

**ZHEN DING TECHNOLOGY HOLDING  
LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**REVIEW REPORT OF INDEPENDENT ACCOUNTANTS**  
**FOR THE SIX-MONTH PERIODS ENDED**  
**JUNE 30, 2022 AND 2023**

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

## Independent Auditor's Report

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

### **Opinion**

We have audited the accompanying consolidated balance sheets of Zhen Ding Technology Holding Limited and its subsidiaries (the "Group") as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month periods ended June 30, 2023 and 2022; 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023 and 2022; its consolidated financial performance for the three-month and six-month periods ended June 30, 2023 and 2022; and its consolidated cash flows for the six-month periods ended June 30, 2023 and 2022, in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting", as endorsed and issued into effect by the Financial Supervisory Commission.

### **Basis for opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the second quarter of 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters on the consolidated financial statements of the Group for the second quarter of 2023 were as follows:

### **Cut-off of hub warehouse sales revenue**

#### Description

Refer to Note 4(29) for accounting policies on revenue recognition.

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

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

#### How our audit addressed the matter

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

- A. Assessed and tested internal controls over regular record verification between the Group and customers.
- B. Assessed and checked the appropriateness of cut-off of sales revenue prior to or after the balance sheet date, and verified the statements provided by the hub warehouse custodians.
- C. Performed confirmation of the storage quantities or observed physical counts in warehouse, compared against inventory records, and determined whether differences, if any, are properly adjusted.

## **Estimation of allowance for inventory valuation losses**

### Description

Refer to Note 4(14) for accounting policies on inventory valuation, Note 5 for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(6) for details of inventory. As of June 30, 2023, the Group's inventory cost and allowance for valuation losses were NT\$15,378,037 thousand and NT\$1,594,537 thousand, respectively.

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

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

### How our audit addressed the matter

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting", as endorsed and issued into effect by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditors' responsibilities for the audit of the consolidated financial statements**

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the second quarter of 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hsu, Sheng-Chung

Hsu, Chieh-Ju

For and on behalf of PricewaterhouseCoopers, Taiwan  
August 9, 2023

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

**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2023; DECEMBER 31, 2022 AND JUNE 30, 2022**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			June 30, 2023		December 31, 2022		June 30, 2022	
Assets		Notes	Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 57,089,291	25	\$ 55,243,562	24	\$ 43,738,935	21
1136	Current financial assets at amortised cost	6(3)	2,224,112	1	1,907,751	1	657,960	-
1170	Accounts receivable, net	6(4)	14,679,285	7	26,932,980	11	22,302,703	11
1180	Accounts receivable due from related parties, net	6(4) and 7	2,481,041	1	3,071,665	1	2,447,534	1
1200	Other receivables	6(5)	335,363	-	523,996	-	201,201	-
130X	Inventories	6(6)	13,783,500	6	17,724,844	8	20,940,696	10
1410	Prepayments	6(5)	8,345,856	4	4,883,541	2	5,126,741	3
1470	Other current assets	8	4,765	-	4,640	-	68,023	-
11XX	Total current assets		98,943,213	44	110,292,979	47	95,483,793	46
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,726,808	1	1,640,432	1	1,508,178	1
1517	Non-current financial assets at fair value through other comprehensive income	6(7)	1,076,751	-	753,272	-	637,504	-
1535	Non-current financial assets at amortised cost	6(3)	603,014	-	448,023	-	83,074	-
1550	Investments accounted for using equity method		29,755	-	32,978	-	16,498	-
1600	Property, plant and equipment	6(8)	104,243,036	47	100,307,311	43	96,597,159	47
1755	Right-of-use assets	6(9)	7,967,891	4	8,327,697	4	8,508,303	4
1760	Investment property, net	6(10)	4,315,476	2	4,506,853	2	-	-
1780	Intangible assets	6(11)	2,143,479	1	2,138,586	1	2,058,503	1
1840	Deferred income tax assets		1,831,339	1	2,576,898	1	1,231,531	1
1990	Other non-current assets	6(12) and 8	952,364	-	1,535,083	1	668,620	-
15XX	Total non-current assets		124,889,913	56	122,267,133	53	111,309,370	54
1XXX	Total assets		\$ 223,833,126	100	\$ 232,560,112	100	\$ 206,793,163	100

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**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
JUNE 30, 2023; DECEMBER 31, 2022 AND JUNE 30, 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity		Notes	June 30, 2023		December 31, 2022		June 30, 2022	
			Amount	%	Amount	%	Amount	%
Current liabilities								
2100	Short-term borrowings	6(13)	\$ 28,533,596	13	\$ 16,819,556	7	\$ 16,125,075	8
2170	Accounts payable		11,258,601	5	15,964,613	7	15,808,434	8
2180	Accounts payable to related parties	7	439,545	-	936,026	-	500,082	-
2200	Other payables	6(14)	23,627,154	11	20,181,766	9	20,827,782	10
2230	Current income tax liabilities		50,320	-	1,635,243	1	685,304	-
2280	Current lease liabilities		70,411	-	86,860	-	91,670	-
2320	Long-term liabilities, current portion	6(15) (16)	7,780,134	3	15,572,856	7	11,254,044	6
2399	Other current liabilities		4,305,933	2	3,029,985	1	1,666,375	1
21XX	Total current liabilities		76,065,694	34	74,226,905	32	66,958,766	33
Non-current liabilities								
2530	Bonds payable	6(15)	408,448	-	-	-	-	-
2540	Long-term borrowings	6(16)	10,733,085	5	12,966,168	6	11,640,021	6
2570	Deferred income tax liabilities		2,034,276	1	3,647,057	1	2,717,471	1
2580	Non-current lease liabilities		306,173	-	336,799	-	376,999	-
2600	Other non-current liabilities		8,670,840	4	8,517,492	4	6,548,497	3
25XX	Total non-current liabilities		22,152,822	10	25,467,516	11	21,282,988	10
2XXX	Total liabilities		98,218,516	44	99,694,421	43	88,241,754	43
Equity								
Equity attributable to owners of parent								
	Share capital	6(19)						
3110	Ordinary share		9,470,492	4	9,470,492	4	9,470,492	5
	Capital surplus	6(20)						
3200	Capital surplus		38,816,047	18	38,021,187	16	37,917,506	18
	Retained earnings	6(21)						
3310	Legal reserve		8,417,315	4	6,995,473	3	6,995,473	3
3320	Special reserve		2,882,437	1	4,848,301	2	4,848,301	2
3350	Unappropriated retained earnings		35,973,738	16	40,698,111	18	30,986,702	15
	Other equity interest	6(22)						
3400	Other equity interest		( 5,795,270)	( 3)	( 2,882,437)	( 1)	( 2,995,871)	( 1)
3500	Treasury shares	6(19)	( 257,489)	-	( 257,489)	-	( 257,489)	-
31XX	Equity attributable to owners of parent		89,507,270	40	96,893,638	42	86,965,114	42
36XX	Non-controlling interests	6(32)	36,107,340	16	35,972,053	15	31,586,295	15
3XXX	Total equity		125,614,610	56	132,865,691	57	118,551,409	57
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		\$ 223,833,126	100	\$ 232,560,112	100	\$ 206,793,163	100

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

**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022**

		(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS (LOSSES) PER SHARE)									
Item	Notes	Three-month period ended June 30, 2023		Three-month period ended June 30, 2022		Six-month period ended June 30, 2023		Six-month period ended June 30, 2022			
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue	6(23), 7 and 14	\$ 23,537,090	100	\$ 34,534,315	100	\$ 55,082,243	100	\$ 68,449,555	100		
5000 Operating costs	6(6) and 7	( 21,414,326)	( 91)	( 27,931,677)	( 81)	( 47,884,196)	( 87)	( 55,460,053)	( 81)		
5950 Gross profit from operations		<u>2,122,764</u>	<u>9</u>	<u>6,602,638</u>	<u>19</u>	<u>7,198,047</u>	<u>13</u>	<u>12,989,502</u>	<u>19</u>		
Operating expenses	6(24)										
6100 Selling expenses		( 385,723)	( 1)	( 444,124)	( 1)	( 780,074)	( 1)	( 823,626)	( 1)		
6200 Administrative expenses		( 1,334,156)	( 6)	( 1,515,794)	( 5)	( 2,891,752)	( 5)	( 2,991,079)	( 5)		
6300 Research and development expenses		( 2,297,772)	( 10)	( 1,858,964)	( 5)	( 4,236,352)	( 8)	( 3,493,049)	( 5)		
6450 Reversal of impairment loss in accordance with IFRS 9	12	<u>6,912</u>	<u>-</u>	<u>6,833</u>	<u>-</u>	<u>40,823</u>	<u>-</u>	<u>4,729</u>	<u>-</u>		
6000 Total operating expenses		( 4,010,739)	( 17)	( 3,812,049)	( 11)	( 7,867,355)	( 14)	( 7,303,025)	( 11)		
6900 Operating income (loss)		<u>( 1,887,975)</u>	<u>( 8)</u>	<u>2,790,589</u>	<u>8</u>	<u>( 669,308)</u>	<u>( 1)</u>	<u>5,686,477</u>	<u>8</u>		
Non-operating income and expenses											
7100 Interest income	6(26)	738,549	3	95,500	-	1,233,091	2	162,494	-		
7010 Other income	6(27)	208,547	1	228,415	1	356,999	1	316,240	-		
7020 Other gains and losses	6(28)	905,775	4	1,093,695	3	334,289	1	1,507,473	3		
7050 Finance costs	6(29)	( 455,853)	( 2)	( 187,547)	-	( 840,393)	( 2)	( 325,052)	-		
7060 Share of loss of associates and joint ventures accounted for using equity method		( 3,703)	-	( 5,105)	-	( 8,572)	-	( 10,620)	-		
7000 Total non-operating income and expenses		<u>1,393,315</u>	<u>6</u>	<u>1,224,958</u>	<u>4</u>	<u>1,075,414</u>	<u>2</u>	<u>1,650,535</u>	<u>3</u>		
7900 <b>Income (loss) before tax</b>		<u>( 494,660)</u>	<u>( 2)</u>	<u>4,015,547</u>	<u>12</u>	<u>406,106</u>	<u>1</u>	<u>7,337,012</u>	<u>11</u>		
7950 Income tax (expense) benefit	6(30)	<u>645,008</u>	<u>3</u>	<u>( 285,351)</u>	<u>( 1)</u>	<u>607,334</u>	<u>1</u>	<u>( 831,323)</u>	<u>( 1)</u>		
8200 <b>Profit</b>		<u>\$ 150,348</u>	<u>1</u>	<u>\$ 3,730,196</u>	<u>11</u>	<u>\$ 1,013,440</u>	<u>2</u>	<u>\$ 6,505,689</u>	<u>10</u>		

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**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022**

		(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS (LOSSES) PER SHARE)							
		Three-month period ended June 30, 2023		Three-month period ended June 30, 2022		Six-month period ended June 30, 2023		Six-month period ended June 30, 2022	
Item	Notes	Amount	%	Amount	%	Amount	%	Amount	%
<b>Other comprehensive income</b>									
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>									
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(7)(22)							
		\$ 63,913	-	(\$ 55,737)	-	\$ 145,766	-	(\$ 113,544)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)							
		( 11,470)	-	11,886	-	( 27,285)	-	15,706	-
8310	Other comprehensive income that will not be reclassified to profit or loss								
		52,443	-	( 43,851)	-	118,481	-	( 97,838)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>									
8361	Exchange differences on translation of foreign financial statements	6(22)							
		( 3,066,748)	( 13)	( 1,779,470)	( 5)	( 2,586,139)	( 5)	2,527,318	4
8300	<b>Other comprehensive (loss) income</b>								
		(\$ 3,014,305)	( 13)	(\$ 1,823,321)	( 5)	(\$ 2,467,658)	( 5)	\$ 2,429,480	4
8500	<b>Total comprehensive income</b>								
		(\$ 2,863,957)	( 12)	\$ 1,906,875	6	(\$ 1,454,218)	( 3)	\$ 8,935,169	14
Profit attributable to:									
8610	Owners of the parent								
		(\$ 89,698)	-	\$ 2,634,377	8	\$ 413,900	1	\$ 4,507,014	7
8620	Non-controlling interests								
		240,046	1	1,095,819	3	599,540	1	1,998,675	3
		\$ 150,348	1	\$ 3,730,196	11	\$ 1,013,440	2	\$ 6,505,689	10
Comprehensive income attributable to:									
8710	Owners of the parent								
		(\$ 3,706,231)	( 16)	\$ 1,268,954	4	(\$ 2,498,933)	5)	\$ 6,359,444	10
8720	Non-controlling interests								
		842,274	4	637,921	2	1,044,715	2	2,575,725	4
		(\$ 2,863,957)	( 12)	\$ 1,906,875	6	(\$ 1,454,218)	( 3)	\$ 8,935,169	14
Basic (losses) earnings per share									
9750	Basic (losses) earnings per share	6(31)							
		(\$ 0.09)		\$ 2.79		\$ 0.44		\$ 4.77	
Diluted (losses) earnings per share									
9850	Diluted (losses) earnings per share	6(31)							
		(\$ 0.09)		\$ 2.60		\$ 0.44		\$ 4.46	

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 SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Equity attributable to owners of parent												
		Retained earnings					Other equity interest					
	Notes	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statement translation difference of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interests	Total equity
<u>Six-month period ended June 30, 2022</u>												
Balance at January 1, 2022		\$ 9,470,492	\$ 36,937,742	\$ 6,029,763	\$ 4,130,316	\$ 32,898,629	( \$ 4,886,372)	\$ 38,071	( \$ 257,489)	\$ 84,361,152	\$ 29,158,787	\$ 113,519,939
Profit		-	-	-	-	4,507,014	-	-	-	4,507,014	1,998,675	6,505,689
Other comprehensive income (loss) for the period	6(22)	-	-	-	-	-	1,907,794	( 55,364)	-	1,852,430	577,050	2,429,480
Total comprehensive income		-	-	-	-	4,507,014	1,907,794	( 55,364)	-	6,359,444	2,575,725	8,935,169
Appropriations of 2021 earnings:	6(21)											
Legal reserve		-	-	965,710	717,985	( 1,683,695)	-	-	-	-	-	-
Cash dividends		-	-	-	-	( 4,735,246)	-	-	-	( 4,735,246)	-	( 4,735,246)
Compensation cost of employee restricted stock	6(20)	-	81,461	-	-	-	-	-	-	81,461	31,643	113,104
Difference between consideration and the carrying amount of subsidiaries disposed	6(32)	-	755,262	-	-	-	-	-	-	755,262	547,116	1,302,378
Change in non-controlling interests - acquisition of shares of the subsidiary	6(32)	-	143,041	-	-	-	-	-	-	143,041	720,409	863,450
Change in non-controlling interests - distribution of retained earnings by subsidiaries		-	-	-	-	-	-	-	-	-	( 1,447,385)	( 1,447,385)
Balance at June 30, 2022		\$ 9,470,492	\$ 37,917,506	\$ 6,995,473	\$ 4,848,301	\$ 30,986,702	( \$ 2,978,578)	( \$ 17,293)	( \$ 257,489)	\$ 86,965,114	\$ 31,586,295	\$ 118,551,409
<u>Six-month period ended June 30, 2023</u>												
Balance at January 1, 2023		\$ 9,470,492	\$ 38,021,187	\$ 6,995,473	\$ 4,848,301	\$ 40,698,111	( \$ 2,899,992)	\$ 17,555	( \$ 257,489)	\$ 96,893,638	\$ 35,972,053	\$ 132,865,691
Profit		-	-	-	-	413,900	-	-	-	413,900	599,540	1,013,440
Other comprehensive income (loss) for the period	6(22)	-	-	-	-	-	( 3,002,433)	89,600	-	( 2,912,833)	445,175	( 2,467,658)
Total comprehensive income		-	-	-	-	413,900	( 3,002,433)	89,600	-	( 2,498,933)	1,044,715	( 1,454,218)
Appropriations of 2022 earnings:	6(21)											
Legal reserve		-	-	1,421,842	-	( 1,421,842)	-	-	-	-	-	-
Special reserve		-	-	-	( 1,965,864)	1,965,864	-	-	-	-	-	-
Cash dividends		-	-	-	-	( 5,682,295)	-	-	-	( 5,682,295)	-	( 5,682,295)
Compensation cost of employee restricted stock	6(20)	-	39,054	-	-	-	-	-	-	39,054	14,764	53,818
Difference between consideration and the carrying amount of subsidiaries disposed	6(32)	-	5,913	-	-	-	-	-	-	5,913	( 3,357)	2,556
Change in non-controlling interests - acquisition of shares of the subsidiary	6(32)	-	749,893	-	-	-	-	-	-	749,893	1,031,776	1,781,669
Change in non-controlling interests - distribution of retained earnings by subsidiaries		-	-	-	-	-	-	-	-	-	( 1,952,611)	( 1,952,611)
Balance at June 30, 2023		\$ 9,470,492	\$ 38,816,047	\$ 8,417,315	\$ 2,882,437	\$ 35,973,738	( \$ 5,902,425)	\$ 107,155	( \$ 257,489)	\$ 89,507,270	\$ 36,107,340	\$ 125,614,610

