

**ZHEN DING TECHNOLOGY HOLDING
LIMITED AND SUBSIDIARIES**
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE THREE-MONTH PERIODS ENDED
MARCH 31, 2021 AND 2020

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Zhen Ding Technology Holding Limited and its subsidiaries as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income for the three-month periods ended March 31, 2021 and 2020; consolidated statements of changes in equity and of cash flows for the six-month periods then ended; and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Zhen Ding Technology Holding Limited and its subsidiaries as of March 31, 2021 and 2020; its consolidated financial performance for the three-month periods ended March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the three-month periods ended March 31, 2021 and 2020, in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission.

Hsu, Yung-Chien

Feng, Min-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan
May 7, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2021; DECEMBER 31, 2020 AND MARCH 31, 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			March 31, 2021		December 31, 2020		March 31, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Assets								
Notes								
Current assets								
1100	Cash and cash equivalents	6(1) and 8	\$ 46,758,770	27	\$ 44,222,887	24	\$ 44,154,406	33
1136	Current financial assets at amortised cost	6(1) and 8	1,998,219	1	2,552,215	1	3,308,492	3
1170	Accounts receivable, net	6(4)	17,298,415	10	31,048,067	17	12,034,080	9
1180	Accounts receivable due from related parties, net	6(4) and 7	2,632,030	1	2,693,088	2	2,343,670	2
1200	Other receivables	6(5)	342,734	-	1,002,641	1	519,927	-
130X	Inventories	6(6)	16,856,767	10	12,998,784	7	11,248,681	8
1410	Prepayments	6(8)	4,160,661	2	4,780,208	3	2,585,231	2
1470	Other current assets	8	28,465	-	14,115	-	-	-
11XX	Total current assets		90,076,061	51	99,312,005	55	76,194,487	57
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)	929,030	1	753,522	-	553,149	1
1517	Non-current financial assets at fair value through other comprehensive income	6(7)	404,135	-	431,266	-	179,986	-
1600	Property, plant and equipment	6(8) and 8	72,387,038	41	68,177,175	38	45,440,605	34
1755	Right-of-use assets	6(9)	8,758,062	5	8,609,465	5	7,858,942	6
1780	Intangible assets	6(10)	2,169,689	1	2,165,029	1	619,427	1
1840	Deferred income tax assets	6(30)	1,328,381	1	1,285,039	1	1,302,366	1
1990	Other non-current assets	6(11) and 8	422,325	-	386,986	-	428,174	-
15XX	Total non-current assets		86,398,660	49	81,808,482	45	56,382,649	43
1XXX	Total assets		\$ 176,474,721	100	\$ 181,120,487	100	\$ 132,577,136	100

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ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2021; DECEMBER 31, 2020 AND MARCH 31, 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	March 31, 2021		December 31, 2020		March 31, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(12)	\$ 14,776,111	9	\$ 12,838,545	7	\$ 9,185,547	7
2110	Short-term notes and bills payable	6(13)	499,450	-	949,666	-	-	-
2170	Accounts payable		17,184,647	10	22,863,017	13	10,251,692	8
2180	Accounts payable to related parties	7	634,746	-	986,556	1	410,430	-
2200	Other payables	6(14)	18,216,378	10	15,831,329	9	10,039,006	8
2230	Current income tax liabilities		934,897	1	777,204	-	1,310,554	1
2280	Current lease liabilities		133,060	-	132,310	-	84,568	-
2320	Long-term liabilities, current portion	6(16)	8,670,452	5	8,888,537	5	-	-
2399	Other current liabilities		141,332	-	156,634	-	33,573	-
21XX	Total current liabilities		<u>61,191,073</u>	<u>35</u>	<u>63,423,798</u>	<u>35</u>	<u>31,315,370</u>	<u>24</u>
	Non-current liabilities							
2530	Bonds payable	6(15)	10,553,554	6	10,480,741	6	-	-
2540	Long-term borrowings	6(16)	458,067	-	39,986	-	9,057,664	7
2570	Deferred income tax liabilities	6(30)	2,124,678	1	2,022,315	1	1,055,451	1
2580	Non-current lease liabilities		491,722	-	523,511	-	130,665	-
2600	Other non-current liabilities		578,279	1	592,260	1	379,606	-
25XX	Total non-current liabilities		<u>14,206,300</u>	<u>8</u>	<u>13,658,813</u>	<u>8</u>	<u>10,623,386</u>	<u>8</u>
2XXX	Total liabilities		<u>75,397,373</u>	<u>43</u>	<u>77,082,611</u>	<u>43</u>	<u>41,938,756</u>	<u>32</u>
	Equity							
	Equity attributable to owners of parent							
	Share capital	6(19)						
3110	Ordinary share		9,470,492	5	9,470,492	5	9,022,299	7
	Capital surplus	6(20)						
3200	Capital surplus		35,682,502	20	35,671,212	19	29,551,285	23
	Retained earnings	6(21)						
3310	Legal reserve		5,219,158	3	5,219,158	3	4,350,638	3
3320	Special reserve		5,014,697	3	5,014,697	3	2,948,306	2
3350	Unappropriated retained earnings		24,115,569	14	27,429,476	15	27,190,092	20
	Other equity interest	6(22)						
3400	Other equity interest		(4,652,672)	(3)	(4,130,316)	(2)	(5,746,428)	(4)
3500	Treasury stock		(257,489)	-	(257,489)	-	-	-
31XX	Total equity attributable to owners of parent		<u>74,592,257</u>	<u>42</u>	<u>78,417,230</u>	<u>43</u>	<u>67,316,192</u>	<u>51</u>
36XX	Non-controlling interests		<u>26,485,091</u>	<u>15</u>	<u>25,620,646</u>	<u>14</u>	<u>23,322,188</u>	<u>17</u>
3XXX	Total equity		<u>101,077,348</u>	<u>57</u>	<u>104,037,876</u>	<u>57</u>	<u>90,638,380</u>	<u>68</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	Total liabilities and equity		<u>\$ 176,474,721</u>	<u>100</u>	<u>\$ 181,120,487</u>	<u>100</u>	<u>\$ 132,577,136</u>	<u>100</u>

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)
(REVIEWED, NOT AUDITED)

	Item	Notes	Three-month period ended March 31, 2021		Three-month period ended March 31, 2020	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(23), 7 and 14	\$ 27,193,100	100	\$ 17,512,438	100
5000	Operating costs	6(6) and 7	(22,441,128)	(82)	(14,425,502)	(82)
5950	Gross profit from operations		4,751,972	18	3,086,936	18
	Operating expenses	6(24)				
6100	Selling expenses		(380,568)	(2)	(281,293)	(2)
6200	Administrative expenses		(1,443,265)	(5)	(722,892)	(4)
6300	Research and development expenses		(1,627,896)	(6)	(899,211)	(5)
6450	Expected credit loss in accordance with IFRS 9	12	30,587	-	32,215	-
6000	Total operating expenses		(3,421,142)	(13)	(1,871,181)	(11)
6900	Net operating income		1,330,830	5	1,215,755	7
	Non-operating income and expenses					
7100	Interest income	6(26)	93,935	-	237,209	1
7010	Other income	6(27)	587,594	2	184,833	1
7020	Other gains and losses	6(28)	23,361	-	170,016	1
7050	Finance costs	6(29)	(125,067)	(1)	(124,739)	(1)
7000	Total non-operating income and expenses		579,823	2	467,319	2
7900	Profit before income tax		1,910,653	7	1,683,074	9
7950	Income tax expense	6(30)	(519,880)	(2)	(418,979)	(2)
8200	Profit for the period		\$ 1,390,773	5	\$ 1,264,095	7

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ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)
(REVIEWED, NOT AUDITED)

			Three-month period ended March 31, 2021		Three-month period ended March 31, 2020	
Item		Notes	AMOUNT	%	AMOUNT	%
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(7)(22)	(\$ 24,897)	-	(\$ 12,062)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		3,221	-	-	-
8310	Other comprehensive income that will not be reclassified to profit or loss		(21,676)	-	(12,062)	
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Exchange differences on translation of foreign financial statements	6(22)	(684,567)	(2)	(983,843)	(5)
8300	Other comprehensive (loss) income		(\$ 706,243)	(2)	(\$ 995,905)	(5)
8500	Total comprehensive income		<u>\$ 684,530</u>	<u>3</u>	<u>\$ 268,190</u>	<u>2</u>
Profit attributable to:						
8610	Owners of the parent		\$ 947,814	3	\$ 871,717	5
8620	Non-controlling interests		442,959	2	392,378	2
			<u>\$ 1,390,773</u>	<u>5</u>	<u>\$ 1,264,095</u>	<u>7</u>
Comprehensive income attributable to:						
8710	Owners of the parent		\$ 425,458	2	\$ 139,986	1
8720	Non-controlling interests		259,072	1	128,204	1
			<u>\$ 684,530</u>	<u>3</u>	<u>\$ 268,190</u>	<u>2</u>
Basic earnings per share						
9750	Basic earnings per share	6(31)	<u>\$ 1.00</u>		<u>\$ 0.97</u>	
Diluted earnings per share						
9850	Diluted earnings per share	6(31)	\$ 0.98		\$ 0.97	

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)
(REVIEWED, NOT AUDITED)

		Equity attributable to owners of parent											
		Retained earnings					Other equity interest			Treasury stock	Total	Non-controlling interests	Total equity
		Notes	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
<u>Three-month period ended March 31, 2020</u>													
Balance at January 1, 2020			\$ 9,022,299	\$ 29,534,781	\$ 4,350,638	\$ 2,948,306	\$ 26,318,375	(\$ 4,960,710)	(\$ 53,987)	\$ -	\$ 67,159,702	\$ 23,184,399	\$ 90,344,101
Profit for the period			-	-	-	-	871,717	-	-	-	871,717	392,378	1,264,095
Other comprehensive income (loss) for the period	6(22)		-	-	-	-	-	(723,432)	(8,299)	-	(731,731)	(264,174)	(995,905)
Total comprehensive income			-	-	-	-	871,717	(723,432)	(8,299)	-	139,986	128,204	268,190
Compensation cost of employee restricted stock	6(18)		-	16,504	-	-	-	-	-	-	16,504	6,160	22,664
Change in non-controlling interests - acquisition of subsidiary equity			-	-	-	-	-	-	-	-	-	3,425	3,425
Balance at March 31, 2020			<u>\$ 9,022,299</u>	<u>\$ 29,551,285</u>	<u>\$ 4,350,638</u>	<u>\$ 2,948,306</u>	<u>\$ 27,190,092</u>	<u>(\$ 5,684,142)</u>	<u>(\$ 62,286)</u>	<u>\$ -</u>	<u>\$ 67,316,192</u>	<u>\$ 23,322,188</u>	<u>\$ 90,638,380</u>
<u>Three-month period ended March 31, 2021</u>													
Balance at January 1, 2021			\$ 9,470,492	\$ 35,671,212	\$ 5,219,158	\$ 5,014,697	\$ 27,429,476	(\$ 4,136,945)	\$ 6,629	(\$ 257,489)	\$ 78,417,230	\$ 25,620,646	\$ 104,037,876
Profit for the period			-	-	-	-	947,814	-	-	-	947,814	442,959	1,390,773
Other comprehensive income (loss) for the period	6(22)		-	-	-	-	-	(505,769)	(16,587)	-	(522,356)	(183,887)	(706,243)
Total comprehensive income			-	-	-	-	947,814	(505,769)	(16,587)	-	425,458	259,072	684,530
Appropriations and distribution of retained earnings:	6(21))												
Cash dividends			-	-	-	-	(4,261,721)	-	-	-	(4,261,721)	-	(4,261,721)
Compensation cost of employee restricted stock	6(18))		-	11,290	-	-	-	-	-	-	11,290	4,214	15,504
Change in non-controlling interests - acquisition of subsidiary equity			-	-	-	-	-	-	-	-	-	601,159	601,159
Balance at March 31, 2021			<u>\$ 9,470,492</u>	<u>\$ 35,682,502</u>	<u>\$ 5,219,158</u>	<u>\$ 5,014,697</u>	<u>\$ 24,115,569</u>	<u>(\$ 4,642,714)</u>	<u>(\$ 9,958)</u>	<u>(\$ 257,489)</u>	<u>\$ 74,592,257</u>	<u>\$ 26,485,091</u>	<u>\$ 101,077,348</u>

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,910,653	\$ 1,683,074
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	2,674,620	1,950,662
Amortisation expense	6(24)	102,560	41,576
Net gains on financial assets measured at fair value through profit or loss	6(2)	(65,671)	-
Impairment losses	6(8)	27,422	44,048
Expected credit loss	12	(30,587)	32,215)
Net loss on disposal of property, plant and equipment	6(28)	14,644	41,484
Interest income	6(26)	(93,935)	(237,209)
Interest expenses	6(29)	125,067	124,739
Share-based payment	6(18)	15,504	22,664
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		19,674	27,561
Accounts receivable		13,718,387	12,306,589
Accounts receivable due from related parties		66,651	504,529
Other receivables		680,752	773,861
Inventories		(3,915,871)	(2,800,574)
Prepayments		590,255	403,694
Other current assets		(14,361)	374
Changes in operating liabilities			
Accounts payable		(5,558,530)	(3,471,969)
Accounts payable to related parties		(343,252)	(163,946)
Other payables		(1,651,589)	(2,018,951)
Other current liabilities		(721)	(31,346)
Cash inflow generated from operations		8,271,672	9,168,645
Income tax paid		(295,187)	(779,256)
Net cash from operating activities		7,976,485	8,389,389

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ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from repayment of financial assets at amortised cost		(\$ 116,641)	(\$ 553,020)
Decrease in financial assets at amortised cost		542,838	1,467,396
Acquisition of property, plant and equipment	6(33)	(7,589,467)	(2,478,460)
Proceeds from disposal of property, plant and equipment		106,487	166,928
Acquisition of right-of-use assets		(307,957)	-
Increase of other non-current assets		(144,636)	(34,096)
Increase in other non-current liabilities		19,786	
Interest received		87,755	263,013
Net cash used in investing activities		(7,401,835)	(1,168,239)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term loans		1,998,557	(456,206)
Decrease in short-term notes and bills payable		(449,416)	-
Proceeds from long-term borrowings		428,110	-
Repayments of long-term borrowings		(229,678)	-
Decrease in guarantee deposits received		(43,394)	(33,964)
Repayments of lease liabilities		(33,620)	(22,818)
Interest paid		(66,748)	(60,702)
Change in non-controlling interests - acquisition of subsidiary equity		601,159	3,425
Net cash inflow (outflow) from financing activities		2,204,970	(570,265)
Effect of exchange rate changes on cash and cash equivalents		(243,737)	(776,783)
Net increase (decrease) in cash and cash equivalents		2,535,883	5,874,102
Cash and cash equivalents at beginning of period		44,222,887	38,280,304
Cash and cash equivalents at end of period		<u>\$ 46,758,770</u>	<u>\$ 44,154,406</u>

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
 EXCEPT AS OTHERWISE INDICATED)
 (REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANIZATION

Zhen Ding Technology Holding Limited (the 'Company', formerly named as Foxconn Advanced Technology Limited) was incorporated in the Cayman Islands in June 2006. According to the resolution of the Board of Directors in May 2011, the Company was renamed to Zhen Ding Technology Holding Limited and related registration was completed in July 2011. The registration address is Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands. The Company and its subsidiaries (collectively referred herein as the 'Group') are engaged in manufacturing, processing and selling printed circuit boards (PCBs). The Company has been listed on the Taiwan Stock Exchange since December 26, 2011.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

The consolidated financial statements were authorized for issuance by the Board of Directors on May 7, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New, Revised or Amended Standards and Interpretations	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the Temporary Exemption from Applying IFRS 9'	January 1, 2021
Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16, and IAS 39, 'Interest Rate Benchmark Reform' - Phase 2	January 1, 2021
Amendments to IFRS 16, 'Covid-19-Related Rent Concessions beyond 30 June 2021'	April 1, 2021 (coming into effect early on January 1, 2021 permitted)

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

- (2) Effects of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

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

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

New, Revised or Amended Standards and Interpretations	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the Conceptual Framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17 'Insurance contracts'	January 1, 2023
Amendments to IFRS 1 'Classification of Liabilities as Current or Non-current'	January 1, 2023
Amendment to IAS 1, 'Disclosure of Accounting Policies'	January 1, 2023
Amendment to IAS 8, 'Definition of Accounting Estimates'	January 1, 2023
Amendments to IFRS 16 'Property, Plant and Equipment — Proceeds before Intended Use'	January 1, 2022
Amendments to IFRS 37 'Onerous Contracts — Cost of Fulfilling a Contract'	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as stated otherwise, the principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all the periods presented.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the 'Regulations Governing the Preparation of Financial Reports by Securities Issuers' and the IAS 34 'Interim Financial Reporting' as endorsed by the FSC.

