

**ZHEN DING TECHNOLOGY HOLDING  
LIMITED AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS**

**FOR THE NINE-MONTH PERIODS ENDED  
SEPTEMBER 30, 2021 AND 2020**

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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.

## REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of Zhen Ding Technology Holding Limited and its subsidiaries as of September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three-month periods ended September 30, 2021 and 2020 and for the nine-month periods ended September 30, 2021 and 2020; consolidated statements of changes in equity and of cash flows for the nine-month periods then ended; and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### Scope of Review

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

### Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Zhen Ding Technology Holding Limited and its subsidiaries as of September 30, 2021 and 2020; its consolidated financial performance for the three-month periods ended September 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the nine-month periods ended September 30, 2021 and 2020, in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission.

Hsu, Yung-Chien

Feng, Min-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan  
November 11, 2021

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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**  
**SEPTEMBER 30, 2021; DECEMBER 31, 2020; AND SEPTEMBER 30, 2020**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

			September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
Assets		Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1) and 8	\$ 30,336,245	16	\$ 44,222,887	24	\$ 32,529,266	22
1136	Current financial assets at amortised cost	6(3) and 8	1,893,109	1	2,552,215	1	6,321,455	4
1170	Accounts receivable, net	6(4)	26,249,334	14	31,048,067	17	19,611,432	13
1180	Accounts receivable due from related parties, net	6(4) and 7	2,450,436	1	2,693,088	2	2,690,500	2
1200	Other receivables	6(5)	347,924	-	1,002,641	1	226,913	-
130X	Inventories	6(6)	27,232,512	14	12,998,784	7	15,396,385	11
1410	Prepayments	6(5)	5,288,807	3	4,780,208	3	4,130,435	3
1470	Other current assets	8	96,701	-	14,115	-	34,818	-
11XX	Total current assets		93,895,068	49	99,312,005	55	80,941,204	55
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,154,838	1	753,522	-	609,144	-
1517	Non-current financial assets at fair value through other comprehensive income	6(7)	442,078	-	431,266	-	226,210	-
1550	Investments recognized under the equity method		36,158	-	-	-	-	-
1600	Property, plant and equipment	6(8) and 8	82,386,833	43	68,177,175	38	54,077,409	37
1755	Right-of-use assets	6(9)	8,568,161	5	8,609,465	5	8,070,311	6
1780	Intangible assets	6(10)	2,036,620	1	2,165,029	1	636,682	1
1840	Deferred income tax assets		1,447,295	1	1,285,039	1	1,059,741	1
1990	Other non-current assets	6(11) and 8	239,565	-	386,986	-	404,443	-
15XX	Total non-current assets		96,311,548	51	81,808,482	45	65,083,940	45
1XXX	Total assets		\$ 190,206,616	100	\$ 181,120,487	100	\$ 146,025,144	100

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**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2021; DECEMBER 31, 2020; AND SEPTEMBER 30, 2020**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

			September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
Liabilities and equity		Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>								
2100	Short-term borrowings	6(12)	\$ 22,466,577	12	\$ 12,838,545	7	\$ 1,284,144	1
2110	Short-term notes and bills payable	6(13)	-	-	949,666	-	-	-
2170	Accounts payable		22,247,955	12	22,863,017	13	18,571,332	13
2180	Accounts payable to related parties	7	1,376,869	1	986,556	1	537,286	-
2200	Other payables	6(14)	16,560,762	9	15,831,329	9	13,237,137	9
2230	Current income tax liabilities		730,988	-	777,204	-	493,084	-
2280	Current lease liabilities		131,040	-	132,310	-	100,662	-
2320	Long-term liabilities, current portion	6(16)	69,987	-	8,888,537	5	4,361,362	3
2399	Other current liabilities		171,522	-	156,634	-	58,256	-
21XX	<b>Total current liabilities</b>		<u>63,755,700</u>	<u>34</u>	<u>63,423,798</u>	<u>35</u>	<u>38,643,263</u>	<u>26</u>
<b>Non-current liabilities</b>								
2530	Bonds payable	6(15)	10,397,416	6	10,480,741	6	10,657,176	8
2540	Long-term borrowings	6(16)	7,654,240	4	39,986	-	4,361,362	3
2570	Deferred income tax liabilities		2,278,653	1	2,022,315	1	968,573	1
2580	Non-current lease liabilities		414,716	-	523,511	-	423,898	-
2600	Other non-current liabilities		746,710	-	592,260	1	385,644	-
25XX	<b>Total non-current liabilities</b>		<u>21,491,735</u>	<u>11</u>	<u>13,658,813</u>	<u>8</u>	<u>16,796,653</u>	<u>12</u>
2XXX	<b>Total liabilities</b>		<u>85,247,435</u>	<u>45</u>	<u>77,082,611</u>	<u>43</u>	<u>55,439,916</u>	<u>38</u>
<b>Equity</b>								
<b>Equity attributable to owners of parent</b>								
	Share capital	6(19)						
3110	Ordinary share		9,470,492	5	9,470,492	5	9,022,299	6
	Capital surplus	6(20)						
3200	Capital surplus		36,000,857	19	35,671,212	19	30,577,929	21
	Retained earnings	6(21)						
3310	Legal reserve		6,029,763	3	5,219,158	3	5,219,158	4
3320	Special reserve		4,130,316	2	5,014,697	3	5,014,697	3
3350	Unappropriated retained earnings		28,023,217	15	27,429,476	15	23,100,267	16
	Other equity interest	6(22)						
3400	Other equity interest		( 5,406,260)	( 3)	( 4,130,316)	( 2)	( 5,668,409)	( 4)
3500	Treasury shares		<u>257,489)</u>	<u>-</u>	<u>( 257,489)</u>	<u>-</u>	<u>-</u>	<u>-</u>
31XX	<b>Total equity attributable to owners of parent</b>		<u>77,990,896</u>	<u>41</u>	<u>78,417,230</u>	<u>43</u>	<u>67,265,941</u>	<u>46</u>
36XX	<b>Non-controlling interests</b>	6(32)	<u>26,968,285</u>	<u>14</u>	<u>25,620,646</u>	<u>14</u>	<u>23,319,287</u>	<u>16</u>
3XXX	<b>Total equity</b>		<u>104,959,181</u>	<u>55</u>	<u>104,037,876</u>	<u>57</u>	<u>90,585,228</u>	<u>62</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	<b>Total liabilities and equity</b>		\$ 190,206,616	100	\$ 181,120,487	100	\$ 146,025,144	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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)  
(REVIEWED, NOT AUDITED)

Item	Notes	Three-month period ended September 30, 2021		Three-month period ended September 30, 2020		Nine-month period ended September 30, 2021		Nine-month period ended September 30, 2020	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue	6(23), 7 and 14	\$ 41,618,582	100	\$ 32,076,905	100	\$ 98,579,882	100	\$ 76,079,412	100
5000 Operating costs	6(6) and 7	( 32,835,731)	( 79)	( 25,872,900)	( 81)	( 80,209,437)	( 82)	( 62,101,090)	( 82)
5950 Gross profit from operations		<u>8,782,851</u>	<u>21</u>	<u>6,204,005</u>	<u>19</u>	<u>18,370,445</u>	<u>18</u>	<u>13,978,322</u>	<u>18</u>
Operating expenses	6(24)								
6100 Selling expenses		( 430,039)	( 1)	( 520,651)	( 2)	( 1,206,411)	( 1)	( 1,398,993)	( 2)
6200 Administrative expenses		( 1,484,730)	( 3)	( 1,228,121)	( 4)	( 4,194,905)	( 4)	( 3,025,868)	( 4)
6300 Research and development expenses		( 1,921,872)	( 5)	( 1,418,882)	( 4)	( 5,498,039)	( 6)	( 3,496,136)	( 4)
6450 Expected credit loss in accordance with IFRS 9	12	( 15,108)	-	( 21,052)	-	( 6,882)	-	( 1,546)	-
6000 Total operating expenses		<u>( 3,851,749)</u>	<u>( 9)</u>	<u>( 3,188,706)</u>	<u>( 10)</u>	<u>( 10,892,473)</u>	<u>( 11)</u>	<u>( 7,922,543)</u>	<u>( 10)</u>
6900 Net operating income		<u>4,931,102</u>	<u>12</u>	<u>3,015,299</u>	<u>9</u>	<u>7,477,972</u>	<u>7</u>	<u>6,055,779</u>	<u>8</u>
Non-operating income and expenses									
7100 Interest income	6(26)	50,956	-	155,023	1	242,993	-	592,027	1
7010 Other income	6(27)	195,811	-	438,797	1	954,154	1	714,494	1
7020 Other gains and losses	6(28)	93,527	-	( 579,792)	( 2)	( 54,212)	-	( 536,240)	( 1)
7050 Finance costs	6(29)	( 133,480)	-	( 115,681)	-	( 384,759)	-	( 345,421)	( 1)
7000 Total non-operating income and expenses		<u>206,814</u>	<u>-</u>	<u>( 101,653)</u>	<u>-</u>	<u>758,176</u>	<u>1</u>	<u>424,860</u>	<u>-</u>
7900 Profit before income tax		<u>5,137,916</u>	<u>12</u>	<u>2,913,646</u>	<u>9</u>	<u>8,236,148</u>	<u>8</u>	<u>6,480,639</u>	<u>8</u>
7950 Income tax expense	6(30)	( 793,242)	( 2)	( 572,235)	( 2)	( 1,402,345)	( 1)	( 1,027,500)	( 1)
8200 Profit		<u>\$ 4,344,674</u>	<u>10</u>	<u>\$ 2,341,411</u>	<u>7</u>	<u>\$ 6,833,803</u>	<u>7</u>	<u>\$ 5,453,139</u>	<u>7</u>