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 SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 406,106	\$ 7,337,012
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	7,776,304	6,733,101
Amortisation	6(24)	223,348	217,655
Gains on financial assets or liabilities at fair value through profit or loss, net	6(2)	( 34,474 )	( 50,305 )
Impairment losses	6(8)	-	29,798
Expected credit gains in accordance with IFRS 9	12	( 40,823 )	( 4,729 )
Net gains on disposal of property, plant and equipment	6(28)	( 43,261 )	( 2,234 )
Losses on disposal of right-of-use assets	6(9)	320	-
Interest income	6(26)	( 1,233,091 )	( 162,494 )
Interest expenses	6(29)	840,393	325,052
Share of loss of associates and joint ventures accounted for using equity method		8,572	10,620
Lease modification gains	6(9)	- (	1,943 )
Losses association with redemption of convertible bonds	6(28)	423,430	-
Share-based payment	6(18)	53,818	113,104
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		12,347,820	13,797,631
Accounts receivable due from related parties		610,993	208,914
Other receivables		171,017	746,778
Inventories		5,491,459 (	2,466,542 )
Prepayments		( 3,454,171 )	( 707,999 )
Other current assets		-	91
Changes in operating liabilities			
Accounts payable		( 4,462,043 )	( 3,571,608 )
Accounts payable to related parties		( 486,473 )	( 586,738 )
Other payables		( 1,558,723 )	480,463
Other current liabilities		48,632 (	56,551 )
Cash inflow generated from operations		17,089,153	22,389,076
Income tax paid		( 1,872,722 )	( 945,989 )
Net cash flows from operating activities		15,216,431	21,443,087

(Continued)

**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through profit or loss		( \$ 86,623 )	( \$ 338,029 )
(Increase) decrease in financial assets at amortised cost		( 509,104 )	779,348
Acquisition of financial assets at fair value through other comprehensive income		( 195,427 )	( 268,194 )
Acquisition of property, plant and equipment	6(33)	( 14,683,905 )	( 15,245,786 )
Proceeds from disposal of property, plant and equipment		243,355	194,477
Acquisition of intangible assets		( 32,262 )	( 76,312 )
Increase in restricted assets		-	48,754
Increase of other non-current assets		( 306,107 )	( 220,985 )
Increase in other non-current liabilities		79,593	320,940
Collected income distribution	6(2)	2,311	13,745
Interest received		1,238,197	201,356
Net cash flows used in investing activities		( 14,249,972 )	( 14,590,686 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase (decrease) in short-term borrowings	6(33)	11,546,150	( 4,114,746 )
Proceeds from long-term borrowings	6(33)	1,848,981	3,470,232
Increase in guarantee deposits received	6(33)	1,298,867	2,236,524
Redemption of convertible bonds	6(33)	( 12,032,496 )	-
Payments of lease liabilities		( 53,297 )	( 64,381 )
Interest paid		( 836,731 )	( 357,145 )
Change in non-controlling interests - distribution of retained earnings by subsidiaries		( 1,952,611 )	( 1,447,385 )
Change in non-controlling interests - acquisition of shares of the subsidiary	6(32)	1,781,669	863,450
Change in non-controlling interests - disposal of shares from subsidiaries	6(32)	2,556	1,480,120
Net cash flow from financing activities		1,603,088	2,066,669
Effect of exchange rate changes on cash and cash equivalents		( 723,818 )	1,030,335
Net increase in cash and cash equivalents		1,845,729	9,949,405
Cash and cash equivalents at beginning of period		55,243,562	33,789,530
Cash and cash equivalents at end of period		\$ 57,089,291	\$ 43,738,935

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 SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2023

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,  
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Zhen Ding Technology Holding Limited (the 'Company', formerly named as Foxconn Advanced Technology Limited) was incorporated in the Cayman Islands in June 2006. According to the resolution of the Board of Directors in May 2011, the Company was renamed to Zhen Ding Technology Holding Limited and related registration was completed in July 2011. The registration address is P.O.Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The Company and its subsidiaries (collectively referred herein as the 'Group') are engaged in manufacturing, 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 August 9, 2023.

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 and issued into effect by the Financial Supervisory Commission ('FSC') (collectively referred herein as the 'IFRSs').

New, revised or amended standards and interpretations endorsed and issued into effect by the FSC effective from 2023 are as follows

New, Revised or Amended Standards and Interpretations	Effective date by International Accounting Standards Board
Amendment to IAS 1, 'Disclosure of Accounting Policies'	January 1, 2023
Amendment to IAS 8, 'Definition of Accounting Estimates'	January 1, 2023
Amendments to IAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

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 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17 'Initial Application of IFRS 17 and IFRS 9—Comparative Information'	January 1, 2023
Amendments to IFRS 1 'Classification of Liabilities as Current or Non-current'	January 1, 2024
Amendments to IFRS 1 'Non-current Liabilities with Covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7 'Supplier Finance Arrangements'	January 1, 2024
Amendments to IAS 12 'International Tax Reform — Pillar Two Model Rules'	May 23, 2023

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 and issued into effect 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 less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The items involving a higher degree of judgement or complexity, or items where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.



(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. 'Subsidiaries' are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) The profit or loss and each component of other comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, and total comprehensive income shall also be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (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.
- (e) When the Group loses control in a subsidiary, remaining investments in the former subsidiary shall be re-measured at fair value and serve as fair value of the initially recognized financial asset or the cost of initially recognized investment in associated company or joint venture. The difference between the fair value and book value of the investment is recognized in current profit or loss. All amounts previously recognized in other comprehensive income related to the subsidiary shall be accounted on the same basis as if the Group had directly disposed of such assets or liabilities. In other words, gains or losses previously recognized in other comprehensive income will be reclassified to profit or loss when such assets or liabilities are disposed of, then if the Group loses control in a subsidiary, such gains or losses are reclassified from equity to profit or loss.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
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	100	

Name of Investor	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	BoardTek Electronics corporation	Manufacturing company	100	100	100	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited (Cayman)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Coppertone Enterprises Limited (B.V.I.)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Pacific Fair International Limited (Hongkong)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Leading Interconnect International Limited (Formerly named: Henley International Limited (Hongkong))	Trading company	-	100	100	(d)
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	55.99	69.65	69.65	(b)
Avary Holding (Shenzhen) Co., Limited	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Manufacturing company	13.72	-	-	(a)
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	66.32	66.10	66.10	(c)
Pacific Fair International Limited (Hongkong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	5.72	5.70	5.70	(c)

Name of Investor	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Manufacturing company	100	100	100	
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	Kui Sheng Technology (Shenzhen) Limited	Trading company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Holding Investment (Shenzhen) Co., Ltd.	Investment company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited (Hongkong)	Trading company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Singapore Private Limited (Singapore)	Holding company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Logistics Services (Shenzhen) Co., Ltd.	Property management company	100	100	100	(e)
Garuda International Limited (Hongkong)	Garuda Technology Co., Ltd.	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
			June 30, 2023	December 31, 2022	June 30, 2022	
Avary Singapore Private Limited (Singapore)	Avary Technology (India) Private Limited (India)	Manufacturing company	100	100	100	
BoardTek Electronics corporation	BoardTek Investment Co., Ltd.	Investment company	100	100	100	
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Manufacturing company	100	100	100	
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Qi Ding Technology Qinhuangdao Co., Ltd.	Manufacturing company	100	100	100	
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Leading Interconnect International Limited (Formerly named: Henley International Limited (Hongkong))	Trading company	100	-	-	(d)
Zhen Ding Technology Singapore Private Limited (Singapore)	Zhen Ding Technology India Private Limited (India)	Manufacturing company	37.50	37.50	37.50	
Zhen Ding Technology Singapore Private Limited (Singapore)	Zhen Ding Developer India Private Limited (India)	Property management company	99.997	99.997	100	
FAT Holding Limited (Cayman)	Zhen Ding Technology India Private Limited (India)	Manufacturing company	62.50	62.50	62.50	
FAT Holding Limited (Cayman)	Zhen Ding Developer India Private Limited (India)	Property management company	0.003	0.003	-	

- (a) Avary Holding (Shenzhen) Co., Ltd. did not participate in the cash capital increase of Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. in the first half of 2023, thus the shareholding ratio became 13.72%.
- (b) Monterey Park Finance Limited did not participate in the cash capital increase of Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. in the first half of 2023 and Q1 of 2022, thus the shareholding ratio became 55.99% and 69.65%, respectively.
- (c) Pacific Fair International Limited (Hongkong) disposed some of its equity interest in Avary Holding (Shenzhen) Co., Limited on March 31, 2022, causing its shareholding ratio to become 5.70%. Because Avary Holding (Shenzhen) Co., Limited cancelled 320,000 shares after repurchasing restricted shares, the shareholding ratios of Mayco Industrial Limited (Hong Kong) and Pacific Fair International Limited (Hong Kong) became 66.10% and 5.70%, respectively, on June 23, 2022. Because Avary Holding (Shenzhen) Co., Limited cancelled 718,000 shares after repurchasing restricted shares, the shareholding ratios of Mayco Industrial Limited (Hong Kong) and Pacific Fair International Limited (Hong Kong) became 66.32% and 5.72%, respectively, on June 1, 2023.
- (d) In 2023, the Group adjusted the investment structure. On April 4, 2023, Monterey Park Finance Limited transferred its 100% equity interest in Leading Interconnect International Limited to Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. Refer to Note 6(32) for details.
- (e) On January 25, 2022, the Group invested in Avary Logistics Services (Shenzhen) Co., Ltd. In Shenzhen, which has been included in the consolidated financial statements. It is mainly engaged in the property management business.
- 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 June 30, 2023, December 31, 2022 and June 30, 2022, the non-controlling interests of the Group amounted to \$36,107,340, \$35,972,053 and \$31,586,295, 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
		June 30, 2023		
Avary Holding (Shenzhen) Co., Limited	China	\$ 32,836,005	27.96%	

  

Name of subsidiary	Principal place of business	Non-controlling interests		Description
		December 31, 2022		
Avary Holding (Shenzhen) Co., Limited	China	\$ 34,378,498	28.20%	

  

Name of subsidiary	Principal place of business	Non-controlling interests		Description
		June 30, 2022		
Avary Holding (Shenzhen) Co., Limited	China	\$ 29,836,820	28.20%	

# Summary of the financial information of subsidiaries

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

	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 65,969,165	\$ 81,746,914	\$ 62,035,695
Non-current assets	92,085,214	90,129,068	89,047,230
Current liabilities	( 36,584,098 )	( 44,105,244 )	( 39,700,355 )
Non-current liabilities	( 4,013,032 )	( 4,530,438 )	( 4,423,645 )
Total net assets	<u>\$ 117,457,249</u>	<u>\$ 123,240,300</u>	<u>\$ 106,958,925</u>

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

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022
Revenue	\$ 21,290,206	\$ 31,645,985
Profit before income tax	1,409,088	3,679,560
Income tax benefit (expense)	322,400	( 160,484 )
Profit	1,731,488	3,519,076
Other comprehensive income, net of tax	( 4,190,402 )	421,208
Total comprehensive income	<u>( \$ 2,458,914 )</u>	<u>\$ 3,940,284</u>
Comprehensive income, attributable to non-controlling interests	<u>( \$ 685,634 )</u>	<u>\$ 1,099,162</u>
	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Revenue	\$ 50,899,490	\$ 62,881,349
Profit before income tax	3,515,651	7,030,091
Income tax benefit (expense)	96,179	( 630,463 )
Profit	3,611,830	6,399,628
Other comprehensive income, net of tax	( 3,126,274 )	285,939
Total comprehensive income	<u>\$ 485,556</u>	<u>\$ 6,685,567</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 135,741</u>	<u>\$ 1,864,972</u>

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

	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Net cash flows from operating activities	\$ 16,595,766	\$ 22,723,118
Net cash flows used in investing activities	( 11,877,493 )	( 9,205,553 )
Net cash flow used in financing activities	( 6,416,565 )	( 8,578,705 )
Effect of exchange rate changes on cash and cash equivalents	1,017,916	523,509
Net (decrease) increase in cash and cash equivalents	( 680,376 )	5,462,369
Cash and cash equivalents at beginning of period	35,744,799	13,783,793
Cash and cash equivalents at end of period	<u>\$ 35,064,423</u>	<u>\$ 19,246,162</u>

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss 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\$30.55 and US\$1=NT\$28.72 for the periods January 1 to June 30, 2023 and 2022, respectively. The closing rates were US\$1=NT\$31.14, US\$1=NT\$30.71 and US\$1=NT\$29.72 as of June 30, 2023; December 31, 2022 and June 30, 2022, 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 purpose;
- (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 those that 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) Notes and accounts 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 costs of completion and the estimated costs necessary to make the sale.

(15) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

(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	5~54 years
Machinery and equipment	2~11 years
Leasehold improvements	5 years or over the lease tenor, whichever is shorter.
Other facilities	3~16 years

(17) Leases (lessee)

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

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 25 years.

(19) Intangible assets

A. Patents and technological expertise

Separately acquired patents and technological expertise are recognised as acquisition costs because the patents and technological expertise 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.

(20) 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.

(21) 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 closely related to the host debt instruments, unless the rates are also adjusted close to current market rates when extending.

(22) 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.

(23) Derecognition of financial liabilities

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

(24) 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'.

(25) 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.

(26) 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'.

(27) 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 and also did not give rise to equal taxable and deductible temporary differences. 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.

(28) 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.

(29) 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.



(30) Government grants

Government grants shall not be recognised at fair value until there is reasonable assurance that the entity will comply with the conditions attached 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 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.