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets minus present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC)(collectively, "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The items involving a higher degree of judgement or complexity, or items where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. 'Subsidiaries' are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) The profit or loss and each component of other comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, and total comprehensive income shall also be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are equity transactions (i.e., transactions among owners in their capacity as owners). Difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	Zhen Ding Technology Co., Ltd.	Trading company	100	100	100	
The Company	Monterey Park Finance Limited (B.V.I.)	Holding company	100	100	100	
The Company	Zhen Ding Technology Singapore Private Limited (Singapore)	Holding company	100	100	-	(6)
The Company	BoardTek Electronics Corp.	Manufacturing company	100	100	-	(7)
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited (Cayman)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Coppertone Enterprises Limited (B.V.I.)	Holding company	100	100	100	

Name of Investor	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Monterey Park Finance Limited (B.V.I.)	Pacific Fair International Limited (Hongkong)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Henley International Limited (Hongkong)	Trading company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Qi Ding Technology Qinhuangdao Co., Ltd.	Manufacturing company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Huaian Jia Wei Industrial Development Co., Ltd.	Trading company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Manufacturing company	70.39	100	-	(4)
Coppertone Enterprises Limited (B.V.I.)	Mayco Industrial Limited (Hongkong)	Holding company	100	100	100	
Mayco Industrial Limited (Hongkong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	66.38	66.38	66.38	
Pacific Fair International Limited (Hongkong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	6.44	6.44	6.44	
Avary Holding (Shenzhen) Co., Limited	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Manufacturing company	-	-	-	(3)
Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacturing company	100	100	100	

Name of Investor	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Fu Bo Industrial (Shenzhen) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Yun Ding Technology (Shenzhen) Limited	Trading company	-	-	100	(5)
Avary Holding (Shenzhen) Co., Limited	Kui Sheng Technology (Shenzhen) Limited	Trading company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Holding Investment (Shenzhen) Co., Ltd.	Investing company	100	100	100	(1)
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited (Hongkong)	Trading company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Singapore Private Limited (Singapore)	Holding company	100	100	100	
Fu Bo Industrial (Shenzhen) Co., Ltd.	Zhan Yang Automation (Dongguan) Co., Ltd.	Trading company	60	60	60	(2)
Garuda International Limited (Hongkong)	Avary Holding (Shenzhen) Co., Limited	Trading company	100	100	100	
Garuda International Limited (Hongkong)	Avary Japan Co., Ltd. (Japan)	Trading company	100	100	100	

Name of Investor	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Avary Singapore Private Limited (Singapore)	Avary Technology (India) Private Limited (India)	Manufacturing company	100	100	100	
BoardTek Electronics Corp.	BoardTek Investment Co., Ltd.	Trading company	100	100	100	(7)

- (a) The Group invested in Avary Holding Investment (Shenzhen) Co., Ltd. in Shenzhen and included the entity in the consolidated financial statement on January 19, 2020. The entity mainly engages in investment company business.
- (b) The Group invested in Zhanyang Automation (Dongguan) Co., Ltd. in Dongguan and included the entity in the consolidated financial statement on February 3, 2020. The entity mainly engages in ATMs manufacturing business.
- (c) The Group adjusted its investment structure in 2019, disposed of all the equity of Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd., and completed registration of change on March 12, 2020.
- (d) The Group invested in Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. in Shenzhen and included the entity in the consolidated financial statement on September 4, 2020. The entity mainly engages in electronics processing and manufacturing business.

Monterey Park Finance Limited did not subscribe for the issuance of common stock by Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. in percentage of their ownership ratios in Q1 of 2021, thus its ownership ratios became 70.39%.

- (e) The Group has restructured the investment structure. Yun Ding Technology (Shenzhen) Limited has completed the winding-up process in the third quarter of 2020.
 - (f) The Group invested in Zhen Ding Technology Singapore Private Limited and included the entity in the consolidated financial statements on September 30, 2020. The entity mainly engages in holding company business.
 - (g) The Group acquired all ownership of Boardtek Electronics Corporation and its subsidiaries through share exchange and included the entity in the consolidated financial statements on November 4, 2020. The entity mainly engages in manufacturing of PCB products.
- C. Subsidiaries not included in the consolidated financial statements: None.
 - D. Adjustments for subsidiaries with different balance sheet dates: None.
 - E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.
 - F. Subsidiaries that have non-controlling interests that are material to the Group:
As of March 31, 2021, December 31, 2020 and March 31, 2020, the non-controlling interests of the Group amounted to \$26,485,091, \$25,620,646 and \$23,322,188, respectively. The information on subsidiaries and their respective non-controlling interests is as follows:

Name of subsidiary	Principal place of business	Non-controlling interests		Description
		December 31, 2020		
		Amount	Ownership (%)	
Avary Holding (Shenzhen) Co., Limited	China	\$ 25,883,938	27.18%	

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

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

Summary of the financial information of subsidiaries

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

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 63,916,414	\$ 73,276,585	\$ 63,499,811
Non-current assets	76,186,613	72,145,142	53,927,760
Current liabilities	(41,920,786)	(48,679,896)	(30,616,260)
Non-current liabilities	(2,517,640)	(2,492,413)	(1,012,399)
Total net assets	<u>\$ 95,664,601</u>	<u>\$ 94,249,418</u>	<u>\$ 85,798,912</u>

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

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Revenue	<u>\$ 24,892,216</u>	<u>\$ 17,113,115</u>
Profit before income tax	2,089,951	1,809,395
Income tax expense	(453,628)	(365,719)
Profit	1,636,323	1,443,676
Other comprehensive income, net of tax	58,920	38,197
Total comprehensive income	<u>\$ 1,695,243</u>	<u>\$ 1,481,873</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 259,072</u>	<u>\$ 128,204</u>

The consolidated statements of cash flows of Avary Holding (Shenzhen) Co., Limited

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Net cash from operating activities	\$ 7,616,951	\$ 7,571,961
Net cash used in investing activities	(7,182,844)	(1,480,305)
Net cash flows from financing activities	2,006,556	(464,655)
Effect of exchange rate changes on cash and cash equivalents	(109,468)	(539,416)
Net increase (decrease) in cash and cash equivalents	2,331,195	(5,087,585)
Cash and cash equivalents at beginning of period	24,797,571	29,230,247
Cash and cash equivalents at end of period	\$ 27,128,766	\$ 34,317,832

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Company's functional currency is USD; however, the consolidated financial statements are presented in NTD because of regulatory requirements.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss in the period in which they arise.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the Group's entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

When presenting the Group's functional currency-denominated financial statements in NT dollar, the average exchange rates were US\$1=NT\$28.37 and US\$1=NT\$30.11 for the periods January 1 to March 31, 2021 and 2020, respectively. The closing rates were US\$1=NT\$28.54, US\$1=NT\$28.48 and US\$1=NT\$30.23 as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date; or
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date

Assets not meeting the above criteria are classified by the Group as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off within twelve months from the balance sheet date; or
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities not meeting the above criteria are classified by the Group as non-current liabilities.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets measured at amortised cost or fair value through other comprehensive income are designated as the financial assets at fair value through profit or loss at initial recognition by the Group if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.
- C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently measured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.
- D. The Group recognises the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. The Group may make irrevocable election at initial recognition to recognise the changes in fair value in other comprehensive income for the investments in equity instruments that are not held for trading or the investments in debt instruments that meet both of the following conditions:
 - (a) The financial assets held within a business model whose objective is both collecting contractual cash flows and selling financial assets.
 - (b) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity instruments are recognised in other comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income shall be recorded to retained earnings and not be reclassified to profit or loss upon the derecognition. Dividends are recognised in profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.
 - (b) Except for the impairment losses, interest income and foreign exchange gains or losses which are recognised in profit or loss, the changes in fair value of debt instruments are recognised in other comprehensive income before derecognition. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are meet both of the following conditions:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not meet the condition of cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable or contract assets containing a significant financing component, lease receivables, loan commitments and financial guarantee contracts, at each balance sheet date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information (including forecasts). On the other hand, the Group recognises the impairment provision for lifetime ECLs for accounts receivable or contract assets containing a significant financing component.

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Leasing (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(15) Non-Current Assets Held for Sale (or disposal groups)

An asset is classified as held for sale when the sale of non-current asset (or disposal group) is highly probable and is being actively marketed for sale at a sales price reasonable in relation to its fair value. Non-assets (or disposal groups) held for sale are measured at the lower of carrying amount and fair value less costs to sell.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5~53 years
Machinery and equipment	2~11 years
Leasehold improvements	5 years
Other facilities	2~16 years

(17) Leasing (lessee)

- A. The Group recognises lease assets as right-of-use assets and lease liabilities at the commencement date of the lease. For short-term leases or leases of low value assets, lease payments are recognised as expenses using the straight-line method during the lease term.
- B. The Group measures right-of-use assets at cost on the commencement date of the lease. The costs include the initial measurement amount of lease liabilities and any initial direct costs incurred. The right-of-use assets are subsequently measured by adopting the cost model. The Group depreciates the right-of-use assets at the earlier of the right-of-use assets' useful life or the end of lease term.
- C. On the commencement date, the Group measures lease liabilities by the present value of outstanding lease payments, using the Group's incremental borrowing rate. Lease payments include fixed payments less any lease incentives receivable. In subsequent periods, the Group measures lease liabilities at amortised cost using the effective interest method and recognises interest expense during the lease term. If the lease term or lease payment is changed due to reasons other than amendments to the lease contracts, the Group will remeasure the lease liabilities. The remeasurement amount is then recognised as an adjustment to the right-of-use assets.

(18) Intangible assets

- A. Patents and Technical Skills
Separately acquired patents and technical skills are recognised as acquisition costs because the patents and technical skills acquired from business combinations are recognised at fair value on the date of acquisition. Patents and technical skills are assets with limited service life, and will be amortized in 5 years, based on the estimated service life using the straight-line method.
- B. Computer software
Computer software is recognised as acquisition cost and is amortised on a straight-line basis using the estimated useful lives of 3-5 years.
- C. Goodwill
Goodwill arises in a business combination accounted for by applying the acquisition method.

(19) Impairment of non-financial assets

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

(20) Borrowings

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

(21) Accounts and notes payable

- A. Accounts payable are the liabilities for purchases of raw materials, goods or services.
- B. The short-term accounts and notes payable without bearing interest are measured at initial invoice amount as the effect of discounting is immaterial.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged, cancelled, or expired.

(23) Financial liabilities and equity instruments

Convertible corporate bonds issued by the Group are embedded with conversion options (that is, the bondholders have the right to convert the bonds into the Group's ordinary shares by exchanging a fixed amount of cash for a fixed number of ordinary share), call options and put options. In accordance with the terms and conditions of the indenture, the Group classifies the convertible corporate bonds and the embedded derivative instruments on initial recognition as a financial asset, a financial liability or an equity instrument (the 'capital surplus-share options'). Convertible corporate bonds are accounted for as follows:

- A. The exercise price of call options and put options embedded in the convertible corporate bonds is approximately equal to the amortised cost of the host debt instrument on each exercise date; therefore, call options and put options are closely related to the host debt contract.
- B. Call options, put options and host debt of the convertible corporate bonds are initially recognised at fair value. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond outstanding using the effective interest method.
- C. Conversion options embedded in convertible corporate bonds issued by the Group, which meet the definition of an equity instrument, are initially recognised in the 'capital surplus-share options' at the residual amount of total issue price less amounts of the 'bonds payable' as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.
- E. When bondholders exercise conversion options, the liability component shall be remeasured on the conversion date. The carrying amount of ordinary shares issued due to the conversion shall be based on the remeasured carrying amount of the abovementioned liability component plus the carrying amount of 'capital surplus-share options'.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for that service, and shall be recognised as expenses when the employees have rendered service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions shall be recognised as pension expenses when they are due on an accrual basis. Prepaid contributions shall be recognised that excess as an asset to the extent that the prepayment will lead to a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is accrued from the present value of future benefits that employees have earned in return for their services in the current or prior periods. The Group recognised the present value of the defined benefit obligation deducting the fair value of plan assets at the balance sheet date. Net obligation of the defined benefit is calculated annually by independent actuaries using the projected unit credit method and is discounted by using the market yield on government bonds (at the balance sheet date).
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations and significant curtailments, settlements, or other significant one-off events since that time. Also, relevant information will be disclosed in conjunction with the above policy.

C. Employees' remuneration and directors' remuneration

Employees' remuneration and directors' remuneration are recognised as expense and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' remuneration (bonus) is distributed by shares, the Group calculates the number of shares based on the fair value per share (closing price) at the previous day of the Board of Directors' resolution.

(25) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the quantity of equity instruments that are expected to vest under the non-market vesting conditions. Ultimately, the amount of compensation cost is recognised based on the number of equity instruments that eventually vest.

B. Employee restricted stocks:

- (a) Employee restricted stocks measured at the fair value of the equity instruments at the grant date, and are recognised as compensation cost over the vesting period.
- (b) Those restricted stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
- (c) Employees have to pay to acquire those restricted stocks. If employees resign during the vesting period, the Group must refund their payments in exchange for the restricted stocks return by the employees. The Group recognises the payments to the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments for the employees who are expected to be eventually vested with the stocks in 'capital surplus – others'.