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ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)  
(REVIEWED, NOT AUDITED)

Item	Notes	Three-month period ended September 30, 2021		Three-month period ended September 30, 2020		Nine-month period ended September 30, 2021		Nine-month period ended September 30, 2020					
		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)											
		( \$	2,695)	-	\$	36,593	-	\$	15,894	-	\$	34,022	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss												
			6,704	-		-	-		2,404	-		-	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss												
			4,009	-		36,593	-		18,298	-		34,022	-
<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)											
			( 107,036)	-		1,388,319	5	( 1,743,916)	( 2)	( 942,717)	( 1)		
8300	<b>Other comprehensive (loss) income</b>		( \$ 103,027)	-	\$ 1,424,912	5	( \$ 1,725,618)	( 2)	( \$ 908,695)	( 1)			
8500	<b>Total comprehensive income</b>		<u>\$ 4,241,647</u>	<u>10</u>	<u>\$ 3,766,323</u>	<u>12</u>	<u>\$ 5,108,185</u>	<u>5</u>	<u>\$ 4,544,444</u>	<u>6</u>			
Profit attributable to:													
8610	Owners of the parent		\$ 3,074,487	7	\$ 1,630,037	5	\$ 4,781,686	5	\$ 3,776,837	5			
8620	Non-controlling interests		1,270,187	3	711,374	2	2,052,117	2	1,676,302	2			
			<u>\$ 4,344,674</u>	<u>10</u>	<u>\$ 2,341,411</u>	<u>7</u>	<u>\$ 6,833,803</u>	<u>7</u>	<u>\$ 5,453,139</u>	<u>7</u>			
Comprehensive income attributable to:													
8710	Owners of the parent		\$ 3,005,726	7	\$ 2,685,022	9	\$ 3,505,742	3	\$ 3,123,125	4			
8720	Non-controlling interests		1,235,921	3	1,081,301	3	1,602,443	2	1,421,319	2			
			<u>\$ 4,241,647</u>	<u>10</u>	<u>\$ 3,766,323</u>	<u>12</u>	<u>\$ 5,108,185</u>	<u>5</u>	<u>\$ 4,544,444</u>	<u>6</u>			
Basic earnings per share													
9750	Basic earnings per share	6(31)	\$	3.25	\$	1.81	\$	5.06	\$	4.19			
Diluted earnings per share													
9850	Diluted earnings per share	6(31)	\$	3.04	\$	1.72	\$	4.80	\$	4.12			

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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)  
(REVIEWED, NOT AUDITED)

Equity attributable to owners of parent													
	Notes	Retained earnings					Other equity interest			Treasury shares	Total	Non-controlling interests	Total equity
		Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income					
<u>Nine-month period ended September 30, 2020</u>													
Balance at January 1, 2020		\$ 9,022,299	\$ 29,534,781	\$ 4,350,638	\$ 2,948,306	\$ 26,318,375	( \$ 4,960,710)	( \$ 53,987)	\$ -	\$ 67,159,702	\$ 23,184,399	\$ 90,344,101	
Profit for the period		-	-	-	-	3,776,837	-	-	-	3,776,837	1,676,302	5,453,139	
Other comprehensive income (loss) for the period	6(22)	-	-	-	-	-	( 687,292)	33,580	-	( 653,712)	( 254,983)	( 908,695)	
Total comprehensive income		-	-	-	-	3,776,837	( 687,292)	33,580	-	3,123,125	1,421,319	4,544,444	
Appropriations and distribution of retained earnings:													
General reserve		-	-	868,520	-	( 868,520)	-	-	-	-	-	-	
Special reserve		-	-	-	2,066,391	( 2,066,391)	-	-	-	-	-	-	
Cash dividends		-	-	-	-	( 4,060,034)	-	-	-	( 4,060,034)	-	( 4,060,034)	
Issuance of overseas convertible bonds recognized as warrants	6(15)(20)	-	996,753	-	-	-	-	-	-	996,753	-	996,753	
Compensation cost of employee restricted stock	6(20)	-	46,395	-	-	-	-	-	-	46,395	17,316	63,711	
Change in non-controlling interests - acquisition of subsidiary equity		-	-	-	-	-	-	-	-	-	11,819	11,819	
Change in non-controlling interests - distribution of retained earnings by subsidiaries		-	-	-	-	-	-	-	-	-	( 1,315,566)	( 1,315,566)	
Balance at September 30, 2020		\$ 9,022,299	\$ 30,577,929	\$ 5,219,158	\$ 5,014,697	\$ 23,100,267	( \$ 5,648,002)	( \$ 20,407)	\$ -	\$ 67,265,941	\$ 23,319,287	\$ 90,585,228	
<u>Nine-month period ended September 30, 2021</u>													
Balance at January 1, 2021		\$ 9,470,492	35,671,212	5,219,158	\$ 5,014,697	\$ 27,429,476	( \$ 4,136,945)	\$ 6,629	( \$ 257,489)	\$ 78,417,230	\$ 25,620,646	104,037,876	
Profit for the period		-	-	-	-	4,781,686	-	-	-	4,781,686	2,052,117	6,833,803	
Other comprehensive income (loss) for the period	6(22)	-	-	-	-	-	( 1,292,420)	16,476	-	( 1,275,944)	( 449,674)	( 1,725,618)	
Total comprehensive income		-	-	-	-	4,781,686	( 1,292,420)	16,476	-	3,505,742	1,602,443	5,108,185	
Appropriations and distribution of retained earnings: 6(21)													
General reserve		-	-	810,605	-	( 810,605)	-	-	-	-	-	-	
Special reserve		-	-	-	( 884,381)	884,381	-	-	-	-	-	-	
Cash dividends		-	-	-	-	( 4,261,721)	-	-	-	( 4,261,721)	-	( 4,261,721)	
Compensation cost of employee restricted stock	6(20)	-	87,034	-	-	-	-	-	-	87,034	32,825	119,859	
Distribution of subsidiary's dividends for adjustment of capital surplus	6(20)	-	9,420	-	-	-	-	-	-	9,420	-	9,420	
Change in non-controlling interests - issuance of common stock by subsidiaries	6(32)	-	233,191	-	-	-	-	-	-	233,191	1,079,559	1,312,750	
Change in non-controlling interests - distribution of retained earnings by subsidiaries		-	-	-	-	-	-	-	-	-	( 1,343,549)	( 1,343,549)	
Change in non-controlling interests - disposal of shares from subsidiaries		-	-	-	-	-	-	-	-	-	( 23,639)	( 23,639)	
Balance at September 30, 2021		\$ 9,470,492	\$ 36,000,857	\$ 6,029,763	\$ 4,130,316	\$ 28,023,217	\$ 5,429,365	\$ 23,105	\$ 257,489	\$ 77,990,896	\$ 26,968,285	\$ 104,959,181	

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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**  
**(REVIEWED, NOT AUDITED)**

	Notes	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 8,236,148	\$ 6,480,639
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	8,370,542	5,785,650
Amortisation expense	6(24)	280,019	187,302
Net gains on financial assets and liabilities at fair value through profit or loss	6(2)	( 277,925 )	-
Impairment losses	6(8)	59,339	106,433
Expected credit loss (gain) in accordance with IFRS 9	12	( 6,882 )	1,546
Losses (gains) on disposal of property, plant and equipment	6(28)	( 5,664 )	151,529
Interest income	6(26)	( 242,993 )	( 592,027 )
Interest expenses	6(29)	384,759	345,421
Share-based payment	6(18)	119,859	63,711
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		25,231	34,748
Accounts receivable		4,270,693	4,195,042
Accounts receivable due from related parties		116,603	59,391
Other receivables		677,460	1,040,489
Inventories		( 14,563,485 )	( 7,087,829 )
Prepayments		( 602,032 )	( 1,112,572 )
Other current assets		( 83,263 )	-
Changes in operating liabilities			
Accounts payable		( 146,230 )	4,839,252
Accounts payable to related parties		410,655	( 36,859 )
Other payables		554,529	607,243
Other current liabilities		35,081	( 6,430 )
Cash inflow generated from operations		7,612,444	15,062,679
Income tax paid		( 1,322,301 )	( 2,010,801 )
Net cash from operating activities		\$ 6,290,143	\$ 13,051,878

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**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**  
**(REVIEWED, NOT AUDITED)**