(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. The Group has taken into consideration the economic impact caused by the novel coronavirus in its significant accounting estimates and will continue to evaluate such impact on its financial position and financial performance. 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 June 30, 2023, the carrying amount of inventories was \$13,783,500.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand and petty cash	\$ 266	\$ 408	\$ 82
Checking accounts and demand deposits	31,538,472	30,697,545	29,946,229
Cash equivalents			
Time deposits	25,550,553	24,545,609	13,792,624
	<u>\$ 57,089,291</u>	<u>\$ 55,243,562</u>	<u>\$ 43,738,935</u>

- A. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group's time deposits over three months which are recognised within 'financial assets at amortised cost' are referred to Note 6(3).
- B. The Group has no cash and cash equivalents pledged to others except for restricted demand deposits which are recognised within 'other current assets' and 'other non-current assets'. Refer to Note 8 for details.

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

Item	June 30, 2023	December 31, 2022	June 30, 2022
Assets - Non-current items			
Private fund	\$ 1,141,415	\$ 1,095,200	\$ 1,126,210
Unlisted partnership share	588,970	516,398	349,096
	<u>1,730,385</u>	<u>1,611,598</u>	<u>1,475,306</u>
Net exchange differences	( 3,577)	28,834	32,872
Total	<u>\$ 1,726,808</u>	<u>\$ 1,640,432</u>	<u>\$ 1,508,178</u>

- A. The Group recognised net gain of \$94,028, \$110,507, \$34,474 and \$50,305 within 'financial assets at fair value through profit or loss' for the three-month and six-month periods ended June 30, 2023 and 2022, respectively.
- B. The distribution of income from private equity funds for the six-month period ended June 30, 2023 and 2022 amounted to \$2,311 and \$13,745, respectively.
- C. The Group has no unsettled forward foreign exchange transaction as of June 30, 2023, December 31, 2022 and June 30, 2022.
- D. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at amortised cost

	June 30, 2023	December 31, 2022	June 30, 2022
Current items:			
Time deposits with maturity of over three months	\$ 2,224,112	\$ 1,907,751	\$ 256,740
Guaranteed income financial products	-	-	401,220
	<u>\$ 2,224,112</u>	<u>\$ 1,907,751</u>	<u>\$ 657,960</u>
Non-current items:			
Time deposits with maturity of over three months	\$ 603,014	\$ 448,023	\$ 83,074

- A. The Group recognised interest income in profit or loss for amortised cost for the three-month and six-month periods ended June 30, 2023 and 2022, respectively. Please refer to Note 6(26).
- B. The Group's principal and income guaranteed financial product are income notes for receiving contracted cash flows. Under the contract, the principal will be redeemed on the maturity date with a fixed interest rate at 3.5%.
- C. The Group has no financial assets at amortised cost pledged to others as tariff guarantee, except for time deposits with maturity of over three months which are recognised within 'other current assets' and time deposits with maturity of over one year which are recognised within 'other non-current assets'. Refer to Note 8 for details.
- D. Refer to Note 12(2) for the information on credit risk.

(4) Notes and accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 48,285	\$ 29,697	\$ 9,071
Accounts receivable	14,682,538	26,993,667	22,375,772
	<u>14,730,823</u>	<u>27,023,364</u>	<u>22,384,843</u>
Less: Allowance for bad debts	( 51,538)	( 90,384)	( 82,140)
	<u>\$ 14,679,285</u>	<u>\$ 26,932,980</u>	<u>\$ 22,302,703</u>
Accounts receivable due from related parties	\$ 2,488,507	\$ 3,080,912	\$ 2,454,890
Less: Allowance for bad debts	( 7,466)	( 9,247)	( 7,356)
	<u>\$ 2,481,041</u>	<u>\$ 3,071,665</u>	<u>\$ 2,447,534</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Not past due	\$ 16,690,060	\$ 29,595,096	\$ 24,567,079
Between 1 and -90 days	471,621	491,345	235,962
Between 91 and -180 days	25,020	8,972	14,853
Over 180 days	32,629	8,863	21,839
	<u>\$ 17,219,330</u>	<u>\$ 30,104,276</u>	<u>\$ 24,839,733</u>

B. As of June 30, 2023, December 31, 2022 and June 30, 2022, accounts receivable and notes receivable were all from contracts with customers. In addition, as of January 1, 2022, the balance of receivables arising from contracts with customers amounted to \$37,624,006.

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

D. Refer to Note 12(2) for the information on credit risk.

(5) Other receivables and prepayments

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Other receivables</u>			
Interest income receivable	\$ 209,671	\$ 214,777	\$ 85,388
Business tax refundable	31,040	196,308	40,666
Others	94,652	112,911	75,147
	<u>\$ 335,363</u>	<u>\$ 523,996</u>	<u>\$ 201,201</u>
<u>Prepayments</u>			
Prepaid dividends	\$ 3,809,250	\$ -	\$ 1,394,420
Excess business tax paid	3,119,038	3,246,576	1,929,157
Prepaid expenses	1,417,568	1,636,965	1,803,164
	<u>\$ 8,345,856</u>	<u>\$ 4,883,541</u>	<u>\$ 5,126,741</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

June 30, 2023			
	Cost	Allowance for valuation losses	Carrying amount
Raw materials	\$ 3,920,461	( \$ 224,328)	\$ 3,696,133
Work in process	4,939,453	( 566,956)	4,372,497
Finished goods	6,518,123	( 803,253)	5,714,870
	<u>\$ 15,378,037</u>	<u>( \$ 1,594,537)</u>	<u>\$ 13,783,500</u>
December 31, 2022			
	Cost	Allowance for valuation losses	Carrying amount
Raw materials	\$ 4,341,095	( \$ 127,077)	\$ 4,214,018
Work in process	5,733,766	( 350,732)	5,383,034
Finished goods	8,496,620	( 368,828)	8,127,792
	<u>\$ 18,571,481</u>	<u>( \$ 846,637)</u>	<u>\$ 17,724,844</u>
June 30, 2022			
	Cost	Allowance for valuation losses	Carrying amount
Raw materials	\$ 5,007,053	( \$ 104,605)	\$ 4,902,448
Work in process	6,260,545	( 424,149)	5,836,396
Finished goods	10,757,458	( 555,606)	10,201,852
	<u>\$ 22,025,056</u>	<u>( \$ 1,084,360)</u>	<u>\$ 20,940,696</u>

Expenses and losses incurred on inventories for the six-month periods ended June 30, 2023 and 2022 are as follows:

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Cost of goods sold	\$ 21,364,313	\$ 28,650,858	\$ 47,903,195	\$ 56,606,204
Loss on (reversal of) valuation of inventory	460,807	( 132,519)	797,156	( 94,592)
Income from sale of scraps and wastes	( 410,794)	( 586,662)	( 816,155)	( 1,051,559)
	<u>\$ 21,414,326</u>	<u>\$ 27,931,677</u>	<u>\$ 47,884,196</u>	<u>\$ 55,460,053</u>

The Group reversed losses from a previous inventory write-down and recognized gain on reversal for the six-month period ended June 30, 2023 as the Group sold some inventories with net realizable values lower than its costs.

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Equity instruments			
Listed stocks	\$ 70,927	\$ 70,927	\$ 70,927
Emerging stocks	120,992	120,992	-
Unlisted stocks	697,696	502,269	606,711
Valuation adjustment	194,100	48,334	( 42,406)
Net exchange differences	( 6,964)	10,750	2,272
Total	<u>\$ 1,076,751</u>	<u>\$ 753,272</u>	<u>\$ 637,504</u>

A. The Group has elected to classify the stocks 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 <u>June 30, 2023</u>	Three-month period ended <u>June 30, 2022</u>	Six-month period ended <u>June 30, 2023</u>	Six-month period ended <u>June 30, 2022</u>
Equity instruments	<u>\$ 63,913</u>	<u>( \$ 55,737)</u>	<u>\$ 145,766</u>	<u>( \$ 113,544)</u>

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

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Other facilities	Unfinished construction and equipment under acceptance	Total
January 1, 2023						
Cost	\$ 2,535,889	\$ 32,809,165	\$ 73,649,928	\$ 40,291,883	\$ 19,536,651	\$ 168,823,516
Accumulated depreciation and impairment	- (	9,719,163)	( 37,469,326)	( 21,327,716)	- (	68,516,205)
	<u>\$ 2,535,889</u>	<u>\$ 23,090,002</u>	<u>\$ 36,180,602</u>	<u>\$ 18,964,167</u>	<u>\$ 19,536,651</u>	<u>\$ 100,307,311</u>
2023						
At January 1	\$ 2,535,889	\$ 23,090,002	\$ 36,180,602	\$ 18,964,167	\$ 19,536,651	\$ 100,307,311
Additions (transfers)	-	11,732,451	3,729,046	3,525,348	( 5,478,041)	13,508,804
Disposals	- (	54,494)	( 97,380)	( 48,220)	- (	200,094)
Depreciation	- (	1,201,188)	( 2,982,748)	( 3,320,431)	- (	7,504,367)
Net exchange differences	27,963	( 812,224)	( 911,899)	( 185,728)	13,270	( 1,868,618)
At June 30	<u>\$ 2,563,852</u>	<u>\$ 32,754,547</u>	<u>\$ 35,917,621</u>	<u>\$ 18,935,136</u>	<u>\$ 14,071,880</u>	<u>\$ 104,243,036</u>
June 30, 2023						
Cost	\$ 2,563,852	\$ 43,447,598	\$ 75,079,875	\$ 42,830,727	\$ 14,071,880	\$ 177,993,932
Accumulated depreciation and impairment	- (	10,693,051)	( 39,162,254)	( 23,895,591)	- (	73,750,896)
	<u>\$ 2,563,852</u>	<u>\$ 32,754,547</u>	<u>\$ 35,917,621</u>	<u>\$ 18,935,136</u>	<u>\$ 14,071,880</u>	<u>\$ 104,243,036</u>

	Land	Buildings and structures	Machinery and equipment	Other facilities	Unfinished construction and equipment under acceptance	Total
January 1, 2022						
Cost	\$ 2,338,433	\$ 27,766,519	\$ 67,804,287	\$ 29,653,914	\$ 13,434,452	\$ 140,997,605
Accumulated depreciation and impairment	- ( 8,957,477)	( 32,088,853)	( 13,878,391)	- ( 54,924,721)		
	<u>\$ 2,338,433</u>	<u>\$ 18,809,042</u>	<u>\$ 35,715,434</u>	<u>\$ 15,775,523</u>	<u>\$ 13,434,452</u>	<u>\$ 86,072,884</u>
<u>2022</u>						
At January 1	\$ 2,338,433	\$ 18,809,042	\$ 35,715,434	\$ 15,775,523	\$ 13,434,452	\$ 86,072,884
Additions (transfers)	-	993,936	2,573,829	2,673,333	9,284,762	15,525,860
Disposals	- ( 18,206)	( 130,600)	( 43,437)	- ( 192,243)		
Depreciation	- ( 1,076,435)	( 2,971,565)	( 2,468,391)	- ( 6,516,391)		
Impairment losses	-	- ( 29,798)	-	- ( 29,798)		
Net exchange differences	133,073	360,676	723,116	285,096	234,886	1,736,847
At June 30	<u>\$ 2,471,506</u>	<u>\$ 19,069,013</u>	<u>\$ 35,880,416</u>	<u>\$ 16,222,124</u>	<u>\$ 22,954,100</u>	<u>\$ 96,597,159</u>
June 30, 2023						
Cost	\$ 2,471,506	\$ 29,567,434	\$ 70,896,708	\$ 32,213,235	\$ 22,954,100	\$ 158,102,983
Accumulated depreciation and impairment	- ( 10,498,421)	( 35,016,292)	( 15,991,111)	- ( 61,505,824)		
	<u>\$ 2,471,506</u>	<u>\$ 19,069,013</u>	<u>\$ 35,880,416</u>	<u>\$ 16,222,124</u>	<u>\$ 22,954,100</u>	<u>\$ 96,597,159</u>

- A. The significant parts of the Group's buildings and structures include main plants and auxiliary improvements, which are depreciated over 20~54 years and 3~10 years, respectively.
- B. The Group assesses recoverable amount of assets at the end of the reporting period based on fair value less selling cost calculations. 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 \$0 and \$29,798 in impairment losses on disposal of property, plant and equipment for the six-month period ended June 30, 2022 and 2023, respectively. The aforementioned losses were attributed to the PCB segment.

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

- A. The assets leased by the Group include right-of-use land, buildings, official vehicles and other facilities. The Group's subsidiaries signed right-of-use land contracts with local governments whom the subsidiaries will return the right to when the contract expires. Except for the lease term of right-of-use land of 20 to 50 years, the remaining lease terms are between 2 and 8 years. The lease contracts are negotiated individually and contain various terms and conditions without other restrictions except for the leased assets restricted to pledge to others.
- B. The leases of buildings, parking space, etc. in the Group are with a lease term of 12 months or less, and the leases for which the underlying asset is of low value are all-in-one printers, etc.
- C. The information on the carrying amount of the right-of-use assets and the recognition of depreciation expense are as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Right-of-Use Land	\$ 7,909,602	\$ 8,233,364	\$ 8,386,530
Buildings	48,623	69,631	93,210
Transportation equipment (official vehicles)	8,416	17,355	25,079
Other facilities	1,250	7,347	3,484
	<u>\$ 7,967,891</u>	<u>\$ 8,327,697</u>	<u>\$ 8,508,303</u>

  

	<u>Three-month period ended June 30, 2023</u>	<u>Three-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2023</u>	<u>Six-month period ended June 30, 2022</u>
	<u>Depreciation</u>	<u>Depreciation</u>	<u>Depreciation</u>	<u>Depreciation</u>
Right-of-Use Land	\$ 73,052	\$ 73,676	\$ 147,026	\$ 146,598
Buildings	11,666	32,688	23,295	58,775
Transportation equipment (official vehicles)	3,733	5,094	8,606	10,236
Other facilities	544	553	1,597	1,101
	<u>\$ 88,995</u>	<u>\$ 112,011</u>	<u>\$ 180,524</u>	<u>\$ 216,710</u>

The acquisition of the right-of-use assets for the six-month period ended June 30, 2023 and 2022 amounted to \$7,791 and \$61,089, respectively.

- D. As of June 30, 2023, the amount of \$686,127 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:

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
<u>Items affecting current profit or loss</u>				
Interest expense from lease liabilities	\$ 2,412	\$ 4,223	\$ 5,257	\$ 8,176
Rental expenses for short- term lease contracts	\$ 53,969	\$ 69,428	\$ 87,353	\$ 138,918
Losses on disposal of right-of-use assets	\$ 240	\$ -	\$ 320	\$ -
Lease modification gains	\$ -	\$ 1,943	\$ -	\$ 1,943

- F. The cash flows used in the lease payments of the Group for the six-month period ended June 30, 2023 and 2022 amounted to \$145,907 and \$210,916, respectively.

(10) Investment properties

	2023
	<u>Buildings and structures</u>
At January 1	\$ 4,506,853
Depreciation	( 91,413)
Net exchange differences	( 99,964)
At June 30	<u>\$ 4,315,476</u>
At June 30	
Cost	\$ 4,419,642
Accumulated depreciation and impairment	( 104,166)
	<u>\$ 4,315,476</u>

- A. Rental income and direct operating expenses arising from investment property:

	Three-month period ended June 30, 2023	Six-month period ended June 30, 2023
Rental income from investment property	\$ 13,439	\$ 21,242
Direct operating expenses arising from investment property that generated rental income during the period	\$ 45,395	\$ 91,413

- B. The fair value of the investment property held by the Group as of June 30, 2023 was \$8,919,866, which was revalued by independent appraisers. The valuation is based on income approach which is categorized within Level 3 in the fair value hierarchy.

