations of the Company. The supervisors may, whenever deemed necessary, inspect the business and financial status of the Company, examine relevant accounting reports and documents and request the board of directors or managers to provide relevant reports. 5. Supervisors shall audit the various statements and record prepared for submission to a shareholders' meeting by the Board of Directors, and shall make a report of their opinions at the shareholders' meeting. 6. In performing their functional duties, supervisors may appoint, on behalf of the company, a CPA and a practicing lawyer to conduct the examination. 7. Supervisors may be invited to present opinions in board of directors meetings. In the event that the Board of Directors or directors violate laws, articles of incorporation, or resolutions of shareholders' meetings when performing duties, the supervisors shall notify the Board of Directors or directors to cease such conducts. 	<p>Articles 216 to 222 of the Company Act.</p>	<p>The Companies Law of the Cayman Islands does not have the concept of supervisors. The Company has set up an Audit Committee; therefore, the Articles of Incorporation does not have any provisions relating to supervisors.</p>

Important Matters Concerning the Protection of Shareholders' Equity	Provisions of the Company Act or Securities and Exchange Act	Provisions Contained in the Articles of Incorporation and Reasons for Differences
<p>8. Supervisors may each exercise their supervision power individually.</p> <p>9. A supervisor shall not be concurrently a director, a managerial officer, or an employee of the company.</p>		



Zhen Ding Technology Holding Limited

Chairman: Chang-Fang Shen