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. Different tax regulations are applicable to the Group according to the countries where the companies are registered:
 - (a) Companies that are registered in Cayman Islands and British Virgin Islands are exempted from income tax in accordance with local regulations.
 - (b) For the companies that are registered in the Republic of China, except for income tax that is estimated in accordance with the tax laws, an additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings. When calculating income tax, except for applying the tax laws to calculate regular tax, the basic tax is calculated under the 'Income Basic Tax Act.' If regular tax is lower than basic tax, the difference between the two shall be added to income tax payable. The aforementioned difference shall not be offset with investment tax credits under other regulations.
 - (c) Income taxes of companies that are registered in Mainland China are calculated in accordance with 'Law of the People's Republic of China on Enterprise Income Tax' and its implementation and related notification letters.
 - (d) Income taxes of companies that are registered in the Government of the Hong Kong Special Administrative Region of the People's Republic of China are calculated based on the revenue earned in Hong Kong and in accordance with 'Hong Kong Inland Revenue Ordinance'.
 - (e) For companies registered in Singapore, India, and Japan, they shall estimate business income tax of the current year pursuant to local laws and regulations.

- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. The interim period income tax expense is accrued based on the estimated average annual effective income tax rate applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- G. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(27) Dividends

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

(28) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells PCBs and related products. Sales are recognised when control of the products has been transferred, i.e., when the products are delivered to the customer. The customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. Sales of PCBs and related products are recognised as the amount of contract price, net of the estimated discounts, credits and price concessions.
- (b) Account receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Financial components

The contract between the Group and the customer, as the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(29) Government grants

Government grants shall not be recognised at fair value until there is reasonable assurance that the entity will comply with the conditions attaching to them, and that the grants will be received. Government grants shall be recognised in profit on a systematic basis over the periods in which the entity recognises as the related expenses for which the grants are intended to compensate. Government grants related to property, plant and equipment shall be recognised within non-current liabilities that are recognised in profit on the straight-line method over the estimated useful life of related assets.

(30) Business combinations

- A. The Group accounts for a business combination by applying the acquisition method, unless it is a combination involving entities or businesses under common control or the acquiree is a subsidiary of an investment entity, as defined in IFRS 10, 'Consolidated financial statements', which is required to be measured at fair value through profit or loss. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- B. If the total of the fair values of the consideration of acquisition, non-controlling interest in the acquiree, and previous equity interest in the acquiree is higher than the fair value of the identifiable assets and obligations acquired, the difference is

recorded as goodwill; if the fair value of the identifiable assets and obligations acquired is higher than the total of the fair values of the consideration of acquisition, non-controlling interest in the acquiree, and previous equity interest in the acquiree, the difference is recognised directly in profit or loss as 'gain recognised in bargain purchase transaction'.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal management reports provided to the chief operating decision-maker, who is responsible for allocating resources to operating segments and evaluating their performance.

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

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the related information is addressed below:

Critical accounting estimates and assumptions

Accounting estimates are based on the situation on the balance sheet date to estimate future events, though there could be differences between the actual events and estimation. Estimates and assumptions on the risk of possible critical adjustments to the carrying amount of assets and liabilities for the next fiscal year are as follows:

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgments and estimates. Because of the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Since an evaluation of inventories is principally based on the demand for products within a specified period in the future. Therefore, there might be material changes to the evaluation

As of March 31, 2021, the carrying amount of inventories was \$16,856,767.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand and petty cash	\$ 358	\$ 189	\$ 2,405
Checking accounts and demand deposits	27,652,275	25,316,229	28,649,142
Cash equivalents			
Time deposits	19,106,137	18,906,469	15,502,859
	<u>\$ 46,758,770</u>	<u>\$ 44,222,887</u>	<u>\$ 44,154,406</u>

A. As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group's time deposits with maturity of over three months which are recognised within 'financial assets at amortised cost' are referred to in Note 6(3).

B. Except for demand deposits whose purpose is restricted that are recognised within other current assets, the Group has no cash and cash equivalents pledged to others as referred to in Note 8.

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

Item	March 31, 2021	December 31, 2020	March 31, 2020
Non-current items:			
Private Fund	\$ 655,133	\$ 616,580	\$ 553,020
Partner's share in unlisted companies	261,438	117,679	-
	916,571	734,259	553,020
Net exchange differences	12,459	19,263	129
Total	<u>\$ 929,030</u>	<u>\$ 753,522</u>	<u>\$ 553,149</u>

- A. The Group recognised net gain of \$65,671 and \$0 within 'financial assets at fair value through profit or loss' for the periods January 1 to March 31, 2021 and 2020, respectively.
- B. The Group has no outstanding forward foreign exchange contracts as of March 31, 2021, December 31, 2020 and March 31, 2020.
- C. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Notes and accounts receivable

	March 31, 2021	December 31, 2020	March 31, 2020
Current items:			
Guaranteed income financial products	\$ 1,712,400	\$ 1,840,110	\$ 3,000,943
Time deposits with maturity of over three months	285,819	712,105	307,549
	<u>\$ 1,998,219</u>	<u>\$ 2,552,215</u>	<u>\$ 3,308,492</u>

- A. The Group recognised interest income in profit or loss for amortised cost for the periods January 1 to March 31, 2021 and 2020, respectively. Please refer to Note 6(26).
- B. Except for time deposits with maturity of over three months, whose purpose is restricted to paying customs duty guarantees and government-subsidised security, that are recognised within other current assets and time deposits due for more than a year that are recognised within other non-current assets, the Group has no financial assets at amortised cost pledged to others as referred to in Note 8.
- C. Please refer to Note 12(2) for relevant credit risk information.

(4) Notes and accounts receivable

	March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable	\$ 5,761	\$ 25,474	\$ 23,402
Accounts receivable	17,365,487	31,123,795	12,055,021
	17,371,248	31,149,269	12,078,423
Less: Allowance for bad debts	(72,833)	(101,202)	(44,343)
	<u>\$ 17,298,415</u>	<u>\$ 31,048,067</u>	<u>\$ 12,034,080</u>
Accounts receivable due from related parties	\$ 2,635,987	\$ 2,699,345	\$ 2,347,680
Less: Allowance for bad debts	(3,957)	(6,257)	(4,010)
	<u>\$ 2,632,030</u>	<u>\$ 2,693,088</u>	<u>\$ 2,343,670</u>

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

	March 31, 2021	December 31, 2020	March 31, 2020
Not past due	\$ 19,485,750	\$ 33,496,860	\$ 14,127,897
Between 1 and 90 days	456,579	320,265	281,077
Between 91 and 180 days	27,672	25,295	14,669
Over 180 days	37,234	6,194	2,460
	<u>\$ 20,007,235</u>	<u>\$ 33,848,614</u>	<u>\$ 14,426,103</u>

- B. The balance of accounts and notes receivable as of March 31, 2021, December 31, 2020 and March 31, 2020 is generated from customer contracts. The balance of receivables on customer contracts as of January 1, 2020 was \$27,168,662.

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

- D. Please refer to Note12(2) for relevant credit risk information.

(5) Other receivables and prepayments

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Other receivables</u>			
Interest income receivable	\$ 195,975	\$ 174,900	\$ 201,127
Business tax refundable	78,705	757,497	56,936
Guarantee deposits receivable	-	-	204,495
Other	68,054	70,244	57,369
	<u>\$ 342,734</u>	<u>\$ 1,002,641</u>	<u>\$ 519,927</u>
	March 31, 2021	December 31, 2020	March 31, 2020
<u>Prepayments</u>			
Excess business tax paid	\$ 2,117,323	\$ 2,387,018	\$ 1,588,649
Prepaid expenses	2,043,338	2,393,190	996,582
	<u>\$ 4,160,661</u>	<u>\$ 4,780,208</u>	<u>\$ 2,585,231</u>

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

(6) Inventories

	March 31, 2021	
	Cost	Allowance for valuation losses
Raw materials	\$ 3,887,012	(\$ 340,411)
Work in process	5,107,076	(369,229)
Finished goods	9,376,445	(804,126)
	<u>\$ 18,370,533</u>	<u>(\$ 1,513,766)</u>
		<u>\$ 16,856,767</u>

	December 31, 2020		
	Cost	Allowance for valuation losses	Carrying amount
Raw materials	\$ 3,718,726	(\$ 328,129)	\$ 3,390,597
Work in process	4,941,192	(315,174)	4,626,018
Finished goods	5,366,198	(384,029)	4,982,169
	<u>\$ 14,026,116</u>	<u>(\$ 1,027,332)</u>	<u>\$ 12,998,784</u>
	March 31, 2020		
	Cost	Allowance for valuation losses	Carrying amount
Raw materials	\$ 4,027,574	(\$ 277,688)	\$ 3,749,886
Work in process	3,442,719	(256,123)	3,186,596
Finished goods	4,837,264	(525,065)	4,312,199
	<u>\$ 12,307,557</u>	<u>(\$ 1,058,876)</u>	<u>\$ 11,248,681</u>

Expenses and losses incurred on inventories for the three-month period ended ended March 31, 2021 and 2020 are as follows:

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Cost of goods sold	\$ 22,256,523	\$ 14,177,427
Impairment losses	27,422	40,980
Losses on valuation of inventory	493,928	357,916
Income from sale of scraps and wastes	(336,745)	(150,821)
	<u>\$ 22,441,128</u>	<u>\$ 14,425,502</u>

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

	March 31, 2021	December 31, 2020	March 31, 2020
Equity instruments			
Unlisted shares	\$ 409,954	\$ 409,954	\$ 257,184
Valuation adjustment	(1,389)	23,508	(69,259)
Net exchange differences	(4,430)	(2,196)	(7,939)
Total	<u>\$ 404,135</u>	<u>\$ 431,266</u>	<u>\$ 179,986</u>

A. The Group has elected to classify the stocks of non-TWSE/TPEX listed companies that are considered to be strategic investment as financial assets at fair value through other comprehensive income.

B. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Equity instruments	(\$ 24,897)	(\$ 12,062)

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

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Other facilities	Unfinished construction and equipment under acceptance	Total
At January 1, 2021						
Cost	\$ 2,390,675	\$ 26,672,561	\$ 55,750,789	\$ 21,315,866	\$ 8,410,005	\$ 114,539,896
Accumulated depreciation and impairment	- (9,090,514)	(27,570,839)	(9,701,368)	(-)	(46,362,721)	
	<u>\$ 2,390,675</u>	<u>\$ 17,582,047</u>	<u>\$ 28,179,950</u>	<u>\$ 11,614,498</u>	<u>\$ 8,410,005</u>	<u>\$ 68,177,175</u>
2021						
Opening net carrying amount	\$ 2,390,675	\$ 17,582,047	\$ 28,179,950	\$ 11,614,498	\$ 8,410,005	\$ 68,177,175
Additions (transfers)	-	1,026,192	3,077,814	2,061,566	1,263,770	7,429,342
Disposal	-	- (82,872)	(38,259)	-	(121,131)	
Depreciation	- (466,251)	(1,276,464)	(831,914)	-	(2,574,629)	
Impairment losses	-	- (27,422)	-	-	(27,422)	
Reclassification	(3,499)	(128,852)	(210,294)	(93,507)	(67,143)	(496,297)
Net exchange differences	<u>\$ 2,394,174</u>	<u>\$ 18,013,136</u>	<u>\$ 29,660,712</u>	<u>\$ 12,712,384</u>	<u>\$ 9,606,632</u>	<u>\$ 72,387,038</u>
At March 31, 2021						
Cost	\$ 2,394,174	\$ 27,516,923	\$ 58,273,863	\$ 23,121,657	\$ 9,606,632	\$ 120,913,249
Accumulated depreciation and impairment	- (9,503,787)	(28,613,151)	(10,409,273)	-	(48,526,211)	
	<u>\$ 2,394,174</u>	<u>\$ 18,013,136</u>	<u>\$ 29,660,712</u>	<u>\$ 12,712,384</u>	<u>\$ 9,606,632</u>	<u>\$ 72,387,038</u>

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

- A. The significant parts of the Group's buildings and structures include main plants and auxiliary improvements, which are depreciated over 20~53 years and 5~10 years, respectively.
- B. The Group evaluates the recoverable amount of assets at the end of the reporting period of the financial statements. The recoverable amount is calculated on the basis of value in use and fair value minus costs to sell. The discount rate for estimating value in use was 6.43% and 8.02%. In addition, fair value is recognised with reference to the replacement cost in accordance with market approach, and the fair value is categorised within Level 3. According to the results of evaluation using the aforementioned method, the Group recognised \$27,422 and \$44,048 in impairment losses on disposal of property, plant and equipment for the period from January 1 to March 31, 2021 and 2020, respectively. For the period from January 1 to March 31, 2021 and 2020, cost of goods sold was \$27,422 and \$40,980, respectively; while other gains and losses were \$0 and \$3,068, respectively. The aforementioned losses were attributed to the PCB segment.
- C. Please refer to Note 8 for details on the pledging of property, plant and equipment.

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

- A. The assets leased by the Group include land right-of-use, buildings, official vehicles and other facilities. The Group's subsidiaries signed land right-of-use contracts with local governments whom the subsidiaries will return the right to when the contract expires. Except for the lease term of land right-of-use of 20 to 50 years, the remaining lease terms are between 2 and 8 years. The lease contracts are negotiated individually and contain various terms and conditions without other restrictions except for the leased assets restricted to pledge to others.
- B. The Group has rented buildings and parking spaces for a lease tenor of not more than 12 months. The Group also rented office machines, which are low-value underlying assets.
- C. The information of the carrying amount of the right-of-use assets and the recognition of depreciation expense are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land right-of-use	\$ 8,491,961	\$ 8,316,001	\$ 7,647,501
Buildings	248,044	277,406	196,567
Transportation equipment (official vehicles)	16,262	16,058	14,874
Other facilities	1,795	-	-
	<u>\$ 8,758,062</u>	<u>\$ 8,609,465</u>	<u>\$ 7,858,942</u>
	<u>Three-month period ended March 31, 2021</u>	<u>Three-month period ended March 31, 2020</u>	
	<u>Depreciation</u>	<u>Depreciation</u>	
Land right-of-use	\$ 69,407	\$ 62,116	
Buildings	27,902	19,475	
Transportation equipment (official vehicles)	2,501	3,794	
Other facilities	181	-	
	<u>\$ 99,991</u>	<u>\$ 85,385</u>	

The acquisition of the right-of-use assets for the three-month period ended March 31, 2021 and 2020 amounted to \$312,776 and \$1,093, respectively.

- D. As of March 31, 2021, the amount of \$1,025,059 was still under the registration process in the land use rights contract signed between the Group's subsidiary and local government.
- E. The Group recognised as rental expense for either the lease term of less than 12 months or leases for which the underlying asset is of low value. The information on the lease contract affecting profit or loss is as follows:

	<u>Three-month period ended March 31, 2021</u>	<u>Three-month period ended March 31, 2020</u>
<u>Items affecting current profit or loss</u>		
Interest expense from lease liabilities	<u>\$ 4,933</u>	<u>\$ 1,639</u>
Rental expenses for short-term lease contracts	<u>\$ 30,608</u>	<u>\$ 95,832</u>

- F. The cash flows used in the lease payments of the Group for the three-month period ended March 31, 2021 and 2020 amounted to \$377,118 and \$120,289, respectively.