(11) Intangible assets

2023				
	Patents and technological expertise	Computer software	Goodwill	Total
At January 1				
Cost	\$ 444,365	\$ 1,791,152	\$ 1,335,623	\$ 3,571,140
Accumulative amortisation	( 193,058)	( 1,239,496)	-	( 1,432,554)
	<u>\$ 251,307</u>	<u>\$ 551,656</u>	<u>\$ 1,335,623</u>	<u>\$ 2,138,586</u>
At January 1	\$ 251,307	\$ 551,656	\$ 1,335,623	\$ 2,138,586
Additions (transfers)	-	220,097	-	220,097
Amortisation	( 41,941)	( 181,407)	-	( 223,348)
Net exchange differences	2,706	( 13,265)	18,703	8,144
At June 30	<u>\$ 212,072</u>	<u>\$ 577,081</u>	<u>\$ 1,354,326</u>	<u>\$ 2,143,479</u>
At June 30				
Cost	\$ 450,587	\$ 1,974,621	\$ 1,354,326	\$ 3,779,534
Accumulative amortisation	( 238,515)	( 1,397,540)	-	( 1,636,055)
	<u>\$ 212,072</u>	<u>\$ 577,081</u>	<u>\$ 1,354,326</u>	<u>\$ 2,143,479</u>
2022				
	Patents and technological expertise	Computer software	Goodwill	Total
At January 1				
Cost	\$ 400,522	\$ 1,400,642	\$ 1,203,863	\$ 3,005,027
Accumulative amortisation	( 95,971)	( 829,748)	-	( 925,719)
	<u>\$ 304,551</u>	<u>\$ 570,894</u>	<u>\$ 1,203,863</u>	<u>\$ 2,079,308</u>
At January 1	\$ 304,551	\$ 570,894	\$ 1,203,863	\$ 2,079,308
Addition	-	76,312	-	76,312
Amortisation	( 41,942)	( 175,713)	-	( 217,655)
Net exchange differences	20,961	10,853	88,724	120,538
At June 30	<u>\$ 283,570</u>	<u>\$ 482,346</u>	<u>\$ 1,292,587</u>	<u>\$ 2,058,503</u>
At June 30				
Cost	\$ 430,040	\$ 1,541,453	\$ 1,292,587	\$ 3,264,080
Accumulative amortisation	( 146,470)	( 1,059,107)	-	( 1,205,577)
	<u>\$ 283,570</u>	<u>\$ 482,346</u>	<u>\$ 1,292,587</u>	<u>\$ 2,058,503</u>

- A. The Group acquired 100% of the shares of BoardTek Electronics corporation on November 4, 2020 and Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd. in 2008, and recognised goodwill and patents and technological expertise under the acquisition method.

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

(12) Other non-current assets

	June 30, 2023	December 31, 2022	June 30, 2022
Prepaid royalty for superfices	\$ 347,600	\$ -	\$ -
Prepayments for business facilities	-	891,956	444,060
Refundable deposits	175,155	229,363	111,659
Net defined benefit assets	82,301	82,309	55,732
Others	347,308	331,455	57,169
	<u>\$ 952,364</u>	<u>\$ 1,535,083</u>	<u>\$ 668,620</u>

- A. Information about the other non-current assets that were pledged to others as tariff guarantee and reserve accounts for long-term is described in Note 8.

- B. Refer to Note 9(2) for details on prepaid royalty for superfices.

(13) Short-term borrowings

Type of borrowings	June 30, 2023	Interest rate range	Collateral
Credit loans	<u>\$ 28,533,596</u>	1.55%~8.16%	None
	December 31,		
Type of borrowings	2022	Interest rate range	Collateral
Credit loans	<u>\$ 16,819,556</u>	1.25%~8.20%	None
	June 30, 2022	Interest rate range	Collateral
Credit loans	<u>\$ 16,125,075</u>	0.51%~6.75%	None

(14) Other payables

	June 30, 2023	December 31, 2022	June 30, 2022
Payable on machinery and equipment	\$ 9,193,668	\$ 9,870,079	\$ 6,658,297
Dividends payable	5,682,295	-	4,735,246
Wages and bonuses payable	4,477,782	5,270,984	4,424,870
Payable on mold and jig	1,020,788	683,966	1,010,831
Repairs and maintenance fees payable	492,104	763,148	517,200
Power expenses payable	325,722	326,086	615,199
Taxes Payable	288,125	409,036	227,790
Processing expenses payable	129,703	196,373	507,791
Others	2,016,967	2,662,094	2,130,558
	<u>\$ 23,627,154</u>	<u>\$ 20,181,766</u>	<u>\$ 20,827,782</u>

(15) Bonds payable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
3rd overseas unsecured convertible bonds:			
Bonds payable	\$ 423,504	\$ 12,284,000	\$ 11,888,000
Less: Discount on bonds payable	( 15,056)	( 545,895)	( 633,956)
	<u>408,448</u>	<u>11,738,105</u>	<u>11,254,044</u>
Less: Current portion of bonds payable (within 'Long-term liabilities, current portion')	-	( 11,738,105)	( 11,254,044)
Bonds payable	<u>\$ 408,448</u>	<u>\$ -</u>	<u>\$ -</u>

- A. Conditions for issuance of 3rd overseas unsecured convertible bonds are as follows:
- (a) The competent authority has approved the Company's 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 June 30, 2023, no convertible bonds had been converted to ordinary shares, and the conversion price was adjusted to NT\$131 (exchange rate of NTD 29.593 to USD 1) on June 9, 2023 in accordance with regulations for the issuance of the third foreign non-guaranteed convertible corporate bonds.
  - (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. As of June 30, 2023, the bondholders requested the Company to redeem a total of USD 386,400 thousand, for a redemption loss of \$423,430 (listed as 'Other profits and losses').
- C. Regarding the 3rd overseas unsecured convertible bonds issued in 2020, the equity conversion options were separated from the liability component in accordance with IAS 32. The 3rd overseas unsecured convertible bonds issued by the Group were redeemed a total of USD 386,400 thousand on June 30, 2023. The remaining unconverted share options recognised within 'capital surplus-expired share options' amounted to \$962,863.
- D. Refer to Note 11 Significant Events After the Balance Sheet Date for details.

(16) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	June 30, 2023
Syndicated loans	Borrowing period is from April 6, 2021 to April 6, 2024; principal is repayable semiannually from October 6, 2023 in two installments; 50% of principal has to be repaid for each installment.	\$ 7,785,000
Credit loans	Borrowing period is from March 24, 2022 to March 24, 2036; principal is repayable semiannually after four years since the first drawdown in twenty installments; 5% of principal has to be repaid respectively.	4,385,923
	Borrowing period is from January 18, 2023 to January 18, 2025; principal is repayable semiannually after six months since the first drawdown in four installments; 5% of principal has to be repaid during each of the first three installments; principal has to be repaid at maturity.	430,956
	Borrowing period is from August 18, 2022 to July 29, 2036; principal is repayable semiannually after four years since the first drawdown in twenty installments; 5% of principal has to be repaid respectively.	1,939,301
	Borrowing period is from March 30, 2023 to March 30, 2026; principal and interest are payable in equal proportions at the end of each quarter.	794,988
	Borrowing period is from May 9, 2022 to May 9, 2035; principal is repayable semiannually after three years since the first drawdown in twenty installments; 5% of principal has to be repaid respectively.	1,234,662
	Borrowing period is from June 29 2022 to June 28, 2035; principal is repayable semiannually after three years since the first drawdown in twenty installments; 5% of principal has to be repaid respectively.	1,203,788
	Borrowing period is from January 25, 2021 to July 25, 2024; interest is payable on a monthly basis; principal has to be repaid in lump sum at maturity.	778,500
Subtotal		18,553,118
Less: Syndicated loan arrangement fees		( 39,899)
Less: Current portion of long-term borrowings (within 'Long-term liabilities, current portion')		( 7,780,134)
		\$ 10,733,085
Interest rate		3.30%~7.32%

Type of borrowings	Borrowing period and repayment term	December 31, 2022
Syndicated loans	Borrowing period is from April 6, 2021 to April 6, 2024; principal is repayable semiannually from October 6, 2023 in two installments; 50% of principal has to be repaid for each installment.	\$ 7,677,500
Credit loans	Borrowing period is from March 24, 2022 to March 24, 2036; principal is repayable semiannually after four years since the first drawdown in twenty installments; 5% of principal has to be repaid respectively. Ten loans with borrowing period from January 25, 2021 to June 28, 2035 are payable on the due date.	6,426,497 2,704,919
Subtotal		16,808,916
Less: Syndicated loan arrangement fees		( 7,997)
Less: Current portion of long-term borrowings (within 'Long-term liabilities, current portion')		( 3,834,751)
		\$ 12,966,168
Interest rate		1.97%~4.73%

Type of borrowings	Borrowing period and repayment term	June 30, 2022
Syndicated loans	Borrowing period is from April 6, 2021 to April 6, 2024; principal is repayable semiannually from October 6, 2023 in two installments; 50% of principal has to be repaid for each installment.	\$ 7,430,000
Credit loans	Borrowing period is from March 24, 2022 to March 24, 2036; principal is repayable semiannually after four years since the first drawdown in twenty installments; 5% of principal has to be repaid respectively. Borrowing period is from May 9, 2022 to May 9, 2035; principal has to be repaid at maturity. Borrowing period is from May 26, 2022 to May 9, 2035; principal has to be repaid at maturity. Borrowing period is from June 23, 2022 to May 9, 2035; principal has to be repaid at maturity. Borrowing period is from June 29, 2022 to June 28, 2035; principal has to be repaid at maturity. Borrowing period is from January 25, 2021 to July 25, 2024; principal has to be repaid at maturity. Borrowing period is from March 18, 2021 to July 25, 2024; principal has to be repaid at maturity. Borrowing period is from June 29, 2021 to July 25, 2024; principal has to be repaid at maturity.	2,320,827 318,837 311,784 70,955 454,716 297,495 148,747 297,495
Subtotal		11,650,856
Less: Syndicated loan arrangement fees		( 10,835)
		\$ 11,640,021
Interest rate		1.01%~4.20%

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

and semi-annual consolidated financial statements. The Company complied with the terms of the syndicated loans as of June 30, 2023.

(17) Pensions

A. Defined benefit plans

- (a) The Group's subsidiaries in Taiwan, Zhen Ding Technology Co., Ltd. and BoardTek Electronics corporation, have defined benefit pension plans in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Taiwan subsidiaries contribute 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 subsidiaries assess the balance in the aforementioned Fund. If the balance in the Fund is insufficient to pay the retirement benefits of employees who are eligible for retirement in the following year by the aforementioned method, the Taiwan subsidiaries are required to fund the deficit in one appropriation before the end of next March.
- (b) The pension costs recognised by the Group in accordance with the above pension plan were \$5, \$10, \$15, and \$20 for the three-month and six-month periods ended June 30, 2023 and 2022, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group amount to \$15 for the year ended December 31, 2024.

B. Defined contribution plan

- (a) Effective July 1, 2005, the Taiwan subsidiaries of the Group have established a defined contribution pension plan (the 'New Plan') under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Taiwan subsidiaries of the Group contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The contribution plan accrued dividends from an employee's individual account is paid monthly or in lump sum upon retirement of an employee. The pension expenses recognised by the Group in accordance with the above pension plan were \$20,050, \$20,031, \$40,336, and \$39,931 for the three-month and six-month periods ended June 30, 2023 and 2022, 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 \$352,909, \$390,113, \$717,215, and \$776,236 for the three-month and six-month periods ended June 30, 2023 and 2022, 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)(c)
Restricted stocks to employees	2021.06.15	10,045 thousand shares	6 years	(b)(c)(d)

- (a) A restricted stock has not vested until an employee remains the employ in the Avary Holding (Shenzhen) Co., Limited for 2 years starting from the purchase date. Shares will be vested in accordance with the number of the grantees' shares at 20% every year. For an employee who does not satisfy the vesting conditions, the employee's investment would be refunded by the Group at the lower of the investment amount or the carrying amount of net assets. However, appropriated dividend is not required to be returned.
- (b) A restricted stock has not vested until an employee remains the employ in the Avary Holding (Shenzhen) Co., Limited for 1 year starting from the purchase date. For an employee who does not satisfy the vesting conditions, the employee's investment would be refunded by the Group at the vested price and retired.
- (c) Until the achievement of the vesting conditions, the right and obligation: cannot sell, pledge, transfer, give to others, create a right in rem over it or any other disposal.
- (d) The vested conditions of the issuance of restricted shares for employees were the annual operating revenue reached a predetermined target and employees' individual performance reached a standard level. For an employee who does not satisfy the vesting conditions, the employee's investment would be refunded by the Group at the vested price and retired.

B. Employee restricted stocks

The numbers of employees restricted stocks for the first time are as follows (in thousand shares):

	2023	2022
Outstanding as of January 1	70,874	109,917
Vested during the current period	( 35,437 )	( 36,639 )
Outstanding as of June 30	<u>35,437</u>	<u>73,278</u>

The numbers of employees restricted stocks for the second time are as follows (in thousand shares):

	2023	2022
Outstanding as of January 1	7,224	9,760
Vested during the current period	-	1,931
Returned during the current period	( 172 )	( 105 )
Outstanding as of June 30	<u>7,052</u>	<u>7,724</u>



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

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Expenses incurred on employees restricted stocks	<u>\$ 26,690</u>	<u>\$ 57,143</u>	<u>\$ 53,818</u>	<u>\$ 113,104</u>

(19) Share capital

- A. As of June 30, 2023, 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. As of June 30, 2023, the number of ordinary shares of the Company held by the Group's subsidiary, BoardTek Investment Co., Ltd., was 2,093 thousand shares, and the acquisition cost amounted to \$257,489 within the 'treasury shares'. The treasury shares shall not be pledged to others, and the shareholders' rights shall not be enjoyed before transfer under Securities and Exchange Act.

(20) Capital surplus

	2023							
	Additional paid-in capital arising from ordinary share	Additional paid-in capital arising from bonds conversion	Share options	Expired share options	Changes in ownership interests in subsidiaries	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactions	Total
At January 1	\$ 10,754,926	\$ 13,624,555	\$ 996,753	\$ 59,426	\$ 10,707,222	\$ 1,858,418	\$ 19,887	\$ 38,021,187
Employee restricted stocks	-	-	-	-	39,054	-	-	39,054
Expired share options as a percentage of convertible bonds redeemed	-	-	( 962,863)	962,863	-	-	-	-
Recognition of changes in ownership interests in subsidiaries	-	-	-	-	749,893	5,913	-	755,806
At June 30	<u>\$ 10,754,926</u>	<u>\$ 13,624,555</u>	<u>\$ 33,890</u>	<u>\$ 1,022,289</u>	<u>\$ 11,496,169</u>	<u>\$ 1,864,331</u>	<u>\$ 19,887</u>	<u>\$ 38,816,047</u>
	2022							
	Additional paid-in capital arising from ordinary share	Additional paid-in capital arising from bonds conversion	Share options	Expired share options	Changes in ownership interests in subsidiaries	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactions	Total
At January 1	\$ 10,754,926	\$ 13,624,555	\$ 996,753	\$ 59,426	\$ 10,389,506	\$ 1,103,156	\$ 9,420	\$ 36,937,742
Employee restricted stocks	-	-	-	-	81,461	-	-	81,461
Recognition of changes in ownership interests in subsidiaries	-	-	-	-	143,041	755,262	-	898,303
At June 30	<u>\$ 10,754,926</u>	<u>\$ 13,624,555</u>	<u>\$ 996,753</u>	<u>\$ 59,426</u>	<u>\$ 10,614,008</u>	<u>\$ 1,858,418</u>	<u>\$ 9,420</u>	<u>\$ 37,917,506</u>

- A. Capital surplus arising from paid-in capital in excess of par value on issuance of ordinary share is used to offset accumulated losses incurred in previous years or distribute dividends to shareholders.
- B. Refer to Note 6(15) for details on capital surplus-share options and capital surplus-expired share options.
- C. Refer to Note 6(32) for capital surplus arising from the recognition of changes in ownership interest in subsidiaries.