	Notes	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from repayment of financial assets at amortised cost		( \$ 138,066 )	( \$ 606,775 )
Decrease (Increase) in financial assets at amortised cost		570,209	( 1,761,746 )
Acquisition of property, plant and equipment	6(34)	( 23,561,324 )	( 14,227,935 )
Proceeds from disposal of property, plant and equipment		385,566	452,145
Acquisition of right-of-use assets		( 403,532 )	-
Increase in restricted assets		-	( 65,028 )
Increase of other non-current assets		( 54,431 )	( 129,097 )
Increase in other non-current liabilities		7,869	45,083
Interest received		252,158	661,048
Net cash used in investing activities		( 22,941,551 )	( 15,632,305 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase (decrease) in short-term loans	6(34)	9,868,563	( 8,326,003 )
Decrease in short-term notes and bills payable	6(34)	( 949,335 )	-
Proceeds from long-term borrowings		7,811,554	-
Repayments of long-term borrowings		( 8,664,783 )	-
Increase (decrease) in guarantee deposits received	6(34)	138,638	( 56,230 )
Cash dividends paid	6(21)	( 4,261,721 )	( 4,060,034 )
Issuance of convertible bonds		-	11,795,359
Repayments of lease liabilities		( 100,339 )	( 70,347 )
Interest paid		( 206,992 )	( 331,623 )
Change in non-controlling interests - distribution of retained earnings by subsidiaries		( 1,343,549 )	1,315,566
Change in non-controlling interests - issuance of common stock by subsidiaries	6(32)	1,312,750	11,819
Net cash inflow (outflow) from financing activities		3,604,786	( 2,352,625 )
Effect of exchange rate changes on cash and cash equivalents		( 840,020 )	( 817,986 )
Decrease in cash and cash equivalents		( 13,886,642 )	( 5,751,038 )
Cash and cash equivalents at beginning of period		44,222,887	38,280,304
Cash and cash equivalents at end of period		30,336,245	32,529,266

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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020  
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,  
 EXCEPT AS OTHERWISE INDICATED)  
 (REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANIZATION

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

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

The consolidated financial statements were authorized for issuance by the Board of Directors on November 11, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

New, revised or amended standards and interpretations endorsed by the FSC effective from 2022 are as follows

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, 'Reference to the Conceptual Framework'	January 1, 2022
Amendments to IFRS 16 'Property, Plant and Equipment — Proceeds before Intended Use'	January 1, 2022
Amendments to IFRS 37 'Onerous Contracts — Cost of Fulfilling a Contract'	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022

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

(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:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17 'Insurance contracts'	January 1, 2023
Amendments to IAS 1 'Classification of Liabilities as Current or Non-current'	January 1, 2023
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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. 'Subsidiaries' are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) The profit or loss and each component of other comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, and total comprehensive income shall also be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are equity transactions (i.e., transactions among owners in their capacity as owners). Difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity.
- (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
			September 30, 2021	December 31, 2020	September 30, 2020	
The Company	Zhen Ding Technology Co., Ltd.	The Company	100	100	100	
The Company	Monterey Park Finance Limited (B.V.I.)	The Company	100	100	100	
The Company	Zhen Ding Technology Singapore Private Limited (Singapore)	Holding company	100	100	-	(6)
The Company	BoardTek Electronics Corp.	Manufacturing company	100	100	-	(7)
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited (Cayman)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Coppertone Enterprises Limited (B.V.I.)	Holding company	100	100	100	
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: Henley International Limited (Hongkong))	Trading company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Qi Ding Technology Qinhuangdao Co., Ltd.	Manufacturing company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Huaian Jia Wei Industrial Development Co., Ltd.	Trading company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Manufacturing company	70.39	100	100	(4)
Coppertone Enterprises Limited (B.V.I.)	Mayco Industrial Limited (Hongkong)	Holding company	100	100	100	
Mayco Industrial Limited (Hongkong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	66.09	66.38	66.38	(11)

Name of Investor	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
Pacific Fair International Limited (Hongkong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	6.42	6.44	6.44	(11)
Avary Holding (Shenzhen) Co., Limited	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Manufacturing company	-	-	-	(3)
Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Fu Bo Industrial (Shenzhen) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Yun Ding Technology (Shenzhen) Limited	Trading company	-	-	-	(5)
Avary Holding (Shenzhen) Co., Limited	Kui Sheng Technology (Shenzhen) Limited	Trading company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Holding Investment (Shenzhen) Co., Ltd.	Investing company	100	100	100	(1)
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited (Hongkong)	Trading company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Singapore Private Limited (Singapore)	Holding company	100	100	100	
Fu Bo Industrial (Shenzhen) Co., Ltd.	Guangdong Zhan Yang Intelligent Equipment Co., Ltd. (formerly: Zhan Yang Automation (Dongguan) Co., Ltd.)	Trading company	-	60	60	(2)

Name of Investor	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
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	
Avary Singapore Private Limited (Singapore)	Avary Technology (India) Private Limited (India)	Manufacturing company	100	100	100	
BoardTek Electronics Corp.	BoardTek Investment Co., Ltd.	Trading company	100	100	-	(7)
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Manufacturing company	100	-	-	(8)
Zhen Ding Technology Singapore Private Limited (Singapore)	Zhen Ding Technology India Private Limited (India)	Manufacturing company	37.50	-	-	(9)
Zhen Ding Technology Singapore Private Limited (Singapore)	Zhen Ding Developer India Private Limited (India)	Property management company	100	-	-	(10)
FAT Holding Limited (Cayman)	Zhen Ding Technology India Private Limited (India)	Manufacturing company	62.50	-	-	(9)
FAT Holding Limited (Cayman)	Zhen Ding Developer India Private Limited (India)	Property management company	-	-	-	(10)

- (a) The Group invested in Avary Holding Investment (Shenzhen) Co., Ltd. in Shenzhen and included the entity in the consolidated financial statement on January 19, 2020. The entity mainly engages in investment company business.
- (b) The Group invested in Guangdong Zhan Yang Intelligent Equipment Co., Ltd. (formerly: Zhan Yang Automation (Dongguan) Co., Ltd.) in Dongguan and included the entity in the consolidated financial statement on February 3, 2020. The entity mainly engages in ATMs manufacturing business. The Group did not subscribe in percentage of their ownership ratios on September 15, 2021, which changed its ownership ratio to 44%, and did not include the entity in the consolidated financial statements as of the day it lost control. In accordance with the Articles of Incorporation of Guangdong Zhan Yang Intelligent Equipment Co., Ltd., the Group distributed earnings according to paid-in capital.
- (c) The Group adjusted its investment structure in 2019, disposed of all the equity of Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd., and completed registration of change on March 12, 2020.

- (d) The Group invested in Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. in Shenzhen and included the entity in the consolidated financial statement on September 4, 2020. The entity mainly engages in electronics processing and manufacturing business.

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

- (e) The Group has restructured the investment structure. Yun Ding Technology (Shenzhen) Limited has completed the winding-up process in the third quarter of 2020.
- (f) The Group invested in Zhen Ding Technology Singapore Private Limited and included the entity in the consolidated financial statements on September 30, 2020. The entity mainly engages in holding company business.
- (g) The Group acquired all ownership of Boardtek Electronics Corporation and its subsidiaries through share exchange and included the entity in the consolidated financial statements on November 4, 2020. The entity mainly engages in manufacturing of PCB products.
- (h) The Group invested in Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd. in Qinhuangdao and included the entity in the consolidated financial statement on April 16, 2021. The entity mainly engages in electronics processing and manufacturing business.
- (i) The Group invested in Zhen Ding Technology India Private Limited in India and included the entity in the consolidated financial statements on May 27, 2021. The entity mainly engages in electronics processing and manufacturing.
- (j) The Group invested in Zhen Ding Developer India Private Limited in India and included the entity in the consolidated financial statements on April 16, 2021. The entity mainly engages in property leasing.

Zhen Ding Technology Singapore Private Limited increased the cash capital of Zhen Ding Developer India Private Limited on July 26 and 27, 2021, causing the ownership ratio of Zhen Ding Technology Singapore Private Limited and FAT Holdings Limited to equal 99.997% and 0.003%.

- (k) Mayco Industrial Limited (Hong Kong) and Pacific Fair International Limited (Hong Kong) did not subscribe for the issuance of common stock by Avary Holding (Shenzhen) Co., Ltd. in percentage of their ownership ratios on June 23, 2021, thus their ownership ratios became 66.09% and 6.42%, respectively.

- 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 September 30, 2021, December 31, 2020 and September 30, 2020, the non-controlling interests of the Group amounted to \$26,968,285, \$25,620,646 and \$23,319,287, 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
		September 30, 2021		
		Amount	Ownership (%)	
Avary Holding (Shenzhen) Co., Limited	China	\$ 26,384,848	27.49%	

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

Name of subsidiary	Principal place of business	Non-controlling interests		Description
		September 30, 2020		
		Amount	Ownership (%)	
Avary Holding (Shenzhen) Co., Limited	China	\$ 23,296,143	27.18%	

Summary of the financial information of subsidiaries

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

	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 72,013,246	\$ 73,276,585	\$ 58,438,352
Non-current assets	84,104,844	72,145,142	62,623,615
Current liabilities	( 56,747,614 )	( 48,679,896 )	( 33,794,457 )
Non-current liabilities	( 3,454,177 )	( 2,492,413 )	( 1,532,182 )
Total net assets	\$ 95,916,299	\$ 94,249,418	\$ 85,735,328

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

	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Revenue	\$ 91,074,433	\$ 74,425,453
Profit before income tax	8,666,253	7,065,357
Income tax expense	( 1,235,015 )	( 927,750 )
Profit	7,431,238	6,137,607
Other comprehensive income, net of tax	2,609	( 145,269 )
Total comprehensive income	\$ 7,433,847	\$ 5,992,338
Comprehensive income, attributable to non-controlling interests	\$ 1,617,032	\$ 1,421,319

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

	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Net cash from operating activities	\$ 6,674,841	\$ 13,279,532
Net cash used in investing activities	( 20,607,090 )	( 11,664,629 )
Net cash flows from financing activities	4,471,097	( 13,253,705 )
Effect of exchange rate changes on cash and cash equivalents	( 390,977 )	( 488,475 )
Net increase (decrease) in cash and cash equivalents	( 9,852,129 )	( 12,127,277 )
Cash and cash equivalents at beginning of period	24,797,571	29,230,247
Cash and cash equivalents at end of period	\$ 14,945,442	\$ 17,102,970

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

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

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

When presenting the Group's functional currency-denominated financial statements in NT dollar, the average exchange rates were US\$1=NT\$28.07 and US\$1=NT\$29.82 for the periods January 1 to September 30, 2021 and 2020, respectively. The closing rates were US\$1=NT\$27.85, US\$1=NT\$28.48 and US\$1=NT\$29.10 as of September 30, 2021; December 31, 2020 and September 30, 2020, respectively.