(10) Intangible assets

2021				
	Patents and Technical Skills	Computer software	Goodwill	Total
At January 1, 2021				
Cost	\$ 412,098	\$ 1,088,808	\$ 1,238,657	\$ 2,739,563
Cumulative amortisation	(13,459)	(561,075)	-	(574,534)
	<u>\$ 398,639</u>	<u>\$ 527,733</u>	<u>\$ 1,238,657</u>	<u>\$ 2,165,029</u>
At January 1, 2021	<u>\$ 398,639</u>	<u>\$ 527,733</u>	<u>\$ 1,238,657</u>	<u>\$ 2,165,029</u>
Addition	-	93,766	-	93,766
Amortisation	(20,942)	(67,664)	-	(88,606)
Net exchange differences	714	(3,823)	2,609	(500)
At March 31, 2021	<u>\$ 378,411</u>	<u>\$ 550,012</u>	<u>\$ 1,241,266</u>	<u>\$ 2,169,689</u>
At March 31, 2021				
Cost	\$ 412,966	\$ 1,175,637	\$ 1,241,266	\$ 2,829,869
Cumulative amortisation	(34,555)	(625,625)	-	(660,180)
	<u>\$ 378,411</u>	<u>\$ 550,012</u>	<u>\$ 1,241,266</u>	<u>\$ 2,169,689</u>

2020			
	Computer software	Goodwill	Total
At January 1, 2020			
Cost	\$ 517,862	\$ 89,511	\$ 607,373
Cumulative amortisation	(247,003)	-	(247,003)
	<u>\$ 270,859</u>	<u>\$ 89,511</u>	<u>\$ 360,370</u>
At January 1, 2020	<u>\$ 270,859</u>	<u>\$ 89,511</u>	<u>\$ 360,370</u>
Addition	294,335	-	294,335
Amortisation	(30,211)	-	(30,211)
Net exchange differences	(5,814)	747	(5,067)
At March 31, 2020	<u>\$ 529,169</u>	<u>\$ 90,258</u>	<u>\$ 619,427</u>
At March 31, 2020			
Cost	\$ 805,321	\$ 90,258	\$ 895,579
Cumulative amortisation	(276,152)	(-)	(276,152)
	<u>\$ 529,169</u>	<u>\$ 90,258</u>	<u>\$ 619,427</u>

- A. The Group acquired 100% shares of BoardTek Electronics Corp. on November 4, 2020 and 100% shares of Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd. in 2008, and recognised them as goodwill and patents and technical skills under the acquisition method.
- B. Goodwill is allocated to the cash-generating units of the Group which are recognised by the operating segment, and the recoverable amount is evaluated on the basis of value in use. Value in use is calculated mainly by considering the operating net interest rate, growth rate, and discount rate.

Management determined budgeted operating profit margin based on its expectations of market development; the growth rates used are based on industry expectations; the discount rates used are based on the weighted average capital cost of peer industry. The discount rate used in 2020 was 8.44%.

(11) Other non-current assets

	March 31, 2021	December 31, 2020	March 31, 2020
Refundable deposits	\$ 103,370	\$ 103,404	\$ 101,871
Prepayments for equipment	80,697	62,864	161,438
Other	238,258	220,718	164,865
	<u>\$ 422,325</u>	<u>\$ 386,986</u>	<u>\$ 428,174</u>

Please refer to Note 8 for other non-current assets - other pledges provided for customs duty guarantees.

(12) Short-term borrowings

Type of borrowings	March 31, 2021	Interest rate range	Collateral
Credit loans	\$ 13,877,101	0.45%~6.40%	No
Secured loans	899,010	0.92%	Land and buildings
	<u>\$ 14,776,111</u>		

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Credit loans	\$ 11,938,862	0.47%~6.40%	No
Secured loans	899,683	0.87%	Land and buildings
	<u>\$ 12,838,545</u>		

Type of borrowings	March 31, 2020	Interest rate range	Collateral
Credit loans	\$ 9,185,547	1.42%~3.92%	No

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

(13) Short-term notes and bills payable

	March 31, 2021	December 31, 2020	March 31, 2020
Commercial papers	\$ 499,450	\$ 949,666	\$ -
Interest rate	1.11%~1.14%	1.11%~1.21%	\$ -

(14) Other payables

	March 31, 2021	December 31, 2020	March 31, 2020
Payable on machinery and equipment	\$ 6,853,376	\$ 7,060,667	\$ 3,528,727
Stock dividends payable	4,261,721	-	-
Wages and bonuses payable	3,530,298	4,173,790	3,285,354
Payable on mold and jig	946,830	1,169,120	828,358
Repairs and maintenance fees payable	620,225	871,768	457,707
Payable on consumable goods	201,274	259,724	153,773
Other	1,802,654	2,296,260	1,785,087
	<u>\$ 18,216,378</u>	<u>\$ 15,831,329</u>	<u>\$ 10,039,006</u>

(15) Bonds payable

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
3rd overseas unsecured convertible bonds:			
Bonds payable	\$ 11,416,000	\$ 11,392,000	\$ -
Less: Discount on bonds payable	(862,446)	(911,259)	-
Bonds payable	<u>\$ 10,553,554</u>	<u>\$ 10,480,741</u>	<u>\$ -</u>

- A. Conditions for 3rd issuance of overseas unsecured convertible bonds are as follows:
- (a) The competent authority has approved the Company's third issuance of overseas unsecured corporate bonds on June 16, 2020. The total issue amount of the bonds is USD 400,000 thousand, at a coupon rate of 0% and maturity of 5 years from June 30, 2020 to June 30, 2025.
 - (b) The conversion price of the bonds is adjusted based on the pricing model in the terms of the bonds. As of March 31, 2021, the conversion price was NT\$151.75 (exchange rate of NTD 29.5930 to USD 1), and no convertible bonds had been converted to ordinary shares.
 - (c) The bondholders have the right to require the Company to repurchase all or any portion of bonds at the price of the bonds' principal amount with an annual rate of 0% as interest compensation (100% of the principal amount of the corporate bonds) on the day when three years have elapsed since issuance of the bonds.
 - (d) Except for bonds redeemed before maturity, repurchased and retired, or converted by the bondholders, the Company will fully redeem the bonds at the maturity date with an annual rate of 0% based on the principal amount. The redemption amount is about 100% of the principal amount of the corporate bonds, and the bonds will be redeemed in full.
 - (e) According to the terms of the bonds, all bonds repurchased (including bonds repurchased from the secondary market), redeemed before or at maturity, or converted by the bondholders are retired and not to be re-issued.
 - (f) According to the terms of the bonds, the rights and obligations of newly issued shares after conversion are the same as other issued ordinary shares.
 - (g) The effective rate of the corporate bonds is 1.86%.
- B. Regarding the issuance of overseas unsecured corporate bonds, the equity conversion options were separated from the liability component in accordance with IAS 32. The issuance of the 3rd overseas unsecured corporate bonds in 2020 was recognised as 'capital surplus-stock options' of \$996,753 as of March 31, 2021.

(16) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	March 31, 2021
Syndicated loans	Borrowing period is from October 4, 2018 to October 4, 2021; principal is repayable semiannually from April 4, 2021 in two installments; 50% of principal has to be repaid respectively.	\$ 8,562,000
Credit loans	Borrowing period is from December 3, 2018 to December 3, 2021; principal is repayable every 3 months; 20% of principal has to be repaid respectively.	89,901
	Borrowing period is from November 18, 2019 to November 17, 2022; principal is repayable every 3 months; 10% of principal has to be repaid respectively.	69,923
	Borrowing period is from January 25, 2021 to July 25, 2024; principal has to be repaid at maturity.	285,400
	Borrowing period is from March 18, 2021 to July 25, 2024; principal has to be repaid at maturity.	142,700
Subtotal		9,149,924
Less: Syndicated loan arrangement fees		(21,405)
Less: Current portion of long-term borrowings (within 'Long-term liabilities, current portion')		(8,670,45)
		\$ 458,067
Interest rate		1.24%~2.04%

Type of borrowings	Borrowing period and repayment term	December 31, 2020
Syndicated loans	Borrowing period is from October 4, 2018 to October 4, 2021; principal is repayable semiannually from April 4, 2021 in two installments; 50% of principal has to be repaid respectively.	\$ 8,544,000
Credit loans	Borrowing period is from December 3, 2018 to December 3, 2021; principal is repayable every 3 months; 20% of principal has to be repaid respectively.	119,958
	Borrowing period is from March 26, 2019 to March 26, 2021; principal has to be repaid at maturity.	189,933
	Borrowing period is from November 18, 2019 to November 17, 2022; principal is repayable every 3 months; 10% of principal has to be repaid respectively.	79,972
Subtotal		8,933,863
Less: Syndicated loan arrangement fees		(5,340)
Less: Current portion of long-term borrowings (within 'Long-term liabilities, current portion')		(8,888,537)
		\$ 39,986
Interest rate		1.23%~1.50%

Type of borrowings	Borrowing period and repayment term	March 31, 2020
Syndicated loans	Borrowing period is from October 4, 2018 to October 4, 2021; principal is repayable semiannually from April 4, 2021 in two installments; 50% of principal has to be repaid respectively.	\$ 9,069,000
Less: Syndicated loan arrangement fees		(11,336)
		\$ 9,057,664
Interest rate		3.02%

During the terms of the syndicated loans, in accordance with the syndicated loan agreement, the Company is required to calculate and maintain certain level of current ratio, liability ratio, times-interest-earned ratio and net tangible asset balance based on the audited annual consolidated financial statements and the reviewed semi-annual consolidated financial statements.

(17) Pensions

A. Defined benefit plan

- (a) The Group's subsidiary in Taiwan, Zhen Ding Technology Co., Ltd. and BoardTek Electronics Corp., has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent Supervisory Committee of Labor Retirement Reserve Fund (the 'Fund'). Before the end of each year, the Taiwan subsidiary assesses the balance in the aforementioned Fund. If the balance in the Fund is inadequate to pay the retirement benefits of employees who are eligible for retirement in the following year by the aforementioned method, the Taiwan subsidiary is required to fund the deficit in one appropriation before the end of next March.
- (b) The pension costs recognised by the Group in accordance with the above pension plan were \$9 and \$9 for the three-month periods ended March 31, 2021 and 2020, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group are \$15 for the year 2022.

B. Defined contribution plan

- (a) Effective July 1, 2005, the Taiwan company of the Group has established a defined contribution pension plan (the 'New Plan') under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Taiwan subsidiaries of the Group contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The contribution plan accrued dividends from an employee's individual account is paid monthly or in lump sum upon retirement of an employee. The pension expenses recognised by the Group in accordance with the above pension plan were \$19,868 and \$9,010 for the three-month periods ended March 31, 2021 and 2020, respectively.
- (b) The Mainland China subsidiaries of the Group have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China are based on certain percentage of employees' monthly salaries and wages with the contribution percentage of 10%~20%, and pension is contributed to the employees' individual pension accounts. Pension of each employee is managed by the government. Other than the monthly contributions, the Group has no further obligations. The pension expenses recognised in accordance with local

regulations were \$290,869 and \$156,600 for the three-month periods ended March 31, 2021 and 2020, respectively.

(18) Share-based payment

- A. The share-based payment arrangements of the Company's subsidiary, Avary Holding (Shenzhen) Co., Limited, are as follows:

Type of arrangements	Grant date	Quantity granted	Contract period	Vesting conditions
Restricted stocks to employees	2017.02.27	185,080 thousand shares	7 years	(a)(b)

- (a) 20% of employee subscription right are subscribed in installment each year when an employee remains employed by Avary Holding (Shenzhen) Co., Ltd. for 2 years starting from the subscription date.

For an employee who does not satisfy the vesting conditions, the employee's investment will be refunded net by the Group at the investment amount or the carrying amount of assets, whichever is lower. However, appropriated dividends are not required to be returned.

- (b) Until the achievement of the vesting conditions, the right and obligations are as follows: cannot sell, pledge, transfer, give to others, create a right in rem over the stocks, or any other form of disposal.

- B. Employee restricted stocks

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

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Outstanding as of January 1	146,618	183,272
Numbers vested for the current period	(36,654)	(36,654)
Outstanding as of March 31	109,964	146,618

- C. Expenses incurred on the share-based payment are as follows:

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Expenses incurred on employees restricted shares	\$ 15,504	\$ 22,664

(19) Share capital

- A. As of March 31, 2021, the Company's authorised capital was \$16,000,000, and the issued capital was \$9,470,492, consisting of 947,049 thousand ordinary shares with a par value of NTD 10 per share.
- B. Please refer to Note 6 (32) for information on the Company's issuance of new shares to acquire BoardTek Electronics and its subsidiaries.
- C. Treasury stocks originally held by BoardTek Investment Co., Ltd., which was a subsidiary of the Group, were converted into ordinary shares of the Company following business combinations in 2020. As of March 31, 2021, the number of shares held was 2,093 thousand shares, and acquisition cost was \$257,489. Treasury shares under the "treasury stock" item may not be pledged as per the Securities and Exchange Act and may not enjoy shareholder rights before being transferred.

(20) Capital surplus

Three-month period ended March 31, 2021						
	Additional paid-in capital arising from ordinary share	Additional paid-in capital arising from bonds conversion	Share options	Expired share options	Changes in non-controll ing interests	Total
At January 1	\$ 10,754,926	\$ 13,624,555	\$ 996,753	\$ 59,426	\$ 10,235,552	\$ 35,671,212
Employee restricted stocks	-	-	-	-	11,290	11,290
At March 31	\$ 10,754,926	\$ 13,624,555	\$ 996,753	\$ 59,426	\$ 10,246,842	\$ 35,682,502

Three-month period ended March 31, 2021						
	Additional paid-in capital arising from ordinary share	Additional paid-in capital arising from bonds conversion	Share options	Expired share options	Changes in non-controll ing interests	Total
At January 1	\$ 5,690,348	\$ 13,624,555	\$ -	\$ 59,426	\$ 10,160,452	\$ 29,534,781
Employee restricted stocks	-	-	-	-	16,504	16,504
At March 31	\$ 5,690,348	\$ 13,624,555	\$ -	\$ 59,426	\$ 10,176,956	\$ 29,551,285

- A. Capital surplus arising from paid-in capital in excess of par value on issuance of ordinary share is used to offset accumulated losses incurred in previous years or distribute dividends to shareholders.
- B. Please refer to Note 6(15) for the details of capital surplus-share options.

(21) Retained earnings

- A. In accordance with the Company's Articles of Incorporation,
The Company shall set aside out of the current year's earnings sequentially as follows:
- (a) A reserve for payment of tax for the relevant financial year;
 - (b) An amount to offset losses incurred in previous years;
 - (c) Ten percent (10%) as a general reserve, and
 - (d) A special surplus reserve as required by the applicable securities authority under the applicable public company rules or a reserve as determined by the Board of Directors.

Cash dividends shall be distributed upon resolution and approval by the Board of Directors; stock dividends shall be distributed following resolution and approval at the shareholders' meeting in each fiscal year.