(21) Retained earnings

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

Dividends shall not be lower than 10% of the distributable amount, and the Board of Directors can determine to distribute in cash, in shares or to distribute in both ways. However, cash dividends shall not be lower than 50% of total dividends.

In addition, cash dividends shall be distributed upon the approval of a majority of the directors present at a meeting attended by at least two-thirds or more of the total number of the directors. Share dividends can be distributed after obtaining approval from the shareholders in each accounting year. stock dividends shall be distributed following resolution and approval at the shareholders' meeting in each fiscal year.

- B. The appropriations of 2022 and 2021 earnings were approved by the shareholders' meeting on May 30, 2023 and May 31, 2022, respectively. Details are summarised as follows:

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Amount	Dividends per share (in New Taiwan dollars)	Amount	Dividends per share (in New Taiwan dollars)
Legal reserve	\$ 1,421,842		\$ 965,710	
Special reserve	( 1,965,864)		717,985	
Cash dividends	5,682,295	6.00	4,735,246	5.00
Total	<u>\$ 5,138,273</u>		<u>\$ 6,418,941</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, 2023	\$ 17,555	( \$ 2,899,992)	( \$ 2,882,437)
Valuation adjustment	89,600	-	89,600
Currency translation differences:			
- Group	-	( 3,002,433)	( 3,002,433)
June 30, 2023	<u>\$ 107,155</u>	<u>( \$ 5,902,425)</u>	<u>( \$ 5,795,270)</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, 2022	\$ 38,071	( \$ 4,886,372)	( \$ 4,848,301)
Valuation adjustment	( 55,364)	-	( 55,364)
Currency translation differences:			
- Group	-	1,907,794	1,907,794
June 30, 2022	( \$ 17,293)	( \$ 2,978,578)	( \$ 2,995,871)

(23) Operating revenue

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Revenue from contracts with customers	<u>\$ 23,537,090</u>	<u>\$ 34,534,315</u>	<u>\$ 55,082,243</u>	<u>\$ 68,449,555</u>

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

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Revenue from contracts with customers				
U.S.A.	\$ 16,128,400	\$ 24,009,946	\$ 40,550,825	\$ 48,027,030
Mainland China	3,901,785	6,516,843	7,634,342	12,505,310
Taiwan	1,595,067	2,263,087	3,214,818	4,588,668
Others	1,911,838	1,744,439	3,682,258	3,328,547
	<u>\$ 23,537,090</u>	<u>\$ 34,534,315</u>	<u>\$ 55,082,243</u>	<u>\$ 68,449,555</u>

(24) Expenses by nature

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Employee benefit expenses	\$ 4,219,498	\$ 5,392,860	\$ 8,708,770	\$ 10,449,062
Depreciation	3,928,910	3,430,039	7,776,304	6,733,101
Amortisation	112,749	108,056	223,348	217,655
	<u>\$ 8,261,157</u>	<u>\$ 8,930,955</u>	<u>\$ 16,708,422</u>	<u>\$ 17,399,818</u>

(25) Employee benefit expenses

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Wages and salaries	\$ 3,290,105	\$ 4,234,414	\$ 6,762,636	\$ 8,172,123
Employees' remuneration (	2,825)	68,438	60	146,654
Labor and health insurance fees	225,261	230,508	466,402	459,511
Pension expenses	372,964	410,154	757,566	816,187
Other personnel expenses	333,993	449,346	722,106	854,587
	<u>\$ 4,219,498</u>	<u>\$ 5,392,860</u>	<u>\$ 8,708,770</u>	<u>\$ 10,449,062</u>

- 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 (\$2,825), \$68,438, \$60, and \$146,654 and directors' remuneration of (\$2,875), \$4,438, \$10, and \$8,813 for the three-month and six-month periods ended June 30, 2023 and 2022, respectively.
- C. Employees' compensation and directors' remuneration as resolved by the Board of Directors' for the year ended December 31, 2022 were equal to the amount recognised in the financial statements for the year ended December 31, 2022.
- 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 June 30, 2023	Three-month period ended June 30, 2022	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Interest income from bank deposits	\$ 695,745	\$ 90,658	\$ 1,178,336	\$ 140,780
Interest income from financial assets at amortised cost	42,804	4,842	54,755	21,714
	<u>\$ 738,549</u>	<u>\$ 95,500</u>	<u>\$ 1,233,091</u>	<u>\$ 162,494</u>

(27) Other income

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Government grants revenue	\$ 160,940	\$ 180,811	\$ 275,056	\$ 254,807
Others	47,607	47,604	81,943	61,433
	<u>\$ 208,547</u>	<u>\$ 228,415</u>	<u>\$ 356,999</u>	<u>\$ 316,240</u>

(28) Other gains and losses

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Net currency exchange gains	\$ 1,215,861	\$ 1,033,235	\$ 694,637	\$ 1,488,568
Net gains on financial assets and liabilities measured at fair value through profit or loss	94,028	110,507	34,474	50,305
Net gains (losses) on disposal of property, plant and equipment	19,737 (	16,413)	43,261	2,234
Impairment losses on property, plant and equipment	- (	29,798)	- (	29,798)
Losses association with redemption of convertible bonds	( 423,430)	- (	423,430)	-
Others	( 421)	( 3,836)	( 14,653)	( 3,836)
	<u>\$ 905,775</u>	<u>\$ 1,093,695</u>	<u>\$ 334,289</u>	<u>\$ 1,507,473</u>

(29) Finance costs

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Interest expenses				
Bank borrowings	\$ 397,258	\$ 126,122	\$ 723,345	\$ 208,454
Amortisation of convertible bond discounts	54,584	55,574	108,609	105,336
Amortisation of syndicated loan arrangement fees	1,599	1,628	3,182	3,086
Interest expense from lease liabilities	2,412	4,223	5,257	8,176
	<u>\$ 455,853</u>	<u>\$ 187,547</u>	<u>\$ 840,393</u>	<u>\$ 325,052</u>

(30) Income tax

A. Components of income tax expense

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Current tax:				
Tax payable arising from the current period	\$ 100,151	\$ 359,445	\$ 144,865	\$ 832,656
Adjustments in respect of prior years	( 277,952)	( 125,588)	( 277,952)	( 136,186)
Total current tax	( 177,801)	233,857	( 133,087)	696,470
Deferred tax:				
Origination and reversal of temporary differences	( 467,207)	51,494	( 474,247)	134,853
Total deferred tax	( 467,207)	51,494	( 474,247)	134,853
Income tax expense	( \$ 645,008)	\$ 285,351	( \$ 607,334)	\$ 831,323

B. The income tax returns of the Group's subsidiaries, Zhen Ding Technology Co., Ltd., Garuda Technology Co., Ltd., BoardTek Electronics corporation, and BoardTek Investment Co., Ltd. have been assessed and approved through 2020 and 2020, 2020 and 2021 by the Tax Authority.

(31) Earnings per share

	Three-month period ended June 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in New Taiwan dollars)
<u>Basic losses per share</u>			
Loss attributable to ordinary shareholders of the parent	( \$ 89,698)	944,956	( \$ 0.09)
<u>Diluted losses per share</u>			
Loss attributable to ordinary shareholders of the parent	( \$ 89,698)	944,956	( \$ 0.09)

Three-month period ended June 30, 2022			
	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	\$ 2,634,377	944,956	\$ 2.79
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,634,377	944,956	
Assumed conversion of all dilutive potential ordinary shares			
Overseas convertible bonds	52,359	85,498	
Employees' remuneration	-	1,424	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	\$ 2,686,736	1,031,878	\$ 2.60
Six-month period ended June 30, 2023			
	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	\$ 413,900	944,956	\$ 0.44
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 413,900	944,956	
Assumed conversion of all dilutive potential ordinary shares			
Employees' remuneration	-	1,792	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	\$ 413,900	946,748	\$ 0.44



Six-month period ended June 30, 2022			
	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	\$ 4,507,014	944,956	\$ 4.77
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,507,014	944,956	
Assumed conversion of all dilutive potential ordinary shares			
Overseas convertible bonds	102,121	85,498	
Employees' remuneration	-	1,960	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	\$ 4,609,135	1,032,414	\$ 4.46

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) Transactions with non-controlling interests

- A. The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary.
- (a) In the first half of 2023, the Group's subsidiary, Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. has increased its capital by issuing new shares. As the Group did not acquire shares proportionately, the shareholding ratio decreased by 3.77%. The abovementioned transaction resulted in an increase in the non-controlling interest by \$1,031,776 and an increase in the equity attributable to owners of the parent by \$749,893.
- (b) In the first quarter of 2022, the Group's subsidiary, Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. has increased its capital by issuing new shares. As the Group did not acquire shares proportionately, the shareholding ratio decreased by 0.74%. The abovementioned transaction resulted in an increase in the non-controlling interest by \$720,409 and an increase in the equity attributable to owners of the parent by \$143,041.

- (c) The effect of changes in interests in the Group on the equity attributable to owners of the parent for the six-month period ended June 30, 2023 and 2022 is shown below:

	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Cash	\$ 1,781,669	\$ 863,450
Increase in carrying amount of non-controlling interests	( 1,031,776 )	( 720,409 )
Capital surplus - recognition of changes in ownership interest in subsidiaries	\$ 749,893	\$ 143,041

B. Disposal of ownership interest in the subsidiary without losing control

- (a) The Group's subsidiary, Monterey Park Finance Limited, transferred its 100% equity interest in Leading Interconnect International Limited to Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd., which caused the Group's shareholding ratio to decrease by 32.83% in the amount of \$2,556. The carrying amount of the Group's non-controlling interest was \$3,357 on the day of sale. This transaction decreased non-controlling interests by \$3,357, and equity attributable to owners of parent increased by \$5,913.
- (b) In January 2022, the Group's subsidiary, Pacific Fair International Limited, disposed the share equity of Avary Holding (Shenzhen) Co., Limited which caused the Group's shareholding ratio to decrease by 0.31% in the amount of \$1,302,378. The carrying amount of the Group's non-controlling interest was \$547,116 on the day of sale. This transaction increased non-controlling interests by \$547,116, and equity attributable to owners of parent increased by \$755,262.
- (c) The effect of changes in interests in the Group on the equity attributable to owners of the parent for the six-month period ended June 30, 2023 and 2022 is shown below:

	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Carrying amount disposed to non-controlling interest	\$ 1,934	( \$ 535,112 )
Consideration paid from non-controlling interest	2,556	1,302,378
Other equity interest (e.g., as financial statements translation differences of foreign operations)	1,423	( 12,004 )
Capital surplus - difference between consideration and carrying amount of subsidiaries acquired or disposed	\$ 5,913	\$ 755,262

(33) Additional information of cash flows

A. Investing activities with partial cash payment:

	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Acquisition of property, plant and equipment	\$ 13,508,804	\$ 15,525,860
Add: Opening balance of payable on machinery and equipment (within 'other payables')	9,870,079	6,255,970
Less: Ending balance of payable on machinery and equipment (within 'other payables')	( 9,193,668 )	( 6,658,297 )
Net exchange differences	498,690	122,253
Cash paid during the period	\$ 14,683,905	\$ 15,245,786

B. Financing activities without cash flow effects:

	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Declared cash dividends	\$ 5,682,295	\$ 4,735,246

C. Changes in liabilities from financing activities

	2023					
	Short-term borrowings	Lease liabilities	Bonds payable	Long-term borrowings	Guarantee deposits received	Total liabilities from financing activities
At January 1	\$ 16,819,556	\$ 423,659	\$ 11,738,105	\$ 16,800,920	\$ 10,162,913	\$ 55,945,153
Change in cash flow from financing activities	11,546,150	( 58,554 )	( 12,032,496 )	1,848,981	1,298,867	2,602,948
Change in right-of-use assets	-	( 3,119 )	-	-	-	( 3,119 )
Losses association with redemption of convertible bonds	-	-	423,430	-	-	423,430
Losses on disposal of right-of-use assets	-	320	-	-	-	320
Amortisation on interest expenses	-	5,257	108,609	3,182	-	117,048
Effect of exchange rate fluctuation	167,890	9,021	170,800	( 139,864 )	32,694	240,541
At June 30	\$ 28,533,596	\$ 376,584	\$ 408,448	\$ 18,513,219	\$ 11,494,474	\$ 59,326,321

	2022					
	Short-term borrowings	Lease liabilities	Bonds payable	Long-term borrowings	Guarantee deposits received	Total liabilities from financing activities
At January 1	\$ 19,636,568	\$ 517,316	\$ 10,383,152	\$ 7,599,023	\$ 4,600,762	\$ 42,736,821
Change in cash flow from financing activities	( 4,114,746 )	( 72,557 )	-	3,470,232	2,236,524	1,519,453
Change in right-of-use assets	-	22,708	-	-	-	22,708
Lease modification gains	-	1,943	-	-	-	( 1,943 )
Amortisation on interest expenses	-	8,176	105,336	3,086	-	116,598
Effect of exchange rate fluctuation	603,253	( 5,031 )	765,556	567,680	298,800	2,230,258
At June 30	\$ 16,125,075	\$ 468,669	\$ 11,254,044	\$ 11,640,021	\$ 7,136,086	\$ 46,623,895

## 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
Foxconn Technology Co., Ltd. and its subsidiaries	Other related parties
Guangdong Zhan Yang Intelligent Equipment Co., Ltd.	Associate

### (2) Significant related parties transactions and balances

#### A. Sales

	<u>Three-month period ended June 30, 2023</u>	<u>Three-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2023</u>	<u>Six-month period ended June 30, 2022</u>
Sale of goods:				
- Entity with significant influence over the Company	\$ 1,315,724	\$ 1,474,141	\$ 2,469,471	\$ 2,857,971
- Other related parties	<u>920,557</u>	<u>829,431</u>	<u>1,816,282</u>	<u>1,496,104</u>
	<u>\$ 2,236,281</u>	<u>\$ 2,303,572</u>	<u>\$ 4,285,753</u>	<u>\$ 4,354,075</u>