(5) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date; or

- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date

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

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

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

(6) Cash equivalents

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

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

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

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

- A. The Group may make irrevocable election at initial recognition to recognise the changes in fair value in other comprehensive income for the investments in equity instruments that are not held for trading or the investments in debt instruments that meet both of the following conditions:
  - (a) The financial assets held within a business model whose objective is both collecting contractual cash flows and selling financial assets.
  - (b) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
  - (a) The changes in fair value of equity instruments are recognised in other comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income shall be recorded to retained earnings and not be reclassified to profit or loss upon the derecognition. Dividends are recognised in profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.
  - (b) Except for the impairment losses, interest income and foreign exchange gains or losses which are recognised in profit or loss, the changes in fair value of debt instruments are recognised in other comprehensive income before derecognition. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

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

(10) Accounts and notes receivable

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

(13) Leasing (lessor)

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

(14) Inventories

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

(15) Investments recognized under the equity method—Associate

- A. An associate is an entity over which the Group has significant influence but not control and generally holds 20% or more of the voting power directly or indirectly. Investments in associates are accounted for using the equity method and are recognized at cost upon acquisition.
- B. Share of gain or loss from acquisition of associates is recognized as current profit or loss, and share of other comprehensive income upon acquisition is recognized as other comprehensive income. If the Group's share of losses of any associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Group discontinues recognizing its share of further losses, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. The Group recognized all share of change in equity in "capital surplus" in proportion to its ownership, when there are changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associates and such changes do not affect the ownership percentage of the associate.
- D. Unrealized gains or losses on transactions between the Group and its associates are eliminated to the extent of its interest in the associates. Unrealized 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. When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(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 | 3-54 years |
| Machinery and equipment  | 2~11 years |
| Leasehold improvements   | 5 years    |
| Other facilities         | 2~16 years |

(17) Leasing (lessee)

- A. The Group recognises lease assets as right-of-use assets and lease liabilities at the commencement date of the lease. For short-term leases or leases of low value assets, lease payments are recognised as expenses using the straight-line method during the lease term.
- B. The Group measures right-of-use assets at cost on the commencement date of the lease. The costs include the initial measurement amount of lease liabilities and any initial direct costs incurred. The right-of-use assets are subsequently measured by adopting the cost model. The Group depreciates the right-of-use assets at the earlier of the right-of-use assets' useful life or the end of lease term.

- C. On the commencement date, the Group measures lease liabilities by the present value of outstanding lease payments, using the Group's incremental borrowing rate. Lease payments include fixed payments less any lease incentives receivable. In subsequent periods, the Group measures lease liabilities at amortised cost using the effective interest method and recognises interest expense during the lease term. If the lease term or lease payment is changed due to reasons other than amendments to the lease contracts, the Group will remeasure the lease liabilities. The remeasurement amount is then recognised as an adjustment to the right-of-use assets.

(18) Intangible assets

A. Patents and Technical Skills

Separately acquired patents and technical skills are recognised as acquisition costs because the patents and technical skills acquired from business combinations are recognised at fair value on the date of acquisition. Patents and technical skills are assets with limited service life, and will be amortized in 5 years, based on the estimated service life using the straight-line method.

B. Computer software

Computer software is recognised as acquisition cost and is amortised on a straight-line basis using the estimated useful lives of 3-5 years.

C. Goodwill

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

(19) Impairment of non-financial assets

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

(20) Borrowings

- A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.
- C. Extension option is not closed related to the host debt instruments, unless the rates are also adjusted close to current market rates when extending.

(21) Accounts and notes payable

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

(22) Derecognition of financial liabilities

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

(23) Financial liabilities and equity instruments

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

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



(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

C. Employees' remuneration and directors' remuneration

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

(25) Employee share-based payment

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

B. Employee restricted stocks:

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

(26) Income tax

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

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

(27) Dividends

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

(28) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells PCBs and related products. Sales are recognised when control of the products has been transferred, i.e., when the products are delivered to the customer. The customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. Sales of PCBs and

related products are recognised as the amount of contract price, net of the estimated discounts, credits and price concessions.

- (b) Account receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Financial components

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

(29) Government grants

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

(30) Business combinations

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

(31) Operating segments

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

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

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

Critical accounting estimates and assumptions

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

(1) 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 September 30, 2021, the carrying amount of inventories was \$27,232,512.

(2) Assessment of intangible asset impairment

In the process of evaluating the impairment of assets, the Group is required to make subjective judgments and determine independent cash flows, useful lives, expected future revenue and expenses related to specific asset groups with consideration of how assets are used and the characteristics of industry. Any changes in these estimates based on changed economic conditions or group strategies could result in significant impairment in future years.

As of September 30, 2021, the carrying amount of property, plant and equipment after impairment losses recognized was \$82,386,833.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand and petty cash	\$ 403	\$ 189	\$ 189
Checking accounts and demand deposits	11,017,731	25,316,229	20,505,399
Cash equivalents			
Time deposits	19,318,111	18,906,469	12,023,678
	<u>\$ 30,336,245</u>	<u>\$ 44,222,887</u>	<u>\$ 32,529,266</u>

- A. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group's time deposits with maturity of over three months which are recognised within 'financial assets at amortised cost' are referred to in Note 6(3).
- B. Except for demand deposits whose purpose is restricted that are recognised within other current assets, the Group has no cash and cash equivalents pledged to others as referred to in Note 8.

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

Item	September 30, 2021	December 31, 2020	September 30, 2020
Non-current items			
Private Fund	\$ 820,888	\$ 616,580	\$ 553,020
Partner's share in unlisted companies	329,362	117,679	53,755
	<u>1,150,250</u>	<u>734,259</u>	<u>606,775</u>
Net exchange differences	4,588	19,263	2,369
Total	<u>\$ 1,154,838</u>	<u>\$ 753,522</u>	<u>\$ 609,144</u>

- A. The Group recognised net gain of \$68,857, \$0, \$277,925 and \$0 within 'financial assets and liabilities at fair value through profit or loss' for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively.
- B. The Group has no outstanding forward foreign exchange contracts as of September 30, 2021 and 2020.
- C. The Group has no financial assets at fair value through profit or loss pledged to others.

### (3) Notes and accounts receivable

	September 30, 2021	December 31, 2020	September 30, 2020
Current items:			
Guaranteed income financial products	\$ 1,671,000	\$ 1,840,110	\$ 1,948,777
Time deposits with maturity of over three months	222,109	712,105	4,372,678
	<u>\$ 1,893,109</u>	<u>\$ 2,552,215</u>	<u>\$ 6,321,455</u>

- A. The Group recognised interest income in profit or loss for amortised cost for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively. Please refer to Note 6(26).
- B. Principal- and interest-guaranteed wealth management products held by the Group are revenue notes aimed at collecting contractual cash flows. Principal is redeemed on the agreed date of maturity and interest is calculated at a fixed rate of 3.5%.

C. Except for time deposits with maturity of over three months, whose purpose is restricted to paying customs duty guarantees and government-subsidised security, that are recognised within other current assets and time deposits due for more than a year that are recognised within other non-current assets, the Group has no financial assets at amortised cost pledged to others as referred to in Note 8.

D. Please refer to Note 12(2) for relevant credit risk information.

(4) Notes and accounts receivable

	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivable	\$ -	\$ 25,474	\$ 15,956
Accounts receivable	26,345,614	31,123,795	19,672,558
	<u>26,345,614</u>	<u>31,149,269</u>	<u>19,688,514</u>
Less: Allowance for bad debts (	96,280)	( 101,202)	( 77,082)
	<u>\$ 26,249,334</u>	<u>\$ 31,048,067</u>	<u>\$ 19,611,432</u>
Accounts receivable due from related parties	\$ 2,453,687	\$ 2,699,345	\$ 2,694,321
Less: Allowance for bad debts (	3,251)	( 6,257)	( 3,821)
	<u>\$ 2,450,436</u>	<u>\$ 2,693,088</u>	<u>\$ 2,690,500</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Not past due	\$ 28,521,291	\$ 33,496,860	\$ 22,209,374
Between 1 and 90 days	230,284	320,265	167,848
Between 91 and 180 days	10,976	25,295	2,663
Over 180 days	36,750	6,194	2,950
	<u>\$ 28,799,301</u>	<u>\$ 33,848,614</u>	<u>\$ 22,382,835</u>

B. The balance of accounts and notes receivable as of September 30, 2021, December 31, 2020 and September 30, 2020 is generated from customer contracts. The balance of receivables on customer contracts as of January 1, 2020 was \$27,168,662.