2. The appropriations of 2020 earnings have been proposed by the Board of Directors on March 30, 2021 and the appropriations of 2019 earnings have been approved by the shareholders' meetings on June 19, 2020. Details are summarised as follows:

	2020		2019	
	Amount	Dividends per share (in New Taiwan dollars)	Amount	Dividends per share (in New Taiwan dollars)
Allocation to general reserve (Reversal of)	\$ 810,605		\$ 868,520	
Allocation to special surplus reserve	(884,381)		2,066,391	
Cash dividends	4,261,721	4.50	4,060,034	4.50
Total	<u>\$ 4,187,945</u>		<u>\$ 6,994,945</u>	

Information on the appropriation of the Company's earnings as resolved at the shareholders' meeting is posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

(22) Other equity interest

	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
January 1, 2021	\$ 6,629	(\$ 4,136,945)	(\$ 4,130,316)
Valuation adjustment	(16,587)	-	(16,587)
Currency translation differences:			
- Group	-	(505,769)	(505,769)
March 31, 2021	<u>(\$ 9,958)</u>	<u>(\$ 4,642,714)</u>	<u>(\$ 4,652,672)</u>
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
January 1, 2020	(\$ 53,987)	(\$ 4,960,710)	(\$ 5,014,697)
Valuation adjustment	(8,299)	-	(8,299)
Currency translation differences:			
- Group	-	(723,432)	(723,432)
March 31, 2020	<u>(\$ 62,286)</u>	<u>(\$ 5,684,142)</u>	<u>(\$ 5,746,428)</u>

(23) Operating revenue

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Revenue from contracts with customers	\$ 27,193,100	\$ 17,512,438

The Group's revenue comes from product and services transferred at a certain time. Revenue by region is further divided based on the country in which the customer is located:

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Revenue from contracts with customers		
U.S.A.	\$ 16,906,573	\$ 10,017,022
Mainland China	6,017,343	5,238,181
Taiwan	1,934,814	989,877
Other regions	2,334,370	1,267,358
	\$ 27,193,100	\$ 17,512,438

(24) Expenses by nature

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Employee benefit expenses	\$ 4,506,072	\$ 3,091,273
Depreciation	2,674,620	1,950,662
Amortisation	1 02,560	41,576
	\$ 7,283,252	\$ 5,083,511

(25) Employee benefit expenses

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Wages and salaries	\$ 3,404,510	\$ 2,468,590
Employees' remuneration	9,045	7,979
Labor and health insurance fees	212,583	110,706
Pension expenses	310,746	165,619
Other personnel expenses	569,188	338,379
	\$ 4,506,072	\$ 3,091,273

- A. In accordance with the Company's Articles of Incorporation, the Company shall distribute employee's remuneration between zero point five percent (0.5%) and twenty percent (20%) and distribute directors' remuneration no higher than zero point five percent (0.5%) of the distributed earnings covering accumulated losses.
- B. In accordance with the above Articles of Incorporation, the Company recognised employees' remuneration of \$9,045 and \$7,979 and directors' remuneration of \$4,375 and \$2,620 for the three-month periods ended March 31, 2021 and 2020, respectively.
- C. Employees' remuneration and directors' remuneration of the Board of Directors' resolution for the year ended December 31, 2020 were equal to the amount recognised in the financial statements for the year ended December 31, 2020.
- D. Information on employees' remuneration and directors' remuneration of the Company as resolved by the Board of Directors and shareholders is posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

(26) Interest income

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Interest income from bank deposits	\$ 63,017	\$ 122,925
Interest income from financial assets measured at amortised cost	30,918	114,284
	<u>\$ 93,935</u>	<u>\$ 237,209</u>

(27) Others

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Government grants revenue	\$ 567,062	\$ 169,448
Others	20,532	15,385
	<u>\$ 587,594</u>	<u>\$ 184,833</u>

(28) Other gains and losses

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Net currency exchange gains	\$ 10,686	\$ 216,544
Net gains on financial assets at fair value through profit or loss	65,671	-
Net losses on disposal of property, plant and equipment (	14,644) (	41,484)
Others (	38,352) (	5,044)
	<u>\$ 23,361</u>	<u>\$ 170,016</u>

(29) Finance costs

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Interest expenses	\$	\$
Bank borrowings	67,931	121,218
Amortisation of convertible bond discounts	50,430	-
Amortisation of syndicated loan arrangement fees	1,773	1,882
Interest expense from lease liabilities	4,933	1,639
	<u>\$ 125,067</u>	<u>\$ 124,739</u>

(30) Income tax

A. Components of income tax expense

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Current tax:		
Tax payable arising from the current period	\$ 485,098	\$ 341,824
Adjustments in respect of prior years	23,370	-
Total current tax	<u>508,468</u>	<u>341,824</u>
Deferred tax:		
Origination and reversal of temporary differences	11,412	77,155
Total deferred tax	<u>11,412</u>	<u>77,155</u>
Income tax expense	<u>\$ 519,880</u>	<u>\$ 418,979</u>

B. The income tax returns of the Group's subsidiaries, Zhen Ding Technology Co., Ltd., Garuda Technology Co., Ltd., BoardTek Electronics Corp., and BoardTek Investment Co., Ltd. have been assessed and approved through 2017 and 2019, 2018, 2019 and 2019 by the Tax Authority.

(31) Earnings per share

	Three-month period ended March 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in New Taiwan dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 947,814</u>	<u>944,956</u>	<u>\$ 1.00</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 947,814	944,956	
Assumed conversion of all dilutive potential ordinary shares			
Overseas convertible bonds	50,430	78,005	
Employees' remuneration	<u>-</u>	<u>604</u>	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	<u>\$ 998,244</u>	<u>1,023,565</u>	<u>\$ 0.98</u>

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

As employees' remuneration might be distributed in the form of shares, the diluted EPS is calculated based on the assumption that all distribution will be in the form of shares in the calculation of the weighted-average number of ordinary shares outstanding during the reporting period, taking into account the dilutive effects of stock bonus on potential ordinary shares.

(32) Business combinations

- A. On November 4, 2020, the Group acquired all ownership of Boardtek Electronics Corporation and its subsidiaries through share exchange and acquired control over Boardtek Electronics Corporation. Considering the company's manufacturing and selling of PCB products in Taiwan, the Group anticipates that such business combination can strengthen its position in the market and lower cost through economies of scale.
- B. Information on the consideration paid to acquire BoardTek Electronics Corp., assets acquired, and liabilities assumed at fair value on the date of acquisition:

	November 4, 2020
Consideration of acquisition	
Equity instruments	\$ 5,512,771
Fair value of identifiable assets acquired and liabilities assumed	
Cash	944,497
Notes and accounts receivable	2,031,592
Inventories	952,789
Prepayments	71,877
Financial assets at fair value through other comprehensive income	21,460
Other financial assets	257,489
Property, plant and equipment	5,266,738
Intangible assets	427,480
Deferred income tax assets	214,671
Other non-current assets	51,159
Short-term borrowings	(2,610,000)
Notes and accounts payable	(2,134,518)
Other payables	(422,405)
Other current liabilities	(429,430)
Deferred income tax liabilities	(217,313)
Other non-current liabilities	(87,415)
Total identifiable net assets	(4,338,671)
Goodwill	<u>\$ 1,174,100</u>
3. The acquisition consideration for 44,819,274 ordinary shares of the Company at fair value of \$5,512,771 was determined by the closing price on November 3, 2020.	
4. The fair value of the identifiable intangible assets acquired (including patents and technical skills) is temporarily set at \$419,412, pending the final estimation of these assets.	
5. The operating revenues and net profit before tax contributed by BoardTek Electronics Corp. to the Group since the acquisition of BoardTek Electronics Corp. on November 4, 2020 to December 31, 2020 were \$972,452 and \$21,228, respectively.	
6. Assuming BoardTek Electronics Corp. was acquired as of January 1, 2020, the operating revenues and net profit before tax of the Group in 2020 will be \$136,079,575 and \$12,748,875, respectively.	

(33) Additional information of cash flows

A. Investing activities with partial cash payment:

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Acquisition of property, plant and equipment	\$ 7,429,342	\$ 2,121,724
Add: Opening balance of payable on machinery and equipment (within 'other payables')	7,060,667	3,927,125
Less: Ending balance of payable on machinery and equipment (within 'other payables')	(6,853,376)	(3,528,727)
Net exchange differences	(47,166)	(41,662)
Cash paid during the period	<u>\$ 7,589,467</u>	<u>\$ 2,478,460</u>

B. Changes in liabilities from financing activities

	Three-month period ended March 31, 2021						Total liabilities from financing activities
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Bonds payable	Long-term borrowings	Guarantee deposits received	
At January 1	\$ 12,838,545	\$ 949,666	\$ 655,821	\$ 10,480,741	\$ 8,928,523	\$ 186,613	\$ 34,039,909
Change in cash flow from financing activities	1,998,557	(449,416)	(38,553)	-	198,432	(43,394)	1,665,626
Change in right-of-use assets	-	-	4,350	-	-	-	4,350
Amortisation of interest expenses	-	-	4,933	50,430	1,773	-	57,136
Effect of exchange rate fluctuation	(60,991)	(800)	(1,769)	22,383	(209)	(1,076)	(42,462)
At March 31	<u>\$ 14,776,111</u>	<u>\$ 499,450</u>	<u>\$ 624,782</u>	<u>\$ 10,553,554</u>	<u>\$ 9,128,519</u>	<u>\$ 142,143</u>	<u>\$ 35,724,559</u>

	Three-month period ended March 31, 2021						Total liabilities from financing activities
	Short-term borrowings	Lease liabilities	Long-term borrowings	Guarantee deposits received			
At January 1	\$ 9,682,812	\$ 239,407	\$ 8,980,884	\$ 179,511			\$ 19,082,614
Change in cash flow from financing activities	(456,206)	(24,457)	-	(33,964)	(514,627)		
Change in right-of-use assets	-	1,093	-	-	1,093		
Amortisation of interest expenses	-	1,639	1,882	-	3,521		
Effect of exchange rate fluctuation	(41,059)	(2,449)	74,898	(1,652)	29,738		
At March 31	<u>\$ 9,185,547</u>	<u>\$ 215,233</u>	<u>\$ 9,057,664</u>	<u>\$ 143,895</u>			<u>\$ 18,602,339</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

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

(2) Significant related parties transactions and balances

A. Sales

	<u>Three-month period ended March 31, 2021</u>	<u>Three-month period ended March 31, 2020</u>
Sale of goods:		
- Entity with significant influence over the Company	\$ 1,619,236	\$ 1,162,347
- Other related parties	512,907	765,380
	<u>\$ 2,132,143</u>	<u>\$ 1,927,727</u>

Unless the prices and terms were determined in accordance with mutual agreements due to no similar transactions, the sale prices and credit terms to related parties were similar to third parties. The normal credit term is around 1 to 4 months for general clients and related parties.

B. Purchases

	<u>Three-month period ended March 31, 2021</u>	<u>Three-month period ended March 31, 2020</u>
Purchase of goods:		
- Entity with significant influence over the Company	\$ 234,625	\$ 97,186
- Other related parties	496,732	716,039
Total	<u>\$ 731,357</u>	<u>\$ 813,225</u>

Unless the prices and terms were determined in accordance with mutual agreements due to no similar transactions, the purchase prices and payment terms to related parties were similar to third parties. The normal payment term is around 1 to 4 months for general suppliers and related parties.

C. Accounts receivable

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Accounts receivable - related parties:			
- Entity with significant influence over the Company	\$ 2,077,791	\$ 2,316,129	\$ 1,531,088
- Other related parties	558,196	383,216	816,592
	<u>2,635,987</u>	<u>2,699,345</u>	<u>2,347,680</u>
Less: Allowance for bad debts	(3,957)	(6,257)	(4,010)
Total	<u>\$ 2,632,030</u>	<u>\$ 2,693,088</u>	<u>\$ 2,343,670</u>

D. Notes and accounts payable

	March 31, 2021	December 31, 2020	March 31, 2020
Notes payable - related parties:			
- Entity with significant influence over the Company	\$ -	\$ 3,679	\$ -
Accounts payable - Related parties:			
- Entity with significant influence over the Company	110,252	157,834	55,917
- Other related parties	524,494	825,043	354,513
	<u>\$ 634,746</u>	<u>\$ 986,556</u>	<u>\$ 410,430</u>

(3) Key management compensation

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Short-term employee benefits	<u>\$ 26,122</u>	<u>\$ 22,850</u>

8. PLEDGED ASSETS

The Group has the following assets provided as collaterals:

Item	Book value			Purpose of Collateral
	March 31, 2021	December 31, 2020	March 31, 2020	
Other current assets				
--Time deposits with maturity of over three months	\$ 12,523	\$ 12,537	\$	Customs duty guarantee, government grant
- Current deposit	952	950		- guarantee
Property, plant and equipment	2,618,085	2,624,489		- Other
Other non-current assets				Collateral for short-term borrowings
- Time deposits with maturity of over one year	29,177	29,227		Customs duty guarantee
	<u>\$ 2,660,737</u>	<u>\$ 2,667,203</u>	<u>\$</u>	-

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

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

	March 31, 2021	December 31, 2020	March 31, 2020
Property, plant and equipment	<u>\$ 6,549,791</u>	<u>\$ 10,112,376</u>	<u>\$ 778,400</u>

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

	March 31, 2021	December 31, 2020	March 31, 2020
Unused letters of credit	<u>\$ 5,744,003</u>	<u>\$ 5,866,121</u>	<u>\$ 3,622,486</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares when convertible bonds are converted, or issue new shares for consideration to achieve optimal structure.

(2) Financial instruments

A. Financial instruments by category

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
Financial assets at amortised cost	\$ 69,087,810	\$ 81,562,240	\$ 62,360,575
Financial assets at fair value through profit or loss	929,030	753,522	553,149
Financial assets at fair value through other comprehensive income	404,135	431,266	179,986
	<u>\$ 70,420,975</u>	<u>\$ 82,747,028</u>	<u>\$ 63,093,710</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost	71,135,548	73,064,990	39,088,234
Lease liabilities	624,782	655,821	215,233
	<u>\$ 71,760,330</u>	<u>\$ 73,720,811</u>	<u>\$ 39,303,467</u>

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

B. Risk management policies

(a) Risk categories:

The Group employs a comprehensive risk management and control system to clearly identify, measure, and control various kinds of financial risks it faces, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, and liquidity risk.

(b) Management objectives

- i. Except for market risk, which is controlled by outside factors, the remainder of the foregoing types of risks can be eliminated via internal control or operational procedures. Therefore, the goal in managing each of these risks is to reduce them to zero.
- ii. As for market risk, the goal is to optimise its overall position through strict analysis, suggestion, execution and audit processes, and proper consideration of trends in the external economic/financial environment, internal operating conditions and the actual effects of market fluctuations.
- iii. The Group's overall risk management policy focuses on the unpredictable item of financial markets and seeks to reduce the risk that potentially pose adverse effects on the Group's financial position and financial performance.
- iv. The Group uses derivative financial instruments. Please refer to Note 6 for details.