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

#### B. Purchases

	<u>Three-month period ended June 30, 2023</u>	<u>Three-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2023</u>	<u>Six-month period ended June 30, 2022</u>
Purchase of goods:				
- Entity with significant influence over the Company	\$ 67,676	\$ 186,454	\$ 110,574	\$ 397,222
- Other related parties	<u>693,592</u>	<u>687,761</u>	<u>1,808,447</u>	<u>1,662,795</u>
- Associate	<u>617</u>	<u>1,401</u>	<u>1,266</u>	<u>1,586</u>
Total	<u>\$ 761,885</u>	<u>\$ 875,616</u>	<u>\$ 1,920,287</u>	<u>\$ 2,061,603</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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts receivable - related parties:			
- Entity with significant influence over the Company	\$ 1,479,670	\$ 2,076,812	\$ 1,551,739
- Other related parties	<u>1,008,837</u>	<u>1,004,100</u>	<u>903,151</u>
	2,488,507	3,080,912	2,454,890
Less: Allowance for bad debts	( <u>7,466</u> )	( <u>9,247</u> )	( <u>7,356</u> )
Total	<u>\$ 2,481,041</u>	<u>\$ 3,071,665</u>	<u>\$ 2,447,534</u>

D. Notes and accounts payable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts payable - Related parties:			
- Entity with significant influence over the Company	\$ 29,179	\$ 24,839	\$ 61,286
- Other related parties	409,690	910,292	437,384
- Associate	<u>676</u>	<u>895</u>	<u>1,412</u>
	<u>\$ 439,545</u>	<u>\$ 936,026</u>	<u>\$ 500,082</u>

(3) Key management compensation

	<u>Three-month period ended June 30, 2023</u>	<u>Three-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2023</u>	<u>Six-month period ended June 30, 2022</u>
Short-term employee benefits	<u>\$ 2,445</u>	<u>\$ 36,961</u>	<u>\$ 29,478</u>	<u>\$ 82,236</u>

8. PLEDGED ASSETS

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

<u>Pledged assets</u>	<u>June 30, 2023</u>	<u>Carring amount</u> <u>December 31, 2022</u>	<u>June 30, 2022</u>	<u>Collateral purpose</u>
Other current assets				
- Time deposits with maturity of over three months	\$ 4,765	\$ 4,640	\$ 4,699	Tariff guarantee
- Demand deposits	-	-	63,324	Standby Letters of Credit
Other non-current assets				
- Demand deposits	236,171	221,711	-	Reserve accounts for long-term borrowings
- Time deposits with maturity of over one year	<u>28,588</u>	<u>27,839</u>	<u>28,193</u>	Tariff guarantee
	<u>\$ 269,524</u>	<u>\$ 254,190</u>	<u>\$ 96,216</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:

	June 30, 2023	December 31, 2022	June 30, 2022
Property, plant and equipment	\$ 32,231,938	\$ 35,412,514	\$ 16,105,296

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

	June 30, 2023	June 30, 2022	June 30, 2022
Unused letters of credit	\$ 3,635,334	\$ 3,743,437	\$ 4,036,379

C. The Group's plan to enter into a superficies agreement with the Irrigation Agency of the Ministry of Agriculture, Executive Yuan was approved during the board of directors meeting on May 30, 2023. Rent payment and royalty totaled \$1,523,807, and \$347,600 or 40% of the total royalty was paid in June 2023 and listed as 'Other non-current assets - Other'. The remaining amount of royalty, that is 60% or \$521,400, has not yet been paid.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Because more than 90% of the 3rd overseas unsecured convertible bonds issued by the Group have been redeemed, in accordance with applicable regulations, the Group plans to redeem all of its 3rd overseas unsecured convertible bonds earlier than scheduled on August 15, 2023.

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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets</u>			
Financial assets at amortised cost	\$ 77,681,630	\$ 88,382,167	\$ 69,527,623
Financial assets at fair value through profit or loss	1,726,808	1,640,432	1,508,178
Financial assets at fair value through other comprehensive income	1,076,751	753,272	637,504
	<u>\$ 80,485,189</u>	<u>\$ 90,775,871</u>	<u>\$ 71,673,305</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost	\$ 94,275,037	\$ 92,603,898	\$ 83,291,524
Lease liabilities	376,584	423,659	468,669
	<u>\$ 94,651,621</u>	<u>\$ 93,027,557</u>	<u>\$ 83,760,193</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-demand deposits and time deposits with maturity of over one year; financial liabilities at amortised cost include short-term borrowings, 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 potential adverse effects on the Group's financial position and financial performance.
- iv. The Group uses derivative financial instruments. Please refer to Note 6 for details.

(c) Management system

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from (a) the timing of recognition for accounts receivable, accounts payable, borrowings, and payables on machinery and equipment denominated in non-functional currencies is different, (b) recognised assets and liabilities and (c) net investments in foreign operations. Since the transacting currencies are different from functional currencies, foreign exchange risks arise.

- ii. Management has set up a policy to require all subsidiaries within the Group to manage their foreign exchange risk against their functional currency. However, the overall foreign exchange risk is managed by the Group treasury for hedging.
- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: USD; other certain subsidiaries' functional currency: RMB or NTD) so it is impacted by the exchange rate fluctuations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	June 30, 2023			Six-month period ended June 30, 2023	
	Foreign currency amount (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	204,298	31.14	\$ 6,361,840	1%	\$ 63,618
USD: RMB	1,221,033	7.2258	38,022,968	1%	380,230
<u>Net effect in consolidated entities with foreign currencies</u>					
USD: NTD	3,645,658	31.14	\$ 113,525,790	1%	\$ 1,135,258
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD: NTD	101,256	31.14	\$ 3,153,112	1%	\$ 31,531
USD: RMB	587,965	7.2258	18,309,237	1%	183,092
JPY: RMB	14,131,495	0.0501	3,189,077	1%	31,891



	December 31, 2022			For the year ended December 31, 2022	
	Foreign currency amount (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	274,810	30.71	\$ 8,439,415	1%	\$ 84,394
USD: RMB	1,937,518	6.9646	59,501,172	1%	595,012
<u>Net effect in consolidated entities with foreign currencies</u>					
USD: NTD	3,869,813	30.71	\$ 118,841,957	1%	\$ 1,188,420
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD: NTD	116,680	30.71	\$ 3,583,243	1%	\$ 35,832
USD: RMB	913,574	6.9646	28,055,851	1%	280,559
JPY: RMB	12,064,299	0.0524	2,785,280	1%	27,853

	June 30, 2022			Six-month period ended June 30, 2022	
	Foreign currency amount (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	297,154	29.72	\$ 8,831,417	1%	\$ 88,314
USD: RMB	1,122,031	6.7114	33,346,762	1%	333,468
<u>Net effect in consolidated entities with foreign currencies</u>					
USD: NTD	3,619,917	29.72	\$ 107,583,933	1%	\$ 1,075,839
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD: NTD	178,327	29.72	\$ 5,299,878	1%	\$ 52,999
USD: RMB	812,428	6.7114	24,145,359	1%	241,454
JPY: RMB	13,184,383	0.0491	2,868,768	1%	28,688

- v. Please refer to Note 6(28) 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 and six-month periods ended June 30, 2023 and 2022.

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 \$49,083 and \$34,706 for the six-month periods ended June 30, 2023 and 2022, 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 instruments classified as financial assets at amortised cost 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 June 30, 2023, December 31, 2022 and June 30, 2022, the individual provision for impairment of accounts receivable using loss rate methodology or provision matrix is as follows:

	Indivi dual	Group 1	Group 2	Group 3	Group 4	Total
<u>June 30, 2023</u>						
Expected loss rate		0.03%	0.07%	0.1%~1%	1%~5%	
Total carrying amount	\$ -	\$ 9,595,896	\$ 4,494,025	\$ 1,062,574	\$ 2,066,835	\$ 17,219,330
Loss allowance	\$ -	( \$ 2,879 )	( \$ 3,146 )	( \$ 10,626 )	( \$ 42,353 )	( \$ 59,004 )
<u>December 31, 2022</u>						
Expected loss rate		0.03%	0.07%	0.1%~1%	1%~5%	
Total carrying amount	\$ -	\$ 20,605,084	\$ 6,144,649	\$ 1,837,272	\$ 1,517,271	\$ 30,104,276
Loss allowance	\$ -	( \$ 6,182 )	( \$ 4,301 )	( \$ 18,373 )	( \$ 70,775 )	( \$ 99,631 )
<u>June 30, 2022</u>						
Expected loss rate		0.03%	0.07%	0.1%~1%	1%~5%	
Total carrying amount	\$ -	\$ 13,782,390	\$ 6,983,071	\$ 2,207,527	\$ 1,866,745	\$ 24,839,733
Loss allowance	\$ -	( \$ 4,135 )	( \$ 4,888 )	( \$ 22,075 )	( \$ 58,398 )	( \$ 89,496 )

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:

	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Opening balance	\$ 99,631	\$ 90,665
(Reversal of) provision for impairment	( 41,083)	( 4,729)
Net exchange differences	456	3,560
Ending balance	<u>\$ 59,004</u>	<u>\$ 89,496</u>

#### Other receivables

The Group's subsidiaries incorporated in Mainland China are engaged in export sales. Under local regulations, the subsidiaries are entitled to tax benefits on VAT exemption, deduction and refund on the exports of goods. The subsidiaries calculate VAT refund and deductible amounts based on monthly sales by product types. The subsidiaries' counterparties and performing parties are mainly government organisations, so the possibility of default is remote. The Group's other receivables recognised expected credit loss of \$260 and gain of \$2,244 on reversal of expected credit loss for the six-month period ended June 30, 2023 and 2022.

#### 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Expiring within one year	\$ 66,856,299	\$ 41,104,713	\$ 61,049,031
Expiring over one year	21,602,737	10,342,382	13,219,837
	<u>\$ 88,459,036</u>	<u>\$ 51,447,095</u>	<u>\$ 74,268,868</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 derivative and non-derivative financial liabilities will attain maturity within one year:

Non-derivative financial liabilities:

	Less than one year	Over one year	Total
June 30, 2023			
Bonds payable (Note 1)	\$ -	\$ 423,504	\$ 423,504
Long-term borrowings (Note 2)	8,437,207	14,820,382	23,257,589
Guarantee deposits received	4,056,609	7,437,865	11,494,474
Lease liabilities	77,531	338,980	416,511
	<u>\$ 12,571,347</u>	<u>\$ 23,020,731</u>	<u>\$ 35,592,078</u>

Non-derivative financial liabilities:

	Less than one year	Over one year	Total
December 31, 2022			
Bonds payable (Note 1)	\$ 12,284,000	\$ -	\$ 12,284,000
Long-term borrowings (Note 2)	10,975,067	17,159,176	28,134,243
Guarantee deposits received	2,905,427	7,257,486	10,162,913
Lease liabilities	106,286	381,487	487,773
	<u>\$ 26,270,780</u>	<u>\$ 24,798,149</u>	<u>\$ 51,068,929</u>

Non-derivative financial liabilities:

	Less than one year	Over one year	Total
June 30, 2022			
Bonds payable (Note 1)	\$ 11,888,000	\$ -	\$ 11,888,000
Long-term borrowings (Note 2)	149,486	12,417,391	12,566,877
Guarantee deposits received	1,508,607	5,627,479	7,136,086
Lease liabilities	111,306	419,152	530,458
	<u>\$ 13,657,399</u>	<u>\$ 18,464,022</u>	<u>\$ 32,121,421</u>

Note: 1. Because more than 90% of the 3rd overseas unsecured convertible bonds issued by the Group have been redeemed as of June 30, 2023, the Group resolved on July 14, 2023 to redeem all of its corporate earlier than scheduled on August 15, 2023. Please

refer to Note 6(15) for the conditions of issuance of bonds payable.

2. 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) Information on fair value

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

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

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

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

- B. Please refer to Note 6(10) for information on the fair value of investment property measured at cost.

- C. 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.

June 30, 2023				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 408,448	\$ -	\$ 409,619	\$ -
Guarantee deposits received	11,494,474	-	11,413,439	-
Total	<u>\$ 11,902,922</u>	<u>\$ -</u>	<u>\$ 11,823,058</u>	<u>\$ -</u>

December 31, 2022				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 11,738,105	\$ -	\$ 11,745,760	\$ -
Guarantee deposits received	10,162,913	-	10,141,616	-
Total	<u>\$ 21,901,018</u>	<u>\$ -</u>	<u>\$ 21,887,376</u>	<u>\$ -</u>

June 30, 2022				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 11,254,044	\$ -	\$ 11,344,804	\$ -
Guarantee deposits received	7,136,086	-	7,126,821	-
Total	<u>\$ 18,390,130</u>	<u>\$ -</u>	<u>\$ 18,471,625</u>	<u>\$ -</u>

(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.

D. 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:

June 30, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ -</u>	<u>\$ 362,089</u>	<u>\$ 1,364,719</u>	<u>\$ 1,726,808</u>
Financial assets at fair value through other comprehensive income	<u>\$ 275,865</u>	<u>\$ -</u>	<u>\$ 800,886</u>	<u>\$ 1,076,751</u>

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss	\$ -	\$ 367,924	\$ 1,272,508	\$ 1,640,432
Financial assets at fair value through other comprehensive income	\$ 197,437	\$ -	\$ 555,835	\$ 753,272
June 30, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss	\$ -	\$ 286,510	\$ 1,221,668	\$ 1,508,178
Financial assets at fair value through other comprehensive income	\$ 69,504	\$ -	\$ 568,000	\$ 637,504

(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.

- E. The Level-3 movement for the six-month periods ended June 30, 2022 and 2023, is as follows:

	Six-month period ended June 30, 2023		Six-month period ended June 30, 2022	
	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
Opening balance	\$ 1,272,508	\$ 555,835	\$ 806,034	\$ 476,619
Acquisition of financial assets	86,623	195,427	338,029	197,267
Income distribution (	2,311)	-	( 13,745)	-
Unrealized gains (losses) from financial assets	32,588	62,860	79,371	( 113,259)
Net exchange differences	( 24,689)	( 13,236)	11,979	7,373
Ending balance	<u>\$ 1,364,719</u>	<u>\$ 800,886</u>	<u>\$ 1,221,668</u>	<u>\$ 568,000</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 June 30, 2023	Valuation technique	Significant unobservable input	Range [Weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted stocks	\$ 195,259	Market comparable companies	Enterprise value to EBIT multiple	13.87~99.06 [41.79]	The higher the EBIT, the higher the fair value
Unlisted stocks	25,426	Market comparable companies	Enterprise value to EBIT multiple	3.17~10.41 [5.25]	The higher the EBIT, the higher the fair value
			Price to net value multiple	0.88~2.70 [1.09]	The higher the net value of shares, the higher the fair value
Unlisted stocks	134,306	Market comparable companies	Enterprise value to EBIT multiple	4.30~24.19 [10.96]	The higher the EBIT, the higher the fair value
Unlisted stocks	25,250	Market comparable companies	Enterprise value- to-sales (EV/sales)	2.92~9.74 [6.42]	The higher the EV/sales ratio, the higher the fair value
Unlisted stocks	119,241	Market comparable companies	Enterprise value- to-sales (EV/sales)	0.48~10.19 [2.80]	The higher the EV/sales ratio, the higher the fair value
			Stock Price Volatility	49.63%	The higher volatility of stock price, the higher the fair value
Unlisted stocks	23,970	Market comparable companies	Price to net value multiple	1.56~4.83 [2.61]	The higher the net value of shares, the higher the fair value
			Enterprise value- to-sales (EV/sales)	1.51~7.74 [2.22]	The higher the EV/sales ratio, the higher the fair value
Unlisted stocks	83,504	Market comparable companies	Enterprise value to EBIT multiple	7.08~62.59 [30.80]	The higher the EBIT, the higher the fair value
Unlisted stocks	86,191	The last transaction price	Not applicable	Not applicable	Not applicable
Unlisted stocks	<u>107,739</u>	The last transaction price	Not applicable	Not applicable	Not applicable
	<u>\$ 800,886</u>				
Debt Securities:					
Private fund	\$ 962,995	Net asset value	Not applicable	Not applicable	Not applicable
Private fund	175,597	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted partnership share	94,319	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted partnership share	<u>131,808</u>	The last transaction price	Not applicable	Not applicable	Not applicable
	<u>\$ 1,364,719</u>				