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

D. Please refer to Note 12(2) for relevant credit risk information.

(5) Other receivables and prepayments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Other receivables</u>			
Interest income receivable	\$ 209,944	\$ 174,900	\$ 189,068
Business tax refundable	87,079	757,497	-
Other	50,901	70,244	37,845
	<u>\$ 347,924</u>	<u>\$ 1,002,641</u>	<u>\$ 226,913</u>

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Prepayments</u>			
Excess business tax paid	\$ 2,914,565	\$ 2,387,018	\$ 2,093,015
Prepaid expenses	2,374,242	2,393,190	2,037,420
	<u>\$ 5,288,807</u>	<u>\$ 4,780,208</u>	<u>\$ 4,130,435</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

	September 30, 2021		
	Cost	Allowance for valuation losses	Carrying amount
Raw materials	\$ 6,030,513	( \$ 139,881)	\$ 5,890,632
Work in process	6,102,686	( 319,152)	5,783,534
Finished goods	16,452,554	( 894,208)	15,558,346
	<u>\$ 28,585,753</u>	<u>( \$ 1,353,241)</u>	<u>\$ 27,232,512</u>
	December 31, 2020		
	Cost	Allowance for valuation losses	Carrying amount
Raw materials	\$ 3,718,726	( \$ 328,129)	\$ 3,390,597
Work in process	4,941,192	( 315,174)	4,626,018
Finished goods	5,366,198	( 384,029)	4,982,169
	<u>\$ 14,026,116</u>	<u>( \$ 1,027,332)</u>	<u>\$ 12,998,784</u>
	September 30, 2020		
	Cost	Allowance for valuation losses	Carrying amount
Raw materials	\$ 4,734,920	( \$ 328,802)	\$ 4,406,118
Work in process	4,768,376	( 231,712)	4,536,664
Finished goods	6,909,402	( 455,799)	6,453,603
	<u>\$ 16,412,698</u>	<u>( \$ 1,016,313)</u>	<u>\$ 15,396,385</u>

Expenses and losses incurred on inventories for the nine-month periods ended September 30, 2021 and 2020 are as follows:

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Cost of goods sold	\$ 33,478,579	\$ 26,219,408	\$ 81,143,827	\$ 62,432,162
Impairment losses	11,923	35,100	59,339	103,365
Losses (gains on price recovery) on inventory valuation	( 19,446)	( 51,864)	340,671	312,991
Income from sale of scraps and wastes	( 635,325)	( 329,744)	( 1,334,400)	( 747,428)
	<u>\$ 32,835,731</u>	<u>\$ 25,872,900</u>	<u>\$ 80,209,437</u>	<u>\$ 62,101,090</u>

Gain on price recovery was created because loss on allowance valuation decreased due to clearance of inventory, which is recognised as allowance for valuation losses, in the third quarter of 2021.



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

	September 30, 2021	December 31, 2020	September 30, 2020
Equity instruments			
Unlisted shares	\$ 409,954	\$ 409,954	\$ 257,184
Valuation adjustment	39,402	23,508	( 23,175)
Net exchange differences	( 7,278)	( 2,196)	( 7,799)
Total	<u>\$ 442,078</u>	<u>\$ 431,266</u>	<u>\$ 226,210</u>

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

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

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Equity instruments	( \$ 2,695)	\$ 36,593	\$ 15,894	\$ 34,022

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

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Other facilities	Unfinished construction and equipment under acceptance	Total
At January 1, 2021						
Cost	\$ 2,390,675	\$ 26,672,561	\$ 55,750,789	\$ 21,315,866	\$ 8,410,005	\$ 114,539,896
Accumulated depreciation and impairment	- ( 9,090,514)	( 27,570,839)	( 9,701,368)	- ( 46,362,721)		
	<u>\$ 2,390,675</u>	<u>\$ 17,582,047</u>	<u>\$ 28,179,950</u>	<u>\$ 11,614,498</u>	<u>\$ 8,410,005</u>	<u>\$ 68,177,175</u>
<u>2021</u>						
Opening net carrying amount	\$ 2,390,675	\$ 17,582,047	\$ 28,179,950	\$ 11,614,498	\$ 8,410,005	\$ 68,177,175
Additions (transfers)	-	2,257,267	9,492,895	6,273,282	5,886,070	23,909,514
Disposals	- ( 7,522)	( 259,014)	( 146,886)	8,989	( 404,433)	
Depreciation expense	- ( 1,209,708)	( 3,855,262)	( 3,002,734)	-	( 8,067,704)	
Impairment losses	-	- ( 59,339)	-	-	( 59,339)	
Net exchange differences	( 40,881)	( 279,537)	( 477,396)	( 211,095)	( 159,471)	( 1,168,380)
Closing net carrying amount	<u>\$ 2,349,794</u>	<u>\$ 18,342,547</u>	<u>\$ 33,021,834</u>	<u>\$ 14,527,065</u>	<u>\$ 14,145,593</u>	<u>\$ 82,386,833</u>
At September 30, 2021						
Cost	\$ 2,349,794	\$ 26,874,612	\$ 63,645,037	\$ 27,045,142	\$ 14,145,593	\$ 134,060,178
Accumulated depreciation and impairment	- ( 8,532,065)	( 30,623,203)	( 12,518,077)	- ( 51,673,345)		
	<u>\$ 2,349,794</u>	<u>\$ 18,342,547</u>	<u>\$ 33,021,834</u>	<u>\$ 14,527,065</u>	<u>\$ 14,145,593</u>	<u>\$ 82,386,833</u>

	Land	Buildings and structures	Machinery and equipment	Other facilities	Unfinished construction and equipment under acceptance	Total
At January 1, 2020						
Cost	\$ 51,068	\$ 20,861,687	\$ 42,233,797	\$ 14,794,602	\$ 5,434,963	\$ 83,376,117
Accumulated depreciation and impairment	- (	7,442,487) (	21,991,287) (	7,608,695) (	91,035) (	37,133,504)
	<u>\$ 51,068</u>	<u>\$ 13,419,200</u>	<u>\$ 20,242,510</u>	<u>\$ 7,185,907</u>	<u>\$ 5,343,928</u>	<u>\$ 46,242,613</u>
<u>2020</u>						
Opening net carrying amount	\$ 51,068	\$ 13,419,200	\$ 20,242,510	\$ 7,185,907	\$ 5,343,928	\$ 46,242,613
Additions (transfers)	41,956	2,068,906	3,388,076	2,713,141	6,158,182	14,370,261
Disposals	-	- (	431,372) (	172,302)	- (	603,674)
Depreciation expense	- (	993,919) (	3,010,211) (	1,525,966)	- (	5,530,096)
Impairment losses	-	- (	106,433)	-	- (	106,433)
Reclassification	- (	725,633)	866,173 (	36,718) (	103,822)	-
Net exchange differences	73 (	102,961) (	106,345) (	46,160) (	39,869) (	295,262)
Closing net carrying amount	<u>\$ 93,097</u>	<u>\$ 13,665,593</u>	<u>\$ 20,842,398</u>	<u>\$ 8,117,902</u>	<u>\$ 11,358,419</u>	<u>\$ 54,077,409</u>
At September 30, 2020						
Cost	\$ 93,097	\$ 21,304,879	\$ 43,243,515	\$ 16,570,062	\$ 11,358,419	\$ 92,569,972
Accumulated depreciation and impairment	- (	7,639,286) (	22,401,117) (	8,452,160)	- (	38,492,563)
	<u>\$ 93,097</u>	<u>\$ 13,665,593</u>	<u>20,842,398</u>	<u>8,117,902</u>	<u>\$ 11,358,419</u>	<u>\$ 54,077,409</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 evaluates the recoverable amount of assets at the end of the reporting period of the financial statements. The recoverable amount is calculated on the basis of value in use and fair value minus costs to sell. The discount rate for estimating value in use was 6.43% and 8.02%. In addition, fair value is recognised with reference to the replacement cost in accordance with market approach, and the fair value is categorised within Level 3. According to the results of evaluation using the aforementioned method, the Group recognised \$59,339 and \$106,433 in impairment losses on disposal of property, plant and equipment for the period from January 1 to September 30, 2021 and 2020, respectively. For the period from January 1 to September 30, 2021 and 2020, cost of goods sold was \$59,339 and \$103,365, respectively; while other gains and losses were \$0 and \$3,068, respectively. The aforementioned losses were attributed to the PCB segment.
- C. Please refer to Note 8 for details on the pledging of property, plant and equipment.

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

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

	September 30, 2021	December 31, 2020	September 30, 2020
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land right-of-use	\$ 8,373,483	\$ 8,316,001	\$ 7,895,212
Buildings	178,491	277,406	167,692
Transportation equipment (official vehicles)	11,196	16,058	7,407
Other facilities	4,991	-	-
	<u>\$ 8,568,161</u>	<u>\$ 8,609,465</u>	<u>\$ 8,070,311</u>

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
	<u>Depreciation</u>	<u>Depreciation</u>	<u>Depreciation</u>	<u>Depreciation</u>
Land right-of-use	\$ 78,236	\$ 62,797	\$ 219,076	\$ 185,622
Buildings	19,652	19,660	74,720	58,684
Transportation equipment (official vehicles)	2,460	3,747	7,428	11,248
Other facilities	534	-	1,614	-
	<u>\$ 100,882</u>	<u>\$ 86,204</u>	<u>\$ 302,838</u>	<u>\$ 255,554</u>

The acquisition of the right-of-use assets for the nine-month period ended September 30, 2021 and 2020 amounted to \$416,226 and \$356,933, respectively.