(c) Management system

- i. Risk management is carried out by a central treasury department (the Group treasury) under policies approved by the Board of Directors. The Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.
- ii. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from (a) the timing of recognition for accounts receivable, accounts payable, borrowings, and payables on machinery and equipment denominated in non-functional currencies is different, (b) recognised assets and liabilities and (c) net investments in foreign operations. Since the transacting currencies are different from functional currencies, foreign exchange risks arise.
- ii. Management has set up a policy to require all subsidiaries within the Group to manage their foreign exchange risk against their functional currency. However, the overall foreign exchange risk is managed by the Group treasury for hedging.
- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: USD; other certain subsidiaries' functional currency: RMB or NTD) so it is impacted by the exchange rate fluctuations. The information on assets and liabilities

denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	March 31, 2021			Three-month period ended March 31, 2021	
	Foreign currency (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Sensitivity analysis	
				Degree of variation	Effect on comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD: NTD	253,111	28.54	\$ 7,223,788	1%	\$ 72,238
USD: RMB	1,155,714	6.5713	32,990,695	1%	329,907
<u>Net effect in consolidated entities with foreign currencies</u>					
USD: NTD	3,021,602	28.54	86,236,521	1%	862,365
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD: NTD	134,524	28.54	3,839,315	1%	38,393
USD: RMB	897,348	6.5713	25,615,452	1%	256,155
JPY: RMB	10,039,792	0.0596	2,597,321	1%	25,973
	December 31, 2020			2020	
	Foreign currency (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Sensitivity analysis	
				Degree of variation	Effect on comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD: NTD	256,604	28.48	\$ 7,308,082	1%	\$ 73,081
USD: RMB	1,809,982	6.5249	51,692,160	1%	516,922
<u>Net effect in consolidated entities with foreign currencies</u>					
USD: NTD	3,009,546	28.48	85,711,870	1%	857,119
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD: NTD	171,698	28.48	4,889,959	1%	48,900
USD: RMB	1,232,679	6.5249	35,204,679	1%	352,047
JPY: RMB	8,065,846	0.0632	2,232,498	1%	22,325

	March 31, 2020			Three-month period ended March 31, 2020	
	Foreign currency (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Sensitivity analysis Degree of variation	Effect on comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD: NTD	259,922	30.23	\$ 7,857,442	1%	\$ 78,574
USD: RMB	891,465	7.0851	26,875,086	1%	268,751
<u>Net effect in consolidated entities with foreign currencies</u>					
USD: NTD	2,526,754	30.23	76,383,773	1%	763,838
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD: NTD	47,627	30.23	1,439,764	1%	14,398
USD: RMB	523,473	7.0851	15,781,195	1%	157,812
JPY: RMB	4,453,202	0.0655	1,241,120	1%	12,411

- v. Please refer to Note 6(28) Net Foreign Exchange Gain (Loss) for the total exchange gain (including realised and unrealised) arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2021 and 2020.

Interest rate risk for cash flow and fair value

The Group's interest rate risk mainly arises from borrowings. Borrowings at floating rates expose the Group to interest rate risk of cash flow, which is partially offset by cash and cash equivalents held at floating rates.

Based on the simulations performed, the impact on after-tax profit of a quarter-point shift would be a maximum increase or decrease of \$9,521 and \$11,409 for the three-month periods ended March 31, 2021 and 2020, respectively. The simulation is based on a quarterly basis to ensure that the maximum potential loss is within the limit given by the management.

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

Price risk

The Group's investments in equity securities comprise domestic listed stocks which are classified as investments in financial assets at fair value through other comprehensive income. The price of equity securities would be affected by the uncertainty of the future value of underlying investment. However, the Group expects the price fluctuations do not have significant impact on the price of equity securities.

(b) Credit risk

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

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

taking into account their financial position, past experience and other factors.

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

- ii. The Group assess whether there has been significant increase in credit risk on that instrument since initial recognition:
 - (i) If the contract payments were an underlying more than 30 days past due based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - (ii) If the credit rating grade of an underlying investment degrades two grades, there has been a significant increase in credit risk on that instrument since initial recognition.
- iii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Delinquency or default in interest or principal payments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- iv. The default occurs when the contract payment are more than 90 days past due.
- v. The credit quality information of financial assets that are neither overdue nor impaired is as follows:

Cash and cash equivalents

The Group transacts with a variety of financial institutions with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

Financial assets at amortised cost

The Group's investments in debt classified as financial assets at amortised are low credit risk, and the carrying amount is measured as the expected credit loss for the 12 months following the balance sheet date.

Accounts receivable (including from related parties)

- (i) The Group applies the following approaches to assess the expected credit losses (the 'ECLs') of accounts receivable:
 - 1 Assess the ECLs on an individual basis if a significant default has been occurred to the certain customers.
 - 2 Classifies the other customers' accounts receivables based on the Group's credit rating standards and estimates the ECLs using loss rate methodology or provision matrix.

- 3 Adjust the loss rates constructed from historical and recent information by taking into account the business cycle indicators of the National Development Council and forecasts of the Basel Committee on Banking Supervision.
- 4 As of March 31, 2021, December 31, 2020 and March 31, 2020, the individual provision for impairment of accounts receivable using loss rate methodology or provision matrix is as follows:

	Individual	Group 1	Group 2	Group 3	Group 4	Total
<u>March 31, 2021</u>						
Expected loss rate		0.03%	0.07%	0.1%~1.00%	1%~5%	
Total book value	\$ -	\$ 9,208,659	\$ 7,492,326	\$ 956,833	\$ 2,349,417	\$ 20,007,235
Loss provisions	\$ -	(\$ 2,763)	(\$ 5,245)	(\$ 4,784)	(\$ 63,998)	(\$ 76,790)
<u>December 31, 2020</u>						
Expected loss rate		0.03%	0.07%	0.1%~1.00%	1%~5%	
Total book value	\$ -	\$ 21,958,771	\$ 8,488,341	\$ 677,722	\$ 2,723,780	\$ 33,848,614
Loss provisions	\$ -	(\$ 6,588)	(\$ 5,942)	(\$ 6,777)	(\$ 88,152)	(\$ 107,459)
<u>March 31, 2020</u>						
Expected loss rate		0.03%	0.07%	0.10%~1.00%	1%~5%	
Total book value	\$ -	\$ 6,724,578	\$ 5,284,968	\$ 540,428	\$ 1,876,129	\$ 14,426,103
Loss provisions	\$ -	(\$ 2,017)	(\$ 3,699)	(\$ 2,972)	(\$ 39,665)	(\$ 48,353)

Group 1: Standard Poor's, Fitch Ratings or Moody's ratings in A category, or A category rated based on the Group's Credit Quality Control Policy for those that have no external credit ratings.

Group 2: Standard Poor's or Fitch Ratings in BBB category, Moody's ratings in Baa category, or in B or C category rated based on the Group's Credit Quality Control Policy for those that have no external credit ratings.

Group 3: Standard Poor's or Fitch Ratings in BB+ category or below, or Moody's ratings in Bal category or below.

Group 4: Having no external agency rating. Ratings other than A, B, or C based on the Group's Credit Quality Control Policy.

- (ii) Movements on allowance for accounts receivable adopting the modified approach (including due from related parties) as follows:

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Beginning balance	\$ 107,459	\$ 81,012
Reversal of impairment loss	(30,587)	(32,215)
Net exchange differences	(82)	(444)
Ending balance	\$ 76,790	\$ 48,353

Other receivables

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

(c) Liquidity risk

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

- ii. The Group has the following undrawn borrowing facilities:

	March 31, 2021	December 31, 2020	March 31, 2020
Expiring within one year	\$ 62,043,595	\$ 62,190,431	\$ 35,964,697
Expiring beyond one year	5,757,452	5,231,995	15,496,080
	<u>\$ 67,801,047</u>	<u>\$ 67,422,426</u>	<u>\$ 51,460,777</u>

- iii. The following table analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the following table are the contractual undiscounted cash flows. The remaining period of corporate bonds payable is expressed as the period between the balance sheet date and the redeemable date by holders. Except those listed in the following table, all of the Group's non-derivative financial liabilities will attain maturity within one year:

Non-derivative financial liabilities:

	Less than one year	Over one year	Total
March 31, 2021			
Bonds payable	\$ -	\$ 11,416,000	\$ 11,416,000
Long-term borrowings (Note)	8,726,110	480,652	9,206,762
Guarantee deposits received	-	142,143	142,143
Lease liabilities	149,986	530,205	680,191
	<u>\$ 8,876,096</u>	<u>\$ 12,569,000</u>	<u>\$ 21,445,096</u>

Non-derivative financial liabilities:

December 31, 2020	Less than one year	Over one year	Total
Bonds payable	\$ -	\$ 11,392,000	\$ 11,392,000
Long-term borrowings (Note)	9,027,198	40,302	9,067,500
Guarantee deposits received	-	186,613	186,613
Lease liabilities	145,543	549,837	695,380
	<u>\$ 9,172,741</u>	<u>\$ 12,168,752</u>	<u>\$ 21,341,493</u>

Non-derivative financial liabilities:

March 31, 2020	Less than one year	Over one year	Total
Long-term borrowings (Note)	\$ 273,612	\$ 9,137,403	\$ 9,411,015
Guarantee deposits received	-	143,895	143,895
Lease liabilities	90,594	134,651	225,245
	<u>\$ 364,206</u>	<u>\$ 9,415,949</u>	<u>\$ 9,780,155</u>

Note: Including imputed interest payable.

- iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date will be significantly earlier, nor expect the actual cash flow amount would be significantly different.

(d) Cash flow risk of changes from interest rate

For the Group's borrowings at floating rates, the effective interest rate changes according to market interest rates. However, the working capital of the Group is sufficient to hedge the cash flow risk due to changes in interest rate. Furthermore, the Group's borrowings as fixed rates and lease payable have no cash flow risk due to changes in market interest rate.

(3) Fair value estimation

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

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

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

Level 3: Inputs for the asset or liability that are not based on observable market data.

B. Financial instruments not measured at fair value

- (a) Except for those listed in the following table below, the carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, financial assets at amortised cost-time deposits due for more than three months, financial assets at amortised cost-guaranteed income financial products, accounts receivable (including due from related parties), other receivables, other current assets, other non-current assets - time deposits with maturity of over one year, short-term borrowings, accounts payable (including related parties), other payables, lease liabilities, and long-term borrowings (including current portion) is a reasonable approximation of fair value.

March 31, 2021				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 10,553,554	\$ -	\$ 10,976,851	\$ -
Guarantee deposits received	142,143	-	141,958	-
Total	<u>\$ 10,695,697</u>	<u>\$ -</u>	<u>\$ 11,118,809</u>	<u>\$ -</u>
December 31, 2020				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 10,480,741	\$ -	\$ 10,898,838	\$ -
Guarantee deposits received	186,613	-	186,371	-
Total	<u>\$ 10,667,354</u>	<u>\$ -</u>	<u>\$ 11,085,209</u>	<u>\$ -</u>

	March 31, 2020			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Guarantee deposits received	\$ 143,895	\$ -	\$ 143,593	\$ -

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

- i. Bonds payable: Regarding the convertible bonds issued by Group, the fair value is estimated based on the expected cash flows using the present value and market rate.
- ii. Guarantee deposits received: The fair value is estimated using the present value of the expected cash flows. The discount rate refers to the fixed interest rate of postal savings for a one-year time deposit.
- iii. Financial assets at amortised cost-corporate bonds: The fair value is the quoted price in active markets.

C. Financial and non-financial instruments measured at fair value

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

March 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ -	\$ 191,570	\$ 737,460	\$ 929,030
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 404,135	\$ 404,135
December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ -	\$ -	\$ 753,522	\$ 753,522
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 431,266	\$ 431,266

March 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss	\$ -	\$ -	\$ 553,149	\$ 553,149
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 179,986	\$ 179,986

- (b) The methods and assumptions that the Group used to measure the fair value are as follows:
- i. The instruments the Group used market quoted prices as their fair values (i.e., Level 1).
 - ii. Except for the financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
 - iii. When assessing non-standard and low-complexity financial instruments, for example, foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
 - iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
 - v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
 - vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

- D. The Level-3 movement for the three-month periods ended March 31, 2021 and 2020, is as follows:

	Three-month period ended March 31, 2021		Three-month period ended March 31, 2020	
	Financial assets at fair value through profit or loss- Debt securities	Financial assets at fair value through other comprehensive income- Equity securities	Financial assets at fair value through profit or loss- Debt securities	Financial assets at fair value through other comprehensive income- Equity securities
Beginning balance	\$ 753,522	\$ 431,266	\$ -	\$ 193,804
Acquisition of financial assets	116,641	-	553,020	-
Unrealized gains (losses) on valuation	65,671	(24,897)	-	(12,062)
Transfer out from Level 3	(191,570)	-	-	-
Net exchange differences	(6,804)	(2,234)	129	(1,756)
Ending balance	<u>\$ 737,460</u>	<u>\$ 404,135</u>	<u>\$ 553,149</u>	<u>\$ 179,986</u>

- (a) External appraiser is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in accordance with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- (b) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at March 31, 2021	Valuation technique	Significant unobservable input	Range [Weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted shares	\$ 101,176	Market comparable companies	Enterprise value to EBIT multiple	7.03~49.32 [8.5]	The higher the EBIT, the higher the fair value
			Price to net value multiple	2.32~5.69 [2.45]	The higher the net value of shares, the higher the fair value
Unlisted shares	\$ 149,730	Market comparable companies	Enterprise value to EBIT multiple	19.9~75.59 [38.25]	The higher the EBIT, the higher the fair value
Unlisted shares	\$ 22,208	Income approach	Weighted average capital cost	8.46%	The higher the weighted average capital cost, the lower the fair value
			Discount for lack of marketability	0%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	\$ 131,021	Market comparable companies	Enterprise value to EBIT multiple	2.63~27.63 [10.44]	The higher the EBIT, the higher the fair value

	Fair value at March 31, 2021	Valuation technique	Significant unobservable input	Range [Weighted average]	Relationship of inputs to fair value
Equity securities:					
Private placement \$	564,391	Net-asset-val ue approach	N/A	N/A	N/A
Private placement \$	102,404	Net-asset-val ue approach	N/A	N/A	N/A
Partner's share in \$ unlisted companies	70,665	Most recent closing price	N/A	N/A	N/A
	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range [Weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted shares \$	102,503	Market comparable companies	Enterprise value to EBIT multiple Price to net value multiple	6.01~43.88 [8.19] 1.59~6.16 [2.46]	The higher the EBIT, the higher the fair value The higher the net value of shares, the higher the fair value
Unlisted shares \$	173,524	Market comparable companies	Enterprise value to EBIT multiple	29.89~57.44 [44.46]	The higher the EBIT, the higher the fair value
Unlisted shares \$	23,929	Income approach	Weighted average capital cost Discount for lack of marketability	7.91% 40%	The higher the weighted average capital cost, the lower the fair value The higher the discount for lack of marketability, the lower the fair value
Unlisted shares \$	131,310	Most recent closing price	N/A	N/A	N/A
Debt Securities:					
Private placement \$	572,651	Net-asset-val ue approach	N/A	42.53	The higher the net asset value, the higher the fair value
Private placement \$	59,978	Most recent closing price	N/A	N/A	N/A
Partner's share in \$ unlisted companies	120,893	Comparable listing companies	PER multiples Discount for lack of marketability	114 41%	The higher the PER multiples, the higher the fair value The higher the discount for lack of marketability, the lower the fair value

	Fair value at March 31, 2020	Valuation technique	Significant unobservable input	Range [Weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted shares	\$ 77,430	Market comparable companies	Enterprise value to EBIT multiple	6.30~25.96 [7.80]	The higher the EBIT, the higher the fair value
			Price to net value multiple	1.11~5.94 [2.00]	The higher the net value of shares, the higher the fair value
Unlisted shares	\$ 102,556	Market comparable companies	Enterprise value to EBIT multiple	32.27~87.79 [43.42]	The higher the EBIT, the higher the fair value
Debt Securities:					
Private placement\$	553,149	Most recent closing price	N/A	N/A	N/A

- (c) The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, the use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

				Three-month period ended March 31, 2021			
				Recognised in income		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Debt instruments	Enterprise value to EBIT	±	1%	\$ 7,375	(\$ 7,375)	\$ -	\$ -
Equity instruments	multiples	±	1%	-	-	4,041	(4,041)
Total				<u>\$ 7,375</u>	(<u>\$ 7,375</u>)	<u>\$ 4,041</u>	(<u>\$ 4,041</u>)
				Three-month period ended March 31, 2020			
				Recognised in income		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Debt instruments	Enterprise value to EBIT	±	1%	\$ 5,531	(\$ 5,531)	\$ -	\$ -
Equity instruments	multiples	±	1%	-	-	1,800	(1,800)
Total				<u>\$ 5,531</u>	(<u>\$ 5,531</u>)	<u>\$ 1,800</u>	(<u>\$ 1,800</u>)

- E. For the three-month periods ended March 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.
- F. For the three-month period ended March 31, 2021, the fair value of the debt instruments held by the Group is the quoted price in the markets and therefore was transferred from Level 3 to Level 2. For the three-month period ended March 31, 2020, there was no transfer into or out from Level 3.