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range [Weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted stocks	\$ 144,884	Market comparable companies	Stock Price Volatility	48.11%	The higher volatility of stock price, the higher the fair value
Unlisted stocks	24,258	Market comparable companies	Enterprise value to EBIT multiple	3.20~7.50 [3.66]	The higher the EBIT, the higher the fair value
			Price to net value multiple	0.61~1.61 [1.09]	The higher the net value of shares, the higher the fair value
Unlisted stocks	143,991	Market comparable companies	Enterprise value to EBIT multiple	3.30~18.42 [7.75]	The higher the EBIT, the higher the fair value
Unlisted stocks	27,235	The last transaction price	Not applicable	Not applicable	Not applicable
Unlisted stocks	99,212	The last transaction price	Not applicable	Not applicable	Not applicable
Unlisted stocks	57,477	The last transaction price	Not applicable	Not applicable	Not applicable
Unlisted stocks	<u>58,778</u>	The last transaction price	Not applicable	Not applicable	Not applicable
	<u>\$ 555,835</u>				
Debt Securities:					
Private fund	\$ 956,370	Net asset value	Not applicable	Not applicable	Not applicable
Private fund	156,521	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted partnership share	73,173	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted partnership share	<u>86,444</u>	The last transaction price	Not applicable	Not applicable	Not applicable
	<u>\$ 1,272,508</u>				

	Fair value at June 30, 2022	Valuation technique	Significant unobservable input	Range [Weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted stocks	\$ 96,651	Market comparable companies	Enterprise value to EBIT multiple	4.8~19.52 [6.96]	The higher volatility of stock price, the higher the fair value
			Price to net value multiple	2.10~4.47 [2.39]	The higher the net value of shares, the higher the fair value
Unlisted stocks	88,079	Market comparable companies	Stock Price Volatility	51.42%	The higher volatility of stock price, the higher the fair value
Unlisted stocks	25,383	Market comparable companies	Enterprise value to EBIT multiple	2.35~8.69 [3.36]	The higher the EBIT, the higher the fair value
			Price to net value multiple	0.58~1.57 [1.07]	The higher the net value of shares, the higher the fair value
Unlisted stocks	147,839	Market comparable companies	Enterprise value to EBIT multiple	2.99~23.74 [6.23]	The higher the EBIT, the higher the fair value
Unlisted stocks	55,058	The last transaction price	Not applicable	Not applicable	Not applicable
Unlisted stocks	66,424	The last transaction price	Not applicable	Not applicable	Not applicable
Unlisted stocks	<u>88,566</u>	The last transaction price	Not applicable	Not applicable	Not applicable
	<u>\$ 357,952</u>				
Debt Securities:					
Private fund	\$ 1,046,542	Net asset value	Not applicable	Not applicable	Not applicable
Private fund	101,797	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted partnership share	58,036	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted partnership share	<u>15,293</u>	The last transaction price	Not applicable	Not applicable	Not applicable
	<u>\$ 1,221,668</u>				

- (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:

				Six-month period ended June 30, 2023			
				Recognised in profit or loss		Recognised in other comprehensive income	
				Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change					
Financial assets							
Debt instruments	Enterprise value to EBIT multiple, etc.	± 1%	\$ 13,647	( \$ 13,647)	\$ -	\$ -	
Equity instruments		± 1%	-	-	8,009	( 8,009)	
Total			\$ 13,647	( \$ 13,647)	\$ 8,009	( \$ 8,009)	

  

				Six-month period ended June 30, 2022			
				Recognised in profit or loss		Recognised in other comprehensive income	
				Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change					
Financial assets							
Debt instruments	Enterprise value to EBIT multiple, etc.	± 1%	\$ 12,217	( \$ 12,217)	\$ -	\$ -	
Equity instruments		± 1%	-	-	5,680	( 5,680)	
Total			\$ 12,217	( \$ 12,217)	\$ 5,680	( \$ 5,680)	

- F. For the six-month periods ended June 30, 2022 and 2023, there was no transfer between Level 1 and Level 2.
- G. For the six-month periods ended June 30, 2022 and 2023, there was no transfer into or out from Level 3.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

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

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Aggregate purchases or sales of the same securities reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- 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 June 30, 2023	Three-month period ended June 30, 2022	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Revenue from external customers	\$ 23,537,090	\$ 34,534,315	\$ 55,082,243	\$ 68,449,555
Inter-segment revenue	-	-	-	-
Segments' revenue	<u>\$ 23,537,090</u>	<u>\$ 34,534,315</u>	<u>\$ 55,082,243</u>	<u>\$ 68,449,555</u>
Measure of segment profit (	<u>\$ 1,658,978)</u>	<u>\$ 2,126,670</u>	<u>( \$ 323,288)</u>	<u>\$ 4,426,223</u>

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

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

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

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	Six-month period ended June 30, 2023	Six-month period ended June 30, 2022
Reportable segment's revenue	<u>\$ 23,537,090</u>	<u>\$ 34,534,315</u>	<u>\$ 55,082,243</u>	<u>\$ 68,449,555</u>
Reportable segment's profit	( \$ 1,658,978)	\$ 2,126,670	( \$ 323,288)	\$ 4,426,223
Interest income and finance costs	282,696	( 92,047)	392,698	( 162,558)
Net currency exchange gains	1,215,861	1,033,235	694,637	1,488,568
Net gains (losses) on disposal of property, plant and equipment	19,737	( 16,413)	43,261	2,234
Net gains on financial assets and liabilities measured at fair value through profit or loss	94,028	110,507	34,474	50,305
Others	197,004	568,244	171,658	700,917
Profit	<u>\$ 150,348</u>	<u>\$ 3,730,196</u>	<u>\$ 1,013,440</u>	<u>\$ 6,505,689</u>

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
LOANS TO OTHERS  
Six-month period ended June 30, 2023

Table 1 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, 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
1	Mayco Industrial Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	\$ 3,425,400	\$ 3,425,400	\$ 2,802,600	3.1717%-6.0266%	Short-term financing	\$ -	Operation requirements	\$ -	No	\$ -	\$ 440,335,644	\$ 616,469,902	
1	Mayco Industrial Limited	Leading Interconnect International Limited	Other receivables	Yes	934,200	934,200	68,508	5.6384%	Short-term financing	-	Operation requirements	-	No	-	440,335,644	616,469,902	
1	Mayco Industrial Limited	Zhen Ding Technology India Private Limited	Other receivables	Yes	1,557,000	1,557,000	-	-	Short-term financing	-	Operation requirements	-	No	-	440,335,644	616,469,902	
1	Mayco Industrial Limited	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	4,359,600	4,359,600	-	-	Short-term financing	-	Operation requirements	-	No	-	35,226,852	35,226,852	
1	Mayco Industrial Limited	BoardTek Electronics corporation	Other receivables	Yes	3,736,800	3,736,800	1,245,600	5.6384%	Short-term financing	-	Operation requirements	-	No	-	35,226,852	35,226,852	
1	Mayco Industrial Limited	Zhen Ding Technology Co., Ltd.	Other receivables	Yes	3,114,000	3,114,000	-	-	Short-term financing	-	Operation requirements	-	No	-	35,226,852	35,226,852	
2	Pacific Fair International Limited	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	2,802,600	2,802,600	622,800	4.7300%	Short-term financing	-	Operation requirements	-	No	-	5,714,788	5,714,788	
2	Pacific Fair International Limited	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	934,200	934,200	934,200	1.8116%	Short-term financing	-	Operation requirements	-	No	-	71,434,855	100,008,797	
3	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	1,077,390	1,077,390	538,695	3.65%	Short-term financing	-	Operation requirements	-	No	-	1,494,613	1,494,613	
3	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	3,016,692	3,016,692	2,003,945	3.65%	Short-term financing	-	Operation requirements	-	No	-	18,682,667	26,155,734	



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
4	Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	\$ 1,557,000	\$ 1,557,000	\$ -	\$ -	Short-term financing	\$ -	Operation requirements	\$ -	No	\$ -	\$ 46,274,350	\$ 64,784,090	
4	Garuda International Limited	Avary Technology (India) Private Limited	Other receivables	Yes	2,491,200	2,491,200	-	-	Short-term financing	-	Operation requirements	-	No	-	46,274,350	64,784,090	
4	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	3,114,000	3,114,000	3,114,000	4.23%-4.73%	Short-term financing	-	Operation requirements	-	No	-	46,274,350	64,784,090	
4	Garuda International Limited	Garuda Technology Co., Ltd.	Other receivables	Yes	3,114,000	3,114,000	-	-	Short-term financing	-	Operation requirements	-	No	-	3,701,948	3,701,948	
5	Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Other receivables	Yes	4,309,560	4,309,560	-	-	Short-term financing	-	Operation requirements	-	No	-	46,982,899	46,982,899	
5	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	15,083,460	15,083,460	7,505,099	3.55%-3.70%	Short-term financing	-	Operation requirements	-	No	-	46,982,899	46,982,899	
5	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	6,464,340	6,464,340	4,288,012	3.65%	Short-term financing	-	Operation requirements	-	No	-	46,982,899	46,982,899	
5	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	646,434	646,434	206,859	3.65%	Short-term financing	-	Operation requirements	-	No	-	46,982,899	46,982,899	

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

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

Note 2: limit on loans granted by a listed subsidiary to a single listed subsidiary of which the Company directly or indirectly holds 100% of its voting shares, or limit on loans to the Company granted by a listed foreign subsidiary which the Company directly or indirectly holds 100% of its voting share, are not restricted to the limit on loans of 40% of the Company's net assets.  
In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", limit on total loans granted by a listed subsidiary to listed subsidiaries of which the Company directly or indirectly holds 100% of its voting shares, or limit on total loans to the Company granted by listed foreign subsidiaries which the Company directly or indirectly holds 100% of its voting share are 700% of the Company's net asset based on the latest audited or reviewed consolidated financial statements.  
In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", limit on loans granted by a listed subsidiary to a single listed subsidiary of which the Company directly or indirectly holds 100% of its voting shares, or limit on loans to the Company granted by a listed foreign subsidiary which the Company directly or indirectly holds 100% of its voting share are 500% of the Company's net asset based on the latest audited or reviewed consolidated financial statements.

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

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

**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**PROVISION OF ENDORSEMENTS/GUARANTEES TO OTHERS**  
Six-month period ended June 30, 2023

Table 2

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

No. (Note 1)	Endorser/ guarantor	Entity for which the endorsement/guarantee is made		Limit on endorsements/ guarantees to a single enterprise (Note 3)	Maximum outstanding endorsement/ guarantee amount during the current period (Note 5)	Ending balance of endorsements/ guarantees at June 30, 2023 (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)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 8)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 8)	Provision of endorsements/ guarantees to the party in Mainland China (Note 8)	Footnote
		Company	Relationship (Note 2)											
0	Zhen Ding Technology Holding Limited	BoardTek Electronics corporation	2	\$ 26,852,181	\$ 7,700,000	\$ 7,700,000	\$ 7,100,000	\$ -	8.60%	\$ 89,507,270	Y	N	N	

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

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

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

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

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

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

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

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

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

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

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

**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD (EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)**  
June 30, 2023

Table 3 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Securities held by	Marketable securities (Note 1)	Relationship with securities issuer (Note 2)	General ledger account	As of June 30, 2023				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	2,437,697	\$ 108,721	8.12%	\$ 108,721	
Avary Holding (Shenzhen) Co., Limited	Jiangsu Aisen Semiconductor Material Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,600,000	195,259	3.93%	195,259	
Avary Holding Investment (Shenzhen) Co., Ltd.	Dongguan Sixpure Intelligent Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income	1,461,039	134,306	3.55%	134,306	
Avary Holding Investment (Shenzhen) Co., Ltd.	Sanying Precision Instruments Co., Ltd.	None	Financial assets at fair value through other comprehensive income	1,212,009	167,144	3.58%	167,144	
Avary Holding Investment (Shenzhen) Co., Ltd.	Sanying Precision Instruments (Tianjin) Co., Ltd.	None	Financial assets at fair value through other comprehensive income	540,580	25,250	5.18%	25,250	
Avary Holding Investment (Shenzhen) Co., Ltd.	Wuxi iData Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income	1,352,651	119,241	3.46%	119,241	
Avary Holding Investment (Shenzhen) Co., Ltd.	Hubei Omar Electronics Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,370,000	23,970	3.60%	23,970	
Avary Holding Investment (Shenzhen) Co., Ltd.	Shenzhen Hangsheng Electronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income	1,000,000	83,504	3.36%	83,504	
Avary Holding Investment (Shenzhen) Co., Ltd.	Hostar Intelligence Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income	750,000	86,191	2.11%	86,191	
Avary Holding Investment (Shenzhen) Co., Ltd.	Guangdong De Ju Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income	759,532	107,739	1.03%	107,739	
BoardTek Electronics corporation	Chipboard Technology Corporation	None	Financial assets at fair value through other comprehensive income	1,337,068	25,426	15.60%	25,426	
					<u>\$ 1,076,751</u>			
Avary Holding (Shenzhen) Co., Limited	Jingning Dingqing Electronic Technology Limited Partnership	None	Financial assets at fair value through profit or loss	-	\$ 362,089	16.80%	\$ 362,089	
Avary Holding Investment (Shenzhen) Co., Ltd.	Beijing chenyi M&A Fund	None	Financial assets at fair value through profit or loss	-	962,995	2.94%	962,995	
Avary Holding Investment (Shenzhen) Co., Ltd.	Zhuhai Hengqin New Area Leishi Tianhe Technology Industry Investment Partnership (Limited Partnership)	None	Financial assets at fair value through profit or loss	-	94,319	99.39%	94,319	
Avary Holding Investment (Shenzhen) Co., Ltd.	Primavera Jingzhi (Beijing) Equity Investment Fund L.P.	None	Financial assets at fair value through profit or loss	-	131,808	20.00%	131,808	
Zhen Ding Technology Co., Ltd.	Zoyi Capital Investment Fund II L.P	None	Financial assets at fair value through profit or loss	-	175,597	10.59%	175,597	
					<u>\$ 1,726,808</u>			

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 or sale of the same security with the accumulated cost exccdering NT\$300 million or 20% of paid-in capital or more  
Six-month period ended June 30, 2023

Table 4 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Companies purchased and sold	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship (Note 2)	Initial period		Buy-in (Note 3)		Sell-out (Note 3)			As of June 30, 2023		
					Number of shares	Amount (Note 5)	Number of shares	Amount	Number of shares	Selling price	Carrying amount (Note 5)	Gain or loss on disposal (Note 4)	Number of shares	Amount (Note 5)
Avary Holding Investment (Shenzhen) Co., Ltd.	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Investments accounted for using equity method	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Brother companies	-	-	-	\$ 4,187,501	-	-	-	-	-	\$ 1,315,751

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

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

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

Note 4: It is non-controlling interest transactions, gain or loss on disposal were accounted as capital surplus, difference between consideration and carrying amount of subsidiaries acquired or disposed.

Note 5: Including gain on investment and adjustments not proportional to shareholding ratio.