- D. As of September 30, 2021, the amount of \$719,677 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 September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
<u>Items affecting current profit or loss</u>				
Interest expense from lease liabilities	\$ 4,139	\$ 1,568	\$ 13,631	\$ 4,682
Rental expenses for short-term lease contracts	\$ 77,058	\$ 172,733	\$ 201,317	\$ 459,729

- F. The cash flows used in the lease payments of the Group for the nine-month periods ended September 30, 2021 and 2020 amounted to \$718,819 and \$534,758, respectively.

(10) Intangible assets

2021				
	Patents and Technical Skills	Computer software	Goodwill	Total
At January 1, 2021				
Cost	\$ 412,098	\$ 1,088,808	\$ 1,238,657	\$ 2,739,563
Cumulative amortisation	( 13,459)	( 561,075)	-	( 574,534)
	<u>\$ 398,639</u>	<u>\$ 527,733</u>	<u>\$ 1,238,657</u>	<u>\$ 2,165,029</u>
At January 1, 2021	\$ 398,639	\$ 527,733	\$ 1,238,657	\$ 2,165,029
Addition	-	191,708	-	191,708
Amortisation	( 62,867)	( 213,766)	-	( 276,633)
Net exchange differences	( 8,325)	( 7,759)	( 27,400)	( 43,484)
At September 30, 2021	<u>\$ 327,447</u>	<u>\$ 497,916</u>	<u>\$ 1,211,257</u>	<u>\$ 2,036,620</u>
At September 30, 2021				
Cost	\$ 402,982	\$ 1,246,972	\$ 1,211,257	\$ 2,861,211
Cumulative amortisation	( 75,535)	( 749,056)	-	( 824,591)
	<u>\$ 327,447</u>	<u>\$ 497,916</u>	<u>\$ 1,211,257</u>	<u>\$ 2,036,620</u>
2020				
		Computer software	Goodwill	Total
At January 1, 2020				
Cost		\$ 517,862	\$ 89,511	\$ 607,373
Cumulative amortisation		( 247,003)	-	( 247,003)
		<u>\$ 270,859</u>	<u>\$ 89,511</u>	<u>\$ 360,370</u>
At January 1, 2020		\$ 270,859	\$ 89,511	\$ 360,370
Addition		432,988	-	432,988
Amortisation		( 150,688)	-	( 150,688)
Net exchange differences		( 3,361)	( 2,627)	( 5,988)
At September 30, 2020		<u>\$ 549,798</u>	<u>\$ 86,884</u>	<u>\$ 636,682</u>
At September 30, 2020				
Cost		\$ 977,678	\$ 86,884	\$ 1,064,562
Cumulative amortisation		( 427,880)	-	( 427,880)
		<u>\$ 549,798</u>	<u>\$ 86,884</u>	<u>\$ 636,682</u>

- A. The Group acquired 100% shares of BoardTek Electronics Corp. on November 4, 2020 and 100% shares of Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd. in 2008, and recognised them as goodwill and patents and technical skills under the acquisition method.
- B. Goodwill is allocated to the cash-generating units of the Group which are recognised by the operating segment, and the recoverable amount is evaluated on the basis of value in use. Value in use is calculated mainly by considering the operating net interest rate, growth rate, and discount rate. Management determined budgeted operating profit margin based on its expectations of market development; the growth rates used are based on industry expectations; the discount rates used are based on the weighted average capital cost of peer industry. The discount rate used in 2021 was 6.43%.

(11) Other non-current assets

	September 30, 2021	December 31, 2020	September 30, 2020
Refundable deposits	\$ 103,664	\$ 103,404	\$ 140,946
Prepayments for equipment	59,673	62,864	63,372
Other	76,228	220,718	200,125
	<u>\$ 239,565</u>	<u>\$ 386,986</u>	<u>\$ 404,443</u>

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

(12) Short-term borrowings

Type of borrowings	September 30, 2021	Interest rate range	Collateral
Credit loans	<u>\$ 22,466,577</u>	0.33%~6.40%	No
Type of borrowings	December 31, 2020	Interest rate range	Collateral
Credit loans	\$ 11,938,862	0.47%~6.40%	No
Secured loans	899,683	0.87%	Land and buildings
	<u>\$ 12,838,545</u>		
Type of borrowings	September 30, 2020	Interest rate range	Collateral
Credit loans	<u>\$ 1,284,144</u>	0.58%~7.00%	No

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

(13) Short-term notes and bills payable

	September 30, 2021	December 31, 2020	September 30, 2020
Commercial papers	\$ -	\$ 949,666	\$ -
Interest rate	-	1.11%~1.21%	\$ -

(14) Other payables

	September 30, 2021	December 31, 2020	September 30, 2020
Payable on machinery and equipment	\$ 7,289,125	\$ 7,060,667	\$ 4,242,918
Wages and bonuses payable	4,727,531	4,173,790	4,240,284
Payable on mold and jig	1,124,599	1,169,120	1,791,945
Repairs and maintenance fees payable	708,059	871,768	562,725
Payable on consumable goods	173,135	259,724	246,464
Other	2,538,313	2,296,260	2,152,801
	<u>\$ 16,560,762</u>	<u>\$ 15,831,329</u>	<u>\$ 13,237,137</u>

(15) Bonds payable

	September 30, 2021	December 31, 2020	September 30, 2020
3rd overseas unsecured convertible bonds:			
Bonds payable	\$ 11,140,000	\$ 11,392,000	\$ 11,640,000
Less: Discount on bonds payable	( 742,584)	( 911,259)	( 982,824)
Bonds payable	<u>\$ 10,397,416</u>	<u>\$ 10,480,741</u>	<u>\$ 10,657,176</u>

- A. Conditions for 3rd issuance of overseas unsecured convertible bonds are as follows:
- (a) The competent authority has approved the Company's third issuance of overseas unsecured corporate bonds on June 16, 2020. The total issue amount of the bonds is USD 400,000 thousand, at a coupon rate of 0% and maturity of 5 years from June 30, 2020 to June 30, 2025.
  - (b) The conversion price of the bonds is adjusted based on the pricing model in the terms of the bonds. As of September 30, 2021, the conversion price was NT\$144.94 (exchange rate of NTD 29.5930 to USD 1), and no convertible bonds had been converted to ordinary shares.
  - (c) The bondholders have the right to require the Company to repurchase all or any portion of bonds at the price of the bonds' principal amount with an annual rate of 0% as interest compensation (100% of the principal amount of the corporate bonds) on the day when three years have elapsed since issuance of the bonds.
  - (d) Except for bonds redeemed before maturity, repurchased and retired, or converted by the bondholders, the Company will fully redeem the bonds at the maturity date with an annual rate of 0% based on the principal amount. The redemption amount is about 100% of the principal amount of the corporate bonds, and the bonds will be redeemed in full.
  - (e) According to the terms of the bonds, all bonds repurchased (including bonds repurchased from the secondary market), redeemed before or at maturity, or converted by the bondholders are retired and not to be re-issued.
  - (f) According to the terms of the bonds, the rights and obligations of newly issued shares after conversion are the same as other issued ordinary shares.
  - (g) The effective rate of the corporate bonds is 1.86%.
- B. Regarding the issuance of overseas unsecured corporate bonds, the equity conversion options were separated from the liability component in accordance with IAS 32. The issuance of the 3rd overseas unsecured corporate bonds in 2020 was recognised as 'capital surplus-stock options' of \$996,753 as of September 30, 2021.

(16) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	September 30, 2021
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 respectively.	\$ 6,962,500
Credit loans	Borrowing period is from December 3, 2018 to December 3, 2021; principal is repayable every 3 months; 20% of principal has to be repaid respectively.	29,994
	Borrowing period is from November 18, 2019 to November 17, 2022; principal is repayable every 3 months; 10% of principal has to be repaid respectively.	49,991
	Borrowing period is from January 25, 2021 to July 25, 2024; principal has to be repaid at maturity.	278,499
	Borrowing period is from March 18, 2021 to July 25, 2024; principal has to be repaid at maturity.	139,249
	Borrowing period is from June 29, 2021 to July 25, 2024; principal has to be repaid at maturity.	278,499
Subtotal		7,738,732
Less: Syndicated loan arrangement fees		( 14,505)
Less: Current portion of long-term borrowings (within 'Long-term liabilities, current portion')		( 69,987)
		<u>\$ 7,654,240</u>
Interest rate		<u>1.06%~2.04%</u>
Type of borrowings	Borrowing period and repayment term	December 31, 2020
Syndicated loans	Borrowing period is from October 4, 2018 to October 4, 2021; principal is repayable semiannually from April 4, 2021 in two installments; 50% of principal has to be repaid respectively.	\$ 8,544,000
Credit loans	Borrowing period is from December 3, 2018 to December 3, 2021; principal is repayable every 3 months; 20% of principal has to be repaid respectively.	119,958
	Borrowing period is from March 26, 2019 to March 26, 2021; principal has to be repaid at maturity.	189,933
	Borrowing period is from November 18, 2019 to November 17, 2022; principal is repayable every 3 months; 10% of principal has to be repaid respectively.	79,972
Subtotal		8,933,863
Less: Syndicated loan arrangement fees		( 5,340)
Less: Current portion of long-term borrowings (within 'Long-term liabilities, current portion')		( 8,888,537)
		<u>\$ 39,986</u>
Interest rate		<u>1.23%~1.50%</u>
Type of borrowings	Borrowing period and repayment term	September 30, 2020
Syndicated loans	Borrowing period is from October 4, 2018 to October 4, 2021; principal is repayable semiannually from April 4, 2021 in two installments; 50% of principal has to be repaid respectively.	\$ 8,730,000
Less: Syndicated loan arrangement fees		( 7,276)
Less: Current portion of long-term borrowings (within 'Long-term liabilities, current portion')		( 4,361,362)
		<u>\$ 4,361,362</u>
Interest rate		<u>1.3038%</u>



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

(17) Pensions

A. Defined benefit plan

- (a) The Group's subsidiary in Taiwan, Zhen Ding Technology Co., Ltd. and BoardTek Electronics Corp., has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent Supervisory Committee of Labor Retirement Reserve Fund (the 'Fund'). Before the end of each year, the Taiwan subsidiary assesses the balance in the aforementioned Fund. If the balance in the Fund is inadequate to pay the retirement benefits of employees who are eligible for retirement in the following year by the aforementioned method, the Taiwan subsidiary is required to fund the deficit in one appropriation before the end of next March.
- (b) The pension costs recognised by the Group in accordance with the above pension plan were \$9, \$9, \$28, and \$27 for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group are \$15 for the year 2022.