(4) Others

Due to COVID-19, there were no significant influence over the Group for the three-month period ended March 31, 2021, except for some subsidiaries that received reductions or subsidies due to compliance with the local government's implementation regulations for the phased reduction and exemption of corporate social insurance.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

(The portions of transaction information with the investees were based on the financial statements of the investees for the same period which were audited by independent accountants. All the transactions with subsidiaries disclosed below had been eliminated in the consolidated financial statements. The disclosure information below is for reference only.)

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exxceding NT\$300 million or 20% of paid-in capital or more: None..
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more:
Please refer to table 4.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative financial instruments: None.
- J. The business relationship and significant transactions between the inter-companies: Please refer to table 7.

(2) Information on investees

(The portions of transaction information with the investees were based on the financial statements of the investees for the same period which were audited by independent accountants. All the transactions with subsidiaries disclosed below had been eliminated in the consolidated financial statements. The disclosure information below is for reference only.)

Names, locations and other information of investee companies (excluding the investees in Mainland China): Please refer to Table 8.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to Table 9.
- B. Significant transactions with the investees in Mainland China either directly or indirectly through other companies in the third areas: None.

(4) Information on major shareholders

Information on major shareholders: Please refer to Table 10.

14. SEGMENT INFORMATION

(1) General information

The Group is engaged in the manufacturing of various types of PCB products. The chief operating decision-maker considers the business and operations from the product perspective. Currently, the Group only discloses one reportable segment as all operating segments meet the aggregation criteria (similar gross profit margin and expected growth rate). In allocating resources and assessing performance of the Group, the chief operating decision-maker uses operating segments' revenue and net income, which reflect internal cost and expense allocation. Except for inter-segment charges, which were determined based on the Group's internal policy, accounting policies of operating segments are in agreement with Note 4, 'Summary of significant accounting policies'.

(2) Reportable segment information

Reportable segment information provided to the chief operating decision maker is as follows:

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Revenue from external customers	\$ 27,193,100	\$ 17,512,438
Inter-segment revenue	-	-
Segments' revenue	\$ 27,193,100	\$ 17,512,438
Measure of segment profit	\$ 1,343,483	\$ 1,250,433

(3) Reconciliation of reportable segment's revenue and measure of profit and loss

Sales between segments are carried out at fair value. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

The reconciliation from total reportable segment's revenue to the enterprise income and from segment profit from reportable segment to the net income for the current period is as follows:

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Reportable segment's revenue	\$ 27,193,100	\$ 17,512,438
Reportable segment's profit	\$ 1,343,483	\$ 1,250,433
Interest income and finance costs	(31,132)	112,470
Net currency exchange gains	10,686	216,544
Net losses on disposal of property, plant and equipment	(14,644)	(41,484)
Net gains on financial assets at fair value through profit or loss	65,671	-
Others	\$ 16,709	(\$ 273,868)
Profit	\$ 1,390,773	\$ 1,264,095

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
LOANS TO OTHERS
Three-month period ended March 31, 2021

Table1

Expressed in thousands of NTD, except as otherwise indicated

No.	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the current period (Note 3)	Ending balance (Note 4)	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transaction	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Notes 1 & 2)	Limit on total lender's loans granted (Notes 1 & 2)	Footnote
													Name	Value			
1	Zhen Ding Technology Co., Ltd.	BoardTek Electronics Corp.	Other receivables	Yes	\$ 800,000	\$ 800,000	\$ -	-	Short-term financing	\$ -	Operation requirements	\$ -	No	\$ -	\$ 976,216	\$ 976,216	
2	Mayco Industrial Limited	The Company	Other receivables	Yes	1,712,400	1,712,400	-	-	Short-term financing	-	Operation requirements	-	No	-	325,532,971	455,746,160	
2	Mayco Industrial Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	1,427,000	1,427,000	570,800	1.30%-3.10%	Short-term financing	-	Operation requirements	-	No	-	325,532,971	455,746,160	
2	Mayco Industrial Limited	Henley International Limited	Other receivables	Yes	856,200	856,200	-	-	Short-term financing	-	Operation requirements	-	No	-	325,532,971	455,746,160	
2	Mayco Industrial Limited	Zhen Ding Technology India Private Limited	Other receivables	Yes	1,427,000	1,427,000	-	-	Short-term financing	-	Operation requirements	-	No	-	325,532,971	455,746,160	
2	Mayco Industrial Limited	BoardTek Electronics Corp.	Other receivables	Yes	1,427,000	1,427,000	-	-	Short-term financing	-	Operation requirements	-	No	-	26,042,638	26,042,638	
3	Pacific Fair International Limited	The Company	Other receivables	Yes	3,424,800	3,424,800	2,568,600	1.30%	Short-term financing	-	Operation requirements	-	No	-	47,806,328	66,928,860	
4	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	325,800	325,800	11,729	3.85%	Short-term financing	-	Operation requirements	-	No	-	9,889,465	13,845,251	
5	Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	1,427,000	1,427,000	713,500	0.55%	Short-term financing	-	Operation requirements	-	No	-	32,656,063	45,718,489	
5	Garuda International Limited	Avary Technology (India) Private Limited	Other receivables	Yes	1,141,600	1,141,600	570,800	1.15%	Short-term financing	-	Operation requirements	-	No	-	2,612,485	2,612,485	
5	Garuda International Limited	Avary Singapore Private Limited	Other receivables	Yes	1,141,600	1,141,600	-	-	Short-term financing	-	Operation requirements	-	No	-	32,656,063	45,718,489	
6	Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Other receivables	Yes	8,688,000	8,688,000	1,520,400	3.85%	Short-term financing	-	Operation requirements	-	No	-	38,093,325	38,093,325	
6	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	8,688,000	8,688,000	4,850,076	3.85%-4.05%	Short-term financing	-	Operation requirements	-	No	-	38,093,325	38,093,325	

No.	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the current period (Note 3)	Ending balance (Note 4)	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transaction	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Notes 1 & 2)	Limit on total lender's loans granted (Notes 1 & 2)	Footnote
													Name	Value			
6	Avary Holding (Shenzhen) Co., Limited	Fu Bo Industrial (Shenzhen) Co., Ltd.	Other receivables	Yes	\$ 868,800	\$ 868,800	\$ 195,480	3.85%	Short-term financing	\$ -	Operation requirements	\$ -	No	\$ -	\$ 38,093,325	\$ 38,093,325	
6	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	6,516,000	6,516,000	2,332,728	3.85%	Short-term financing	-	Operation requirements	-	No	-	38,093,325	38,093,325	
6	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	1,303,200	1,303,200	655,944	3.85%	Short-term financing	-	Operation requirements	-	No	-	38,093,325	38,093,325	
6	Avary Holding (Shenzhen) Co., Limited	Kui Sheng Technology (Shenzhen) Limited	Other receivables	Yes	217,200	217,200	-	-	Short-term financing	-	Operation requirements	-	No	-	38,093,325	38,093,325	

Note 1: Financial limit on total loans granted to others by the Group is 50% of the lender's net assets based on their most recent audited or reviewed consolidated financial statements, of which:

- (1) For parties having business relationship with the Company, the financial limit on total loans shall not exceed 10% of the Company's net worth and the financial limit on loans granted to a single party shall not exceed the year-to-date purchased amount or sales amount, whichever is higher, and shall not exceed 10% of the net worth of the Company as indicated in the financial statements for the most recent period certified or reviewed by a certified public accountant.
- (2) For parties in need of short-term financing, the financial limit on total loans shall not exceed 40% of the Company's net worth and the financial limit on loans granted to a single party shall not exceed 40% of the net worth of the Company as indicated in the financial statements for the most recent period certified or reviewed by a certified public accountant.

Note 2: The amount of loans between subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares or between the Company and overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares is not limited to 40% of the borrower's net worth.

In accordance with the subsidiaries' respective Procedures for Lending Funds to Other Parties, the total amount of loans between subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares or between the Company and overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares is limited to 700% of the lender's net worth based on the latest audited or reviewed financial statements.

In accordance with the subsidiaries' respective Procedures for Lending Funds to Other Parties, for loans between subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares or between the Company and overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares, the limit on loans to a single enterprise is limited to 500% of the lender's net assets based on the latest audited or reviewed financial statements.

Note 3: Maximum amount for the period ended on the balance sheet date.

Note 4: The amount of loans granted as resolved by the Company's Board of Directors.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
PROVISION OF ENDORSEMENTS/GUARANTEES TO OTHERS
Three-month period ended March 31, 2021

Table 2

Expressed in thousands of NTD, except as otherwise indicated

No. (Note 1)	Name of company	Entity for which the endorsement/ guarantee is made	Relation ship (Note 2)	Limit on endorsements/ guarantees to a single enterprise (Note 3)	Maximum outstanding balance of endorsements/ guarantees during the current period (Note 5)	Ending balance of endorsements/ guarantees (Note 6)	Actual amount drawn down (Note 7)	Endorsed/ Guaranteed amount with property as collateral	Cumulative endorsed/ guaranteed amount as a percentage of the net value in the most recent financial statements	Maximum endorsed/ guaranteed amount (Note 4)	Parent company to subsidiary (Note 8)	Subsidiary to parent company (Note 8)	To Mainland China (Note 8)	Footnote
0	The Company	Qi Ding Technology Qinhuangdao Co., Ltd.	2	\$ 7,459,226	\$ 570,800	\$ -	\$ -	\$ -	0.00%	\$ 74,592,257	Y	N	Y	
1	Avary Technology (India) Private Limited	Avary Technology (India) Private Limited	1	7,459,226	285,400	285,400	23,289	23,289	0.38%	74,592,257	N	N	N	(Note 9)

Note 1: The explanation for numbers is as follows:

- (1) Issuer is 0.
- (2) Investees are numbered in order starting from '1'.

Note 2: Relationships between endorser/guarantor and the entity for which the endorsement/guarantee is made are classified into the following six categories (simply specify the respective category):

- (1) Companies in a business relationship with the Company.
- (2) Subsidiaries in which the Company directly holds more than 50% of its total outstanding ordinary shares.
- (3) Investees in which parent company and subsidiary hold more than 50% of total outstanding ordinary shares combined.
- (4) Parent company in which the Company directly or indirectly (along with subsidiary) holds more than 50% of its total outstanding ordinary shares.
- (5) Companies providing mutual endorsements/guarantees for industry peers for purposes of undertaking a construction project.
- (6) Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

Note 3: Limit on endorsements/guarantees to a single enterprise: Endorsements/guarantees that the Company makes for a single enterprise shall not exceed 10% of the parent company's net worth.

Note 4: Total amount of endorsements/guarantees: The total amount of endorsements/guarantees the Company makes for others shall not exceed 100% of the parent company's net worth.

Note 5: Highest balance of endorsements/guarantees to others for the year.

Note 6: Endorsement/guarantee liabilities are assumed when the amount of the endorsement/guarantee contracts or bills signed with the bank by the Company is approved as of the end of the year. Other matters related to endorsements/guarantees shall be included in the endorsement/guarantee balance.

Note 7: Actual amount drawn down by the companies for which the endorsements/guarantees are made within the range of endorsement/guarantee balance.

Note 8: Endorsements/guarantees made by TWSE/TPEX listed parent company for subsidiary, endorsements/guarantees made by subsidiary for TWSE/TPEX listed parent company, and endorsements/guarantees made in Mainland China are must be indicated with 'Y'.

Note 9: Guarantees made by the subsidiaries of the Company for their tax, science projects, and leases.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD (EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
March 31, 2021

Table 3

Expressed in thousands of NTD, except as otherwise indicated

Securities held by	Type and name of marketable securities (Note 1)	Relationship with securities issuer (Note 2)	General ledger account	As of September 30, 2020				Footnote (Note 4)
				Number of shares	Carrying amount (Note 3)	Ownership (%)	Fair value	
Zhen Ding Technology Co., Ltd.	SynPower Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,200,000	\$ 101,17	9.02%	\$ 101,176	
Avary Holding (Shenzhen) Co., Limited	Jiangsu Aisen Semiconductor Material Co., Ltd.	No	Financial assets at fair value through other comprehensive income	2,600,000	149,730	4.26%	149,730	
Avary Holding Investment (Shenzhen) Co., Ltd.	Dongguan Liuchun Intelligent Technology Co., Ltd.	No	Financial assets at fair value through other comprehensive income	1,461,039	131,021	3.55%	131,021	
BoardTek Electronics Corp.	Chipboard Technology Corporation	No	Financial assets at fair value through other comprehensive income	1,337,068	22,208	15.60%	22,208	
Avary Holding (Shenzhen) Co., Limited	Jingning Dingqing Electronic Technology Partnership	No	Financial assets at fair value through profit or loss	-	191,570	12.53%	191,570	
Avary Holding Investment (Shenzhen) Co., Ltd.	Beijing Firstred Acquisition Fund	No	Financial assets at fair value through profit or loss	-	564,391	2.95%	564,391	
Avary Holding Investment (Shenzhen) Co., Ltd.	Zhuhai Hengqin Urban Enterprise Zone Leishi Tianhe Technology Industry Investment Partnership	No	Financial assets at fair value through profit or loss	-	70,665	99.39%	70,665	
Zhen Ding Technology Co., Ltd.	Zhuoyi II Investment Limited Partnership	No	Financial assets at fair value through profit or loss	-	102,404	13.51%	102,404	

Note 1: In accordance with IFRS 9, 'Financial Instruments', marketable securities in the table refer to shares, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Three-month period ended March 31, 2021

Table 4

Unit: Foreign currency in thousands

Real estate acquired by	Name of asset	Incidence date	Transaction amount	Amount paid	Counterparty	Relationship	Previous transfer, if the counterparty is a related party				Pricing basis	Purpose of acquisition and utilization	Other provisions
							Owner	Relationship with issuer	Transfer date	Amount			
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Land right-of-use	February 28, 2021	RMB 70,300	RMB 70,300	Shenzhen Planning and Natural Resource Management Bureau	No	N/A	N/A	N/A	N/A	RMB 77,010	Business demands	No

Note 1: Appraisal results should be provided under "pricing basis" where appraisal is required for the acquired asset.