**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**  
Six-month period ended June 30, 2023

Table 5

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, 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	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	\$ 15,416,681	83	60 days from the shipping date	Note 2	Note 2	\$ 5,462,021	74	
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	2,240,867	12	90 days from the shipping date	Note 2	Note 2	1,124,327	15	
Avary Holding (Shenzhen) Co., Limited	Avary Technology (India) Private Limited	An indirect wholly-owned subsidiary	Sales	139,983	1	90 days from the shipping date	Note 2	Note 2	214,992	3	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	9,085,733	76	90 days from the shipping date	Note 2	Note 2	4,441,461	77	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	2,457,264	21	90 days from the shipping date	Note 2	Note 2	1,100,142	19	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	246,729	2	90 days from the shipping date	Note 2	Note 2	106,687	2	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	103,924	1	90 days from the shipping date	Note 2	Note 2	61,014	1	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	1,889,890	69	60 days from the shipping date	Note 2	Note 2	857,789	69	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	618,771	23	90 days from the shipping date	Note 2	Note 2	312,375	25	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	BoardTek Electronics corporation	An indirect wholly-owned subsidiary	Sales	151,523	6	90 days from the shipping date	Note 2	Note 2	54,770	4	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	16,395,365	93	60 days from the invoice date	Note 2	Note 2	6,243,125	86	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	448,732	3	90 days from the shipping date	Note 2	Note 2	239,400	3	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	158,764	1	90 days from the shipping date	Note 2	Note 2	96,169	1	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Avary Technology (India) Private Limited	An indirect wholly-owned subsidiary	Sales	564,742	3	90 days from the shipping date	Note 2	Note 2	667,972	9	
Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	868,099	62	90 days from the shipping date	Note 2	Note 2	427,245	48	
Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect International Limited	An indirect wholly-owned subsidiary	Sales	198,239	14	90 days from the shipping date	Note 2	Note 2	202,271	93	
Avary Technology (India) Private Limited	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	494,291	92	60 days from the shipping date	Note 2	Note 2	246,591	87	

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	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	\$ 445,431	100	90 days from the shipping date	Note 2	Note 2	\$ 242,422	100	
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Zhen Ding Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	221,911	76	90 days from the shipping date	Note 2	Note 2	48,370	46	
Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	142,884	59	90 days from the shipping date	Note 2	Note 2	24,132	19	
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	1,539,368	3	90 days from the month following the shipping date	Note 2	Note 2	673,256	5	
Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	103,653	-	90 days from the month following the shipping date	Note 2	Note 2	43,692	-	
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	1,873,496	4	90 days from the month following the shipping date	Note 2	Note 2	763,593	6	
Garuda International Limited	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	2,191,828	5	90 days from the month following the shipping date	Note 2	Note 2	1,302,044	10	
Garuda International Limited	General Interface Solution Holding Limited and its subsidiaries	An indirect subsidiary of Hon Hai Precision Industry Co., Ltd., evaluated using the equity method	Sales	304,781	1	60 days from the month following the shipping date	Note 2	Note 2	131,407	1	
Garuda Technology Co., Ltd.	General Interface Solution Holding Limited and its subsidiaries	An indirect subsidiary of Hon Hai Precision Industry Co., Ltd., evaluated using the equity method	Sales	1,491,316	24	90 days from the first day of next month of shipping	Note 2	Note 2	846,037	29	
BoardTek Electronics corporation	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	200,915	8	90 days from the month following the shipping date	Note 2	Note 2	119,286	10	
Avary Holding (Shenzhen) Co., Limited	Foxconn Interconnect Technology Limited and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	595,455	5	90 days from invoice date	Note 2	Note 2	( 129,669)	3	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	General Interface Solution Holding Limited and its subsidiaries	An indirect subsidiary of Hon Hai Precision Industry Co., Ltd., evaluated using the equity method	Purchases	994,225	15	30 days from invoice date	Note 2	Note 2	( 163,672)	5	
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	137,893	2	90 days from invoice date	Note 2	Note 2	( 77,974)	2	

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.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
RECEIVABLES FROM RELATED PARTIES REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE  
June 30, 2023

Table 6 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, 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 wholly-owned subsidiary	\$ 5,462,021	1	\$ -	-	\$ 1,761,615	\$ -
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	1,124,327	2	-	-	332,402	-
Avary Holding (Shenzhen) Co., Limited	Avary Technology (India) Private Limited	An indirect wholly-owned subsidiary	214,992	1	112,757	Subsequent collection	38,323	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	4,441,461	1	-	-	1,142,384	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	1,100,142	2	-	-	307,716	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	106,687	1	222	Subsequent collection	63,906	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	857,789	2	-	-	322,683	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	312,375	2	-	-	88,482	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	6,243,125	2	-	-	1,878,763	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	239,400	2	-	-	91,803	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Avary Technology (India) Private Limited	An indirect wholly-owned subsidiary	667,972	1	379,649	Subsequent collection	63,727	-
Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	An indirect wholly-owned subsidiary	427,245	2	-	-	210,585	-
Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect International Limited	An indirect wholly-owned subsidiary	202,271	2	-	-	-	-
Avary Technology (India) Private Limited	Garuda International Limited	An indirect wholly-owned subsidiary	246,591	1	-	-	34,149	-
Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	242,422	2	-	-	78,375	-
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	673,256	1	-	-	154,264	-

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		
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	\$ 763,593	1	\$ -	-	\$ 217,367	\$ -
Garuda International Limited	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	1,302,044	1	13,690	Subsequent collection	311,739	-
Garuda International Limited	General Interface Solution Holding Limited and its subsidiaries	An indirect subsidiary of Hon Hai Precision Industry Co., Ltd., evaluated using the equity method	131,407	2	1,227	Subsequent collection	69,370	-
Garuda Technology Co., Ltd.	General Interface Solution Holding Limited and its subsidiaries	An indirect subsidiary of Hon Hai Precision Industry Co., Ltd., evaluated using the equity method	846,037	2	-	-	233,565	-
BoardTek Electronics corporation	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	119,286	1	1,937	Subsequent collection	5,175	-

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



**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**THE BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT COMPANY AND THE SUBSIDIARIES AND BETWEEN EACH SUBSIDIARY**  
Six-month period ended June 30, 2023

Table 7 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount (Note 3)	Transaction terms	
1	Mayco Industrial Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	3	Other receivables	\$ 2,802,600	Note 5	1
1	Mayco Industrial Limited	BoardTek Electronics corporation	3	Other receivables	1,245,600	"	1
2	FAT Holdings Limited	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	3	Other receivables	934,200	"	-
2	FAT Holdings Limited	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	3	Other receivables	622,800	"	-
3	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	3	Other receivables	2,003,945	"	1
3	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	3	Other receivables	538,695	"	-
4	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	3,114,000	"	1
5	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Other receivables	7,505,099	"	3
5	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	4,288,012	"	2
5	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	206,859	"	-
5	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Sales	15,416,681	Note 8	28
5	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Accounts receivable	5,462,021	"	2
5	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Sales	2,240,867	Note 7	4
5	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Accounts receivable	1,124,327	"	1
5	Avary Holding (Shenzhen) Co., Limited	Avary Technology (India) Private Limited	3	Sales	139,983	"	-
5	Avary Holding (Shenzhen) Co., Limited	Avary Technology (India) Private Limited	3	Accounts receivable	214,992	"	-
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Sales	9,085,733	Note 8	16
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Accounts receivable	4,441,461	"	2
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	2,457,264	Note 7	4
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	1,100,142	"	-
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Sales	246,729	Note 9	-
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	106,687	"	-
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Sales	103,924	"	-
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	1,889,890	Note 8	3
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	857,789	"	-
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	618,771	Note 7	1
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	312,375	"	-
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	BoardTek Electronics corporation	3	Sales	151,523	Note 9	-
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	16,395,365	Note 8	30
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	6,243,125	"	3
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Sales	158,764	Note 9	-
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	448,732	Note 7	1
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	239,400	"	-
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Avary Technology (India) Private Limited	3	Sales	564,742	"	1
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Avary Technology (India) Private Limited	3	Accounts receivable	667,972	"	-
9	Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	3	Sales	868,099	Note 6	2
9	Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	3	Accounts receivable	427,245	Note 6	-
9	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect International Limited	3	Sales	198,239	"	-

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount (Note 3)	Transaction terms	
9	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect International Limited	3	Accounts receivable	202,271	"	-
10	Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	3	Sales	445,431	Note 7	1
10	Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	242,422	"	-
11	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Sales	1,539,368	Note 6	3
11	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	673,256	"	-
11	Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Sales	103,653	"	-
11	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Sales	1,873,496	"	3
11	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Accounts receivable	763,593	"	-
12	Avary Technology (India) Private Limited	Garuda International Limited	3	Sales	494,291	"	1
12	Avary Technology (India) Private Limited	Garuda International Limited	3	Accounts receivable	246,591	"	-
13	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Zhen Ding Technology Co., Ltd.	3	Sales	221,911	"	-
14	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	3	Sales	142,884	"	-

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 first day of next month of shipping.

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

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

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

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
NAMES, LOCATIONS AND OTHER INFORMATION ON INVESTEE COMPANIES (EXCLUDING THE INVESTEE COMPANIES IN MAINLAND CHINA)  
Six-month period ended June 30, 2023

Table 8

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Name of Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of June 30, 2023			Net profit (loss) of investee for the current period	Investment income (loss) recognised by the Company for the current period	Footnote
				Balance as of June 30, 2023	Balance as of December 31, 2022	Number of shares	Ownership (%)	Carrying amount			
The Company	Monterey Park Finance Limited	British Virgin Islands	Holding company	\$ 30,400,425	\$ 30,400,425	976,250,000	100	\$ 109,484,432	\$ 1,818,855	\$ 1,818,827	
The Company	Zhen Ding Technology Co., Ltd.	Taiwan	Trading company	125,488	125,488	12,548,800	100	1,984,363 (	119,307) (	119,307)	
The Company	BoardTek Electronics corporation	Taiwan	Manufacturing company	5,512,771	5,512,771	95,918,453	100	3,432,191 (	648,765) (	683,584)	
The Company	Zhen Ding Technology Singapore Private Limited	Singapore	Holding company	934,200	934,200	30,000,000	100	905,686	23,586	23,586	
Monterey Park Finance Limited	Coppertone Enterprises Limited	British Virgin Islands	Holding company	3,200,750	3,200,750	102,785,806	100	88,068,281	2,467,542	2,467,055	
Monterey Park Finance Limited	Pacific Fair International Limited	Hong Kong	Holding company	8,516,790	8,516,790	2,133,300,000	100	14,286,971	356,325	356,325	
Coppertone Enterprises Limited	Mayco Industrial Limited	Hong Kong	Holding company	37,215,661	37,215,661	9,321,841,932	100	88,067,129	2,467,541	2,467,541	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited	Cayman Islands	Holding company	156	156	5,000	100	817,458	19,456	19,456	
BoardTek Electronics corporation	BoardTek Investment Co., Ltd.	Taiwan	Investment company	248,294	248,294	24,829,362	100	281,077 (	25) (	25)	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	Hong Kong	Trading company	1,837,260	1,837,260	460,200,000	72	6,565,584 (	72,243) (	543,180	
Avary Holding (Shenzhen) Co., Limited	Avary Singapore Private Limited	Singapore	Holding company	1,997,008	1,997,008	64,130,000	72	217,553 (	218,931) (	157,727)	
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Leading Interconnect International Limited	Hong Kong	Trading company	-	-	1	100 (	15,297) (	9,757) (	9,757)	
Garuda International Limited	Garuda Technology Co., Ltd.	Taiwan	Trading company	1,525,000	1,525,000	152,500,000	72	1,255,058 (	130,003) (	93,661)	
Garuda International Limited	Avary Japan Co., Ltd.	Japan	Trading company	21,157	21,157	4,660	72	1,666 (	5,745) (	4,139)	
Avary Singapore Private Limited	Avary Technology (India) Private Limited	India	Manufacturing company	1,025,523	1,025,523	269,044,910	72 (	450,512) (	236,941) (	171,057)	
FAT Holdings Limited	Zhen Ding Technology India Private Limited	India	Manufacturing company	24	24	6,250	63 (	264) (	10) (	6)	
Zhen Ding Technology Singapore Private Limited	Zhen Ding Technology India Private Limited	India	Manufacturing company	14	14	3,750	37 (	155) (	10) (	4)	
FAT Holdings Limited	Zhen Ding Developer India Private Limited	India	Property management company	24	24	6,250	-	-	23,508	-	
Zhen Ding Technology Singapore Private Limited	Zhen Ding Developer India Private Limited	India	Property management company	800,475	800,475	210,003,750	100	857,175	23,508	23,508	

**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**INFORMATION ON THE INVESTMENTS IN MAINLAND CHINA**  
Six-month period ended June 30, 2023

Table 9

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, 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, 2023	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 June 30, 2023	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 June 30, 2023	Accumulate d amount of investment income remitted back to Taiwan as of June 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacture and sales of PCB	\$ 10,158,254	2	\$ -	\$ -	\$ -	\$ -	\$ 714,635	72	\$ 753,551	\$ 24,215,038	\$ -	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Manufacture and sales of PCB	4,024,660	2	-	-	-	-	( 111,090)	72	( 80,308)	148,098	-	
Avary Holding (Shenzhen) Co., Limited	Manufacture and sales of PCB	10,079,986	2	-	-	-	-	3,611,830	72	2,595,560	84,630,853	-	Note 4
Fu Bo Industrial (Shenzhen) Co., Ltd.	Manufacture and sales of PCB	478,144	2	-	-	-	-	18,493	72	13,323	510,300	-	
Yu Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	1,046,644	2	-	-	-	-	550	72	394	686,102	-	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	13,729,568	2	-	-	-	-	145,413	72	244,678	17,711,502	-	
Qi Ding Technology Qinhuangdao Co., Ltd.	Development, manufacture and sales of electronic products	2,072,201	2	-	-	-	-	( 249,258)	66	( 164,104)	2,461,758	-	
Kui Sheng Technology (Shenzhen) Limited	Manufacture and sales of PCB	86,880	2	-	-	-	-	8,562	72	6,131	132,840	-	
Huaian Jia Wei Industrial Development Co., Ltd.	Production and sale of construction materials, furniture and hardware tools	703,266	2	-	-	-	-	84	100	84	701,057	-	
Avary Holding Investment (Shenzhen) Co., Ltd.	Investments	1,732,748	2	-	-	-	-	32,197	72	23,196	1,356,924	-	
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Development, manufacture and sales of electronic products	3,189,340	2	-	-	-	-	( 1,372,088)	66	( 903,911)	6,316,557	-	
Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Development, manufacture and sales of electronic products	1,750,688	2	-	-	-	-	( 483,864)	66	( 318,757)	519,594	-	

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, 2023	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 June 30, 2023	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 June 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Avary Logistics Services (Shenzhen) Co., Ltd.	Property management business	22,047	2	-	-	-	-	20,796	72	14,983	16,709	-	
Guangdong Zhan Yang Intelligent Equipment Co., Ltd.	Research, development, sales, and processing of automated equipment and cargo or technology import/export	41,137	2	-	-	-	- (	12,477)	32 (	8,572)	29,755	-	

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.

Note 4: The cumulative earnings distributed to the parent company by Avary Holding (Shenzhen) Co., Ltd. amounted to RMB 6,781,521 thousand as of June 30, 2023.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
INFORMATION ON MAJOR SHAREHOLDERS  
June 30, 2023

Table 10

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