B. Defined contribution plan

- (a) Effective July 1, 2005, the Taiwan subsidiaries of the Group has established a defined contribution pension plan (the 'New Plan') under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Taiwan subsidiaries of the Group contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The contribution plan accrued dividends from an employee's individual account is paid monthly or in lump sum upon retirement of an employee. The pension expenses recognised by the Group in accordance with the above pension plan were \$20,486, \$9,453, \$59,745, and \$27,571 for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively.
- (b) The Mainland China subsidiaries of the Group have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China are based on certain percentage of employees' monthly salaries and wages with the contribution percentage of 10%~20%, and pension is contributed to the employees' individual pension accounts. Pension of each employee is managed by the government. Other than the monthly contributions, the Group has no further obligations. The pension expenses recognised in accordance with local

regulations were \$339,217, \$226,629, \$928,023, and \$532,442 for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively. Due to COVID-19 pandemic in China at the beginning of 2020, local governments reduced pension expenses by half as of February 2020 for a period of 6 months.

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

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

- (b) 20% of employee subscription right are subscribed in installment each year when an employee remains employed by Avary Holding (Shenzhen) Co., Ltd. for 1 year starting from the subscription date. For an employee who does not satisfy the vesting conditions, the employee's investment will be repurchased and cancelled by the Group at the subscription price.
- (c) Until the achievement of the vesting conditions, the right and obligations are as follows: cannot sell, pledge, transfer, give to others, create a right in rem over the stocks, or any other form of disposal.
- (d) Outstanding restricted stock awards are released from trading restrictions only when the annual operating revenues reach the set target and employee's individual performance meets criteria. If the vesting conditions are not satisfied, the employee's investment will be repurchased and cancelled by the Group at the subscription price.

- B. Employee restricted stocks

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

	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Outstanding as of January 1	146,618	183,272
Numbers vested for the current period	( 36,654 )	( 36,654 )
Outstanding as of September 30	<u>109,964</u>	<u>146,618</u>

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

	Nine-month period ended September 30, 2021
Outstanding as of January 1	-
Numbers vested for the current period	10,045
Outstanding as of September 30	<u>\$ 10,045</u>

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

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Expenses incurred on employees restricted stocks	<u>\$ 78,358</u>	<u>\$ 21,224</u>	<u>\$ 119,859</u>	<u>\$ 63,711</u>

(19) Share capital

- A. As of September 30, 2021, the Company's authorised capital was \$16,000,000, and the issued capital was \$9,470,492, consisting of 947,049 thousand ordinary shares with a par value of NTD 10 per share.
- B. Please refer to Note 6 (33) for information on the Company's issuance of new shares to acquire BoardTek Electronics and its subsidiaries on November 4, 2020.
- C. The treasury shares initially held by the Group's subsidiary, BoardTek Investment Co., Ltd., were converted into ordinary shares issued by the Company in 2020 due to business combination. As of September 30, 2021, the number of shares was 2,093 thousand shares, and the acquisition cost amounted to \$257,489 within the 'treasury shares'. The treasury shares shall not be pledged to others, and the shareholders' rights shall not be enjoyed before transfer under Securities and Exchange Act.

(20) Capital surplus

	Nine-month period ended September 30, 2021						
	Additional paid-in capital arising from ordinary share	Additional paid-in capital arising from bonds conversion	Share options	Expired share options	Changes in non- controlling interests	Treasury shares	Total
At January 1	\$ 10,754,926	\$ 13,624,555	\$ 996,753	\$ 59,426	\$ 10,235,552	\$ -	\$ 35,671,212
Employee restricted stocks	-	-	-	-	87,034	-	87,034
Distribution of subsidiary's dividends for adjustment of capital surplus						9,420	9,420
Changes in subsidiaries' equity recognised	-	-	-	-	233,191	-	233,191
At September 30	<u>\$ 10,754,926</u>	<u>\$ 13,624,555</u>	<u>\$ 996,753</u>	<u>\$ 59,426</u>	<u>\$ 10,555,777</u>	<u>\$ 9,420</u>	<u>\$ 36,000,857</u>

Nine-month period ended September 30, 2020

	Additional paid-in capital arising from ordinary share	Additional paid-in capital arising from bonds conversion	Share options	Expired share options	Changes in non-controlling interests	Total
At January 1	\$ 5,690,348	\$ 13,624,555	\$ -	\$ 59,426	\$ 10,160,452	\$ 29,534,781
Employee restricted stocks	-	-	-	-	46,395	46,395
Issuance of overseas convertible bonds	-	-	996,753	-	-	996,753
At September 30	\$ 5,690,348	\$ 13,624,555	\$ 996,753	\$ 59,426	\$ 10,206,847	\$ 30,577,929

A. Capital surplus arising from paid-in capital in excess of par value on issuance of ordinary share is used to offset accumulated losses incurred in previous years or distribute dividends to shareholders.

B. Please refer to Note 6(15) for the details of capital surplus-share options.

(21) Retained earnings

A. In accordance with the Company's Articles of Incorporation,

The Company shall set aside out of the current year's earnings sequentially as follows:

- (a) A reserve for payment of tax for the relevant financial year;
- (b) An amount to offset losses incurred in previous years;
- (c) Ten percent (10%) as a general reserve, and
- (d) A special surplus reserve as required by the applicable securities authority under the applicable public company rules or a reserve as determined by the Board of Directors.

Dividends equaling no less than 10% of the distributable amount shall be distributed. The Board of Directors may decide to use cash, the undistributed shares paid for with the cash amount, or both for the distribution of dividends, provided however that the cash dividends distributed may not be less than 50% of the total dividends.

Cash dividends shall be distributed following approval and resolution by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors; stock dividends shall be distributed following resolution and approval at the shareholders' meeting in each fiscal year.

B. The appropriations of 2020 earnings have been approved after the electronic voting rate in the shareholders' meeting reached the statutory threshold of a resolution on June 15, 2021, and the appropriations of 2019 earnings have been approved by the shareholders' meetings on June 19, 2020. Details are summarised as follows:

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

The Company distributed \$4,261,721 with cash dividend of NT\$4.5 per share on July 1, 2021 after the proposal for the distribution of 2020 earnings was approved and resolved in the shareholders' meeting. 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
At January 1, 2021	\$ 6,629	( \$ 4,136,945)	( \$ 4,130,316)
Valuation adjustment	16,476	-	16,476
Currency translation differences:			
- Group	-	( 1,292,420)	( 1,292,420)
At September 30, 2021	<u>\$ 23,105</u>	<u>( \$ 5,429,365)</u>	<u>( \$ 5,406,260)</u>
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
At January 1, 2020	( \$ 53,987)	( \$ 4,960,710)	( \$ 5,014,697)
Valuation adjustment	33,580	-	33,580
Currency translation differences:			
- Group	-	( 687,292)	( 687,292)
At September 30, 2020	<u>( \$ 20,407)</u>	<u>( \$ 5,648,002)</u>	<u>( \$ 5,668,409)</u>

(23) Operating revenue

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Revenue from contracts with customers	<u>\$ 41,618,582</u>	<u>\$ 32,076,905</u>	<u>\$ 98,579,882</u>	<u>\$ 76,079,412</u>

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

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Revenue from contracts with customers				
U.S.A.	\$ 29,883,443	\$ 19,809,169	\$ 65,846,674	\$ 45,292,910
Mainland China	7,022,859	7,661,434	19,522,072	20,322,293
Taiwan	1,984,012	2,163,422	6,034,530	4,646,196
Other regions	2,728,268	2,442,880	7,176,606	5,818,013
	<u>\$ 41,618,582</u>	<u>\$ 32,076,905</u>	<u>\$ 98,579,882</u>	<u>\$ 76,079,412</u>

(24) Expenses by nature

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Employee benefit expenses	\$ 6,042,616	\$ 4,627,291	\$ 15,663,945	\$ 11,561,743
Depreciation	2,918,243	1,943,165	8,370,542	5,785,650
Amortisation	94,468	67,704	280,019	187,302
	<u>\$ 9,055,327</u>	<u>\$ 6,638,160</u>	<u>\$ 24,314,506</u>	<u>\$ 17,534,695</u>