Note 2: Paid-in capital refers to the paid-in capital of the parent company. In the case of an issuer whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20% of paid-in capital, 10% of equity attributable to owners of the parent shall be substituted.

Note 3: The incidence date refers to the date of transaction signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors' resolutions, or other dates that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
PURCHASE OR SALE OF GOODS FROM OR TO RELATED PARTIES REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE
Three-month period ended March 31, 2021

Table 5

Expressed in thousands of NTD, except as otherwise indicated

Purchaser/Seller	Counterparty	Relationship	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	An indirect subsidiary	Sales	\$ 10,241,618	82	60 days from the shipping date	Note 2	Note 2	\$ 9,225,146	80	
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect subsidiary	Sales	1,793,849	14	90 days from the shipping date	Note 2	Note 2	1,803,125	16	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	An indirect subsidiary	Sales	7,319,077	88	90 days from the shipping date	Note 2	Note 2	5,627,458	87	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect subsidiary	Sales	922,232	11	90 days from the shipping date	Note 2	Note 2	791,854	12	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect subsidiary	Sales	1,065,608	68	60 days from the shipping date	Note 2	Note 2	329,983	53	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect subsidiary	Sales	406,810	26	90 days from the shipping date	Note 2	Note 2	196,618	32	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect subsidiary	Sales	5,665,312	86	60 days from the invoice date	Note 2	Note 2	1,719,820	71	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect subsidiary	Sales	775,100	12	90 days from the shipping date	Note 2	Note 2	502,563	21	
Qi Ding Technology Qinhuangdao Co., Ltd.	Henley International Limited	An indirect subsidiary	Sales	681,402	62	90 days from the shipping date	Note 2	Note 2	350,111	44	
Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	An indirect subsidiary	Sales	137,977	13	90 days from the shipping date	Note 2	Note 2	139,493	17	
Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	An indirect subsidiary	Sales	320,781	100	90 days from the shipping date	Note 2	Note 2	218,483	100	
Henley International Limited	Zhen Ding Technology Co., Ltd.	An indirect subsidiary	Sales	679,888	100	90 days from the shipping date	Note 2	Note 2	341,233	100	
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect subsidiary	Sales	1,054,531	5	90 days from the month following the shipping date	Note 2	Note 2	2,799,080	17	

Purchaser/Seller	Counterparty	Relationship	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	
Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	An indirect subsidiary	Sales	\$ 117,561	1	90 days from the month following the shipping date	Note 2	Note 2	\$ 124,565	1	
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect subsidiary	Sales	663,176	3	90 days from the month following the shipping date	Note 2	Note 2	700,815	4	
Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	An indirect subsidiary	Sales	102,099	-	90 days from the month following the shipping date	Note 2	Note 2	102,715	1	
Garuda International Limited	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	1,533,459	7	90 days from the month following the shipping date	Note 2	Note 2	1,946,101	12	
Garuda Technology Co., Ltd.	Reco Technology (Chengdu) Co., Ltd.	An indirect subsidiary of Hon Hai Precision Industry Co., Ltd., evaluated using the equity method	Sales	415,699	10	90 days from the month following the acceptance date	Note 2	Note 2	474,570	11	
Avary Holding (Shenzhen) Co., Limited	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	177,647	2	Net 90 after invoice date	Note 2	Note 2	(63,019)	1	
Avary Holding (Shenzhen) Co., Limited	Foxconn Interconnect Technology Limited and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	192,101	2	Net 90 after invoice date	Note 2	Note 2	(332,179)	3	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	General Interface Solution Limited	An indirect subsidiary of Hon Hai Precision Industry Co., Ltd., evaluated using the equity method	Purchases	191,370	3	Net 30 after invoice date	Note 2	Note 2	(8,221)	-	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Foxconn Interconnect Technology Limited and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	104,978	2	Net 90 after invoice date	Note 2	Note 2	(167,994)	3	

Note 1: The opposite related party transactions are not disclosed.

Note 2: Unless the transaction terms were determined in accordance with mutual agreements due to no similar transactions, the transaction terms to related parties were similar to third parties.

Note 3: Advance sales receipts.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE
March 31, 2021

Table 6

Expressed in thousands of NTD, except as otherwise indicated

Creditor	Counterparty	Relationship	Receivables from related parties	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	An indirect subsidiary	\$ 9,225,146	1	\$ -	-	\$ 4,242,264	\$ -
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect subsidiary	1,803,125	1	-	-	588,840	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	An indirect subsidiary	5,627,458	1	-	-	2,096,648	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect subsidiary	791,854	1	-	-	237,667	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect subsidiary	329,983	2	-	-	324,003	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect subsidiary	196,618	2	-	-	193,054	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect subsidiary	1,719,820	1	-	-	1,688,650	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect subsidiary	502,563	1	-	-	494,871	-
Qi Ding Technology Qinhuangdao Co., Ltd.	Henley International Limited	An indirect subsidiary	350,111	2	-	-	156,974	-
Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	An indirect subsidiary	139,493	2	-	-	-	-
Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	An indirect subsidiary	218,483	1	-	-	-	-

Creditor	Counterparty	Relationship	Receivables from related parties	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Henley International Limited	Zhen Ding Technology Co., Ltd.	An indirect subsidiary	\$ 341,233	2	\$ -	-	\$ 155,865	\$ -
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect subsidiary	2,799,080	0	1,737,280	Subsequent collection	2,534,322	-
Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	An indirect subsidiary	124,565	1	6,300	Subsequent collection	67,460	-
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect subsidiary	700,815	0	33,668	Subsequent collection	332,565	-
Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	An indirect subsidiary	102,715	1	-	-	29,939	-
Garuda International Limited	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	1,946,101	1	30,142	Subsequent collection	777,794	-
Garuda Technology Co., Ltd.	Reco Technology (Chengdu) Co., Ltd.	An indirect subsidiary of Hon Hai Precision Industry Co., Ltd., evaluated using the equity method	474,570	1	33,335	Subsequent collection	150,273	-

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
SIGNIFICANT INTER-COMPANY TRANSACTIONS DURING THE REPORTING PERIODS
Three-month period ended March 31, 2021

Table 7

Expressed in thousands of NTD, except as otherwise indicated

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount (Note 3)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
1	Mayco Industrial Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	3	Other receivables	\$ 570,800	Note 5	-
2	Pacific Fair International Limited	The Company	2	Other receivables	2,568,600	"	1
3	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	3	Other receivables	11,729	"	-
4	Garuda International Limited	Avary Technology (India) Private Limited	3	Other receivables	570,800	"	-
4	Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Other receivables	713,500	"	-
5	Avary Holding (Shenzhen) Co., Limited	Fu Bo Industrial (Shenzhen) Co., Ltd.	3	Other receivables	195,480	"	-
5	Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Other receivables	1,520,400	"	1
5	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Other receivables	4,850,076	"	3
5	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	2,332,728	"	1
5	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	655,944	"	-
5	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Sales	10,241,618	Note 8	38
5	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Accounts receivable	9,225,146	"	5
5	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Sales	1,793,849	Note 7	7
5	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Accounts receivable	1,803,125	"	1
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Sales	7,319,077	Note 8	27
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Accounts receivable	5,627,458	"	3
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	922,232	Note 7	3
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	791,854	"	-
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	1,065,608	Note 8	4
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	329,983	"	-
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	406,810	Note 7	1
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	196,618	"	-
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	5,665,312	Note 8	21

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount (Note 3)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	\$ 1,719,820	"	1
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	775,100	Note 7	3
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	502,563	"	-
9	Qi Ding Technology Qinhuangdao Co., Ltd.	Henley International Limited	3	Sales	681,402	Note 6	3
9	Qi Ding Technology Qinhuangdao Co., Ltd.	Henley International Limited	3	Accounts receivable	350,111	"	-
9	Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	4	Sales	137,977	"	1
9	Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	4	Accounts receivable	139,493	"	-
10	Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	3	Sales	320,781	Note 7	1
10	Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	218,483	"	-
11	Henley International Limited	Zhen Ding Technology Co., Ltd.	3	Sales	679,888	Note 6	3
11	Henley International Limited	Zhen Ding Technology Co., Ltd.	3	Accounts receivable	341,233	"	-
12	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Sales	1,054,531	"	4
12	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	2,799,080	"	2
12	Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Sales	117,561	"	-
12	Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Accounts receivable	124,565	"	-
12	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Sales	663,176	"	2
12	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Accounts receivable	700,815	"	-
12	Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Sales	102,099	"	-
12	Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Accounts receivable	102,715	"	-

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories: Example: For transactions between parent company and subsidiary, if disclosure is made by the parent company, then repeated disclosure is not required for the part regarding the subsidiary; for transactions between subsidiaries, if disclosure is made by one of the subsidiaries, then repeated disclosure is not required for the part regarding the other subsidiary):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Only the related party transactions exceeding the amount of NT\$100 million or 20% paid-in capital are disclosed, and the opposite related party transactions are not disclosed.

Note 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.
All the transactions had been eliminated in the consolidated financial statements.

Note 5: Nature of other receivables and other payables are loans to (from) others. Please refer to Note 13(1) A for interest rate and limit on loans.

Note 6: The prices and terms to related parties were similar to third parties. Credit term is 90 days from the shipping date.

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

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

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

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
NAMES, LOCATIONS AND OTHER INFORMATION OF INVESTEE COMPANIES (EXCLUDING THE INVESTEES IN MAINLAND CHINA):
Three-month period ended March 31, 2021

Table 8

Expressed in thousands of NTD, except as otherwise indicated

Name of Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of March 31, 2021			Net profit (loss) of investee for the current period	Investment income (loss) recognised by the Company for the current period	Footnote
				Balance as of March 31, 2021	Balance as of December 31, 2020	Number of shares	Owner ship (%)	Carrying amount			
The Company	Monterey Park Finance Limited	British Virgin Islands	Holding company	\$ 25,864,375	\$ 25,864,375	906,250,000	100	\$78,805,112	\$ 1,365,437	\$ 1,365,437	
The Company	Zhen Ding Technology Co., Ltd.	Taiwan	Trading company	125,488	125,488	12,548,800	100	2,440,540	(156,455)	(156,455)	
The Company	BoardTek Electronics Corp.	Taiwan	Manufacturing company	5,512,771	5,512,771	224,096,373	100	5,008,365	(163,793)	(181,179)	
The Company	Zhen Ding Technology Singapore Private Limited	Singapore	Holding company	3	3	100	100	3	-	-	
Monterey Park Finance Limited	Coppertone Enterprises Limited	British Virgin Islands	Holding company	2,933,507	2,933,507	102,785,806	100	65,156,375	1,045,285	1,045,059	
Monterey Park Finance Limited	Pacific Fair International Limited	Hong Kong	Holding company	7,805,690	7,805,690	2,133,300,000	100	9,561,266	110,153	110,153	
Monterey Park Finance Limited	Henley International Limited	Hong Kong	Trading company	-	-	1	100	8,402	(2,012)	(2,012)	
Coppertone Enterprises Limited	Mayco Industrial Limited	Hong Kong	Holding company	34,108,381	34,108,381	9,321,841,932	100	65,106,594	1,045,285	1,045,285	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited	Cayman Islands	Holding company	143	143	5,000	100	715,200	216	216	
BoardTek Electronics Corp.	BoardTek Investment Co., Ltd.	Taiwan	Name of Investor	170,000	170,000	17,000,000	100	271,808	1	1	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	Hong Kong	Trading company	1,683,860	1,683,860	460,200,000	73	4,545,329	163,427	90,304	
Avary Holding (Shenzhen) Co., Limited	Avary Singapore Private Limited	Singapore	Holding company	1,830,270	417,540	64,130,000	73	1,029,191	(277,017)	(201,724)	
Garuda International Limited	Garuda Technology Co., Ltd.	Taiwan	Trading company	1,525,000	1,525,000	152,500,000	73	1,194,749	56,508	41,149	
Garuda International Limited	Avary Japan Co., Ltd.	Japan	Trading company	23,117	23,117	1,800	73	1,586	(4,219)	(3,072)	
Avary Singapore Private Limited	Avary Technology (India) Private Limited	India	Manufacturing company	278,622	278,622	71,620,000	73	(91,239)	(276,544)	(201,381)	

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
INFORMATION ON THE INVESTMENTS IN MAINLAND CHINA
Three-month period ended March 31, 2021

Table 9

Expressed in thousands of NTD, except as otherwise indicated

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Net profit (loss) of investee for the current period	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company in the current period (Note 3)	Carrying amount of investments as of March 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacture and sales of PCB	\$ 10,158,226	2	\$ -	\$ -	\$ -	\$ -	\$ 913,625	73	\$ 627,043	\$ 18,505,713	\$ -	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Manufacture and sales of PCB	4,024,649	2	-	-	-	-	(89,165)	73	(64,930)	378,419	-	
Avary Holding (Shenzhen) Co., Limited	Manufacture and sales of PCB	10,040,828	2	-	-	-	-	1,638,774	73	1,193,363	69,349,373	-	
Fu Bo Industrial (Shenzhen) Co., Ltd.	Manufacture and sales of PCB	478,143	2	-	-	-	-	2,493	73	1,815	462,598	-	
Yu Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	1,046,641	2	-	-	-	-	2,182	73	1,589	691,616	-	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	11,513,853	2	-	-	-	-	(543,467)	73	(380,016)	11,124,613	-	
Qi Ding Technology Qinhuangdao Co., Ltd.	Development, manufacture and sales of electronic products	2,072,195	2	-	-	-	-	208,416	100	208,416	1,977,893	-	
Kui Sheng Technology (Shenzhen) Limited	Manufacture and sales of PCB	86,880	2	-	-	-	-	(488)	73	(355)	104,142	-	
Huaian Jia Wei Industrial Development Co., Ltd.	Production and sale of construction materials, furniture and hardware tools	708,885	2	-	-	-	-	(1,165)	100	(1,165)	701,889	-	
Avary Holding Investment (Shenzhen) Co., Ltd.	Investments	781,918	2	-	-	-	-	(2,829)	73	(2,060)	570,278	-	

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Net profit (loss) of investee for the current period	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company in the current period (Note 3)	Carrying amount of investments as of March 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Zhan Yang Automation (Dongguan) Co., Ltd.	Research, development, sales, and processing of automated equipment and cargo or technology import/export	\$ 30,408	2	\$ -	\$ -	\$ -	\$ -	(3,319)	44	(24,783)	\$ 3,484	\$ -	
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Development, manufacture and sales of electronic products	2,082,718	2	-	-	-	-	4,804	70	4,804	1,418,714	-	

Note 1: The amounts in the table are shown in New Taiwan Dollars. Transactions denominated in foreign currencies are translated into New Taiwan Dollars at the spot exchange rates at the balance sheet date.

Note 2: The methods of investments to Mainland China are as follows:

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

Note 3: The columns investment income (loss) recognised by the Company for the current period were based on the audited financial statements of the investees in Mainland China for the same period.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
INFORMATION ON MAJOR SHAREHOLDERS
March 31, 2021

Table 10

Major Shareholder Name	Shares	
	Number of Shares Held	Ownership (%)
Foxconn (Far East) Limited	305,515,627	32.26%