(25) Employee benefit expenses

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Wages and salaries	\$ 4,754,036	\$ 3,771,046	\$ 12,525,602	\$ 9,463,894
Employees' remuneration	28,202	17,857	46,428	43,597
Labor and health insurance fees	247,769	187,040	683,479	386,623
Pension expenses	359,712	236,091	987,796	560,040
Other personnel expenses	652,897	415,257	1,420,640	1,107,589
	<u>\$ 6,042,616</u>	<u>\$ 4,627,291</u>	<u>\$ 15,663,945</u>	<u>\$ 11,561,743</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 \$28,202, \$17,857, \$46,428, and \$43,597 and directors' remuneration of \$4,348, \$4,361, \$13,137, and \$13,061 for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively.
- C. Employees' remuneration and directors' remuneration of the Board of Directors' resolution for the year ended December 31, 2020 were equal to the amount recognised in the financial statements for the year ended December 31, 2020.
- D. Information on employees' remuneration and directors' remuneration of the Company as resolved by the Board of Directors and shareholders is posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

(26) Interest income

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Interest income from bank deposits	\$ 36,814	\$ 130,262	\$ 197,424	\$ 432,019
Interest income from financial assets measured at amortised cost	14,142	24,761	45,569	160,008
	<u>\$ 50,956</u>	<u>\$ 155,023</u>	<u>\$ 242,993</u>	<u>\$ 592,027</u>

(27) Other income

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Government grants revenue	\$ 139,767	\$ 410,298	\$ 806,328	\$ 650,295
Others	56,044	28,499	147,826	64,199
	<u>\$ 195,811</u>	<u>\$ 438,797</u>	<u>\$ 954,154</u>	<u>\$ 714,494</u>

(28) Other gains and losses

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Net currency exchange gains (losses)	\$ 65,915	( \$ 565,586)	( \$ 180,649)	( \$ 364,478)
Net gains on financial assets at fair value through profit or loss	75,399	-	277,925	-
Net gains (losses) on disposal of property, plant and equipment	( 808)	( 14,103)	5,664	( 151,529)
Others	( 46,979)	( 103)	( 157,152)	( 20,233)
	<u>\$ 93,527</u>	<u>( \$ 579,792)</u>	<u>( \$ 54,212)</u>	<u>( \$ 536,240)</u>

(29) Finance costs

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Interest expenses				
Bank borrowings	\$ 78,362	\$ 59,265	\$ 213,251	\$ 282,141
Amortisation of convertible bond discounts	49,541	53,007	149,690	53,007
Amortisation of syndicated loan arrangement fees	1,438	1,841	8,187	5,591
Interest expense from lease liabilities	4,139	1,568	13,631	4,682
	<u>\$ 133,480</u>	<u>\$ 115,681</u>	<u>\$ 384,759</u>	<u>\$ 345,421</u>

(30) Income tax

A. Components of income tax expense

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Current tax:				
Tax payable arising from the current period	\$ 501,369	\$ 357,689	\$ 1,147,978	\$ 1,018,890
Adjustments in respect of prior years	( 134)	630	4,562	( 70,977)
Total current tax	<u>501,235</u>	<u>358,319</u>	<u>1,152,540</u>	<u>947,913</u>
Deferred tax:				
Origination and reversal of temporary differences	292,007	213,916	249,805	79,587
Total deferred tax	<u>292,007</u>	<u>213,916</u>	<u>249,805</u>	<u>79,587</u>
Income tax expense	<u>\$ 793,242</u>	<u>\$ 572,235</u>	<u>\$ 1,402,345</u>	<u>\$ 1,027,500</u>

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



(31) Earnings per share

Three-month period ended September 30, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in New Taiwan dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,074,487	944,956	\$ 3.25
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,074,487	944,956	
Assumed conversion of all dilutive potential ordinary shares			
Overseas convertible bonds	49,541	81,670	
Employees' remuneration	-	469	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	\$ 3,124,028	1,027,095	\$ 3.04
Three-month period ended September 30, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in New Taiwan dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,630,037	902,230	\$ 1.81
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,630,037	902,230	
Assumed conversion of all dilutive potential ordinary shares			
Overseas convertible bonds	53,007	77,825	
Employees' remuneration	-	346	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	\$ 1,683,044	980,401	\$ 1.72

Nine-month period ended September 30, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in New Taiwan dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,781,686	944,956	\$ 5.06
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,781,686	944,956	
Assumed conversion of all dilutive potential ordinary shares			
Overseas convertible bonds	149,690	81,670	
Employees' remuneration	-	644	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	\$ 4,931,376	1,027,270	\$ 4.80

Nine-month period ended September 30, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in New Taiwan dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,776,837	902,230	\$ 4.19
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,776,837	902,230	
Assumed conversion of all dilutive potential ordinary shares			
Overseas convertible bonds	53,007	26,131	
Employees' remuneration	-	611	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	\$ 3,829,844	928,972	\$ 4.12

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) Non-controlling interest transactions

The Group's subsidiaries, Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. and Avary Holding (Shenzhen) Co., Limited, issued new shares on March 30 and June 23, 2021 for cash capital increase, respectively. The Group's ownership reduced by 29.61% and 0.32% because it did not subscribe to shares in accordance with shareholding ratio. This transaction increased non-controlling interests by \$1,079,559, and equity attributable to owners of parent increased by \$233,191.

Impact of equity changes from the nine-month period ended September 30, 2021 on equity attributable to owners of parent is as follows:

		Nine-month period ended September 30, 2021
Cash	\$	1,312,750
Increase in carrying amount of non-controlling interests	(	1,079,559)
Capital surplus- Changes in subsidiaries' equity recognised	\$	233,191

(33) Business combinations

- A. On November 4, 2020, the Group acquired 100% ownership of BoardTek Electronics Corporation and its subsidiaries through share exchange and acquired control of BoardTek Electronics Corporation. Considering the company's manufacturing and selling of PCB products in Taiwan, the Group anticipates that such business combination can strengthen its position in the market and lower cost through economies of scale.
- B. Information on the consideration paid to acquire BoardTek Electronics Corp., assets acquired, and liabilities assumed at fair value on the date of acquisition:

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

- C. The acquisition consideration for 44,819,274 ordinary shares of the Company at fair value of \$5,512,771 was determined by the closing price on November 3, 2020.

- D. The fair value of the identifiable intangible assets acquired (including patents and technical skills) is \$419,412.
- E. The operating revenues and net profit before tax contributed by BoardTek Electronics Corp. to the Group since the acquisition of BoardTek Electronics Corp. on November 4, 2020 to December 31, 2020 were \$972,452 and \$21,228, respectively.
- F. Assuming BoardTek Electronics Corp. was acquired as of January 1, 2020, the operating revenues and net profit before tax of the Group in 2020 will be \$136,079,575 and \$12,748,875, respectively.

(34) Additional information of cash flows

A. Investing activities with partial cash payment:

	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Acquisition of property, plant and equipment	\$ 23,909,514	\$ 14,370,261
Add: Opening balance of payable on machinery and equipment (within 'other payables')	7,060,667	3,927,125
Less: Ending balance of payable on machinery and equipment (within 'other payables')	( 7,289,125 )	( 4,242,918 )
Net exchange differences	( 119,732 )	173,467
Cash paid during the period	<u>\$ 23,561,324</u>	<u>\$ 14,227,935</u>

B. Changes in liabilities from financing activities

	Nine-month period ended September 30, 2021						
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Bonds payable	Long-term borrowings	Guarantee deposits received	Total liabilities from financing activities
At January 1	\$ 12,838,545	\$ 949,666	\$ 655,821	\$ 10,480,741	\$ 8,928,523	\$ 186,613	\$ 34,039,909
Change in cash flow from financing activities	9,868,563	( 949,335 )	( 113,970 )	-	( 853,229 )	138,638	8,090,667
Change in right-of-use assets	-	-	( 1,791 )	-	-	-	( 1,791 )
Amortisation of interest expenses	-	-	13,631	149,690	8,187	-	171,508
Effect of exchange rate fluctuation	( 240,531 )	( 331 )	( 7,935 )	( 233,015 )	( 359,254 )	( 3,953 )	( 845,019 )
At September 30	<u>\$ 22,466,577</u>	<u>\$ -</u>	<u>\$ 545,756</u>	<u>\$ 10,397,416</u>	<u>\$ 7,724,227</u>	<u>\$ 321,298</u>	<u>\$ 41,455,274</u>
	Nine-month period ended September 30, 2020						
	Short-term borrowings	Lease liabilities	Bonds payable	Long-term borrowings	Guarantee deposits received	Total liabilities from financing activities	
At January 1	\$ 9,682,812	\$ 239,407	\$ -	\$ 8,980,884	\$ 179,511	\$ 19,082,614	
Change in cash flow from financing activities	( 8,326,003 )	( 75,029 )	11,795,359	-	( 56,230 )	3,338,097	
Share options arising from convertible bonds	-	-	( 996,753 )	-	-	( 996,753 )	
Change in right-of-use assets	-	356,933	-	-	-	356,933	
Amortisation of interest expenses	-	4,682	53,007	5,591	-	63,280	
Effect of exchange rate fluctuation	( 72,665 )	( 1,433 )	( 194,437 )	( 263,751 )	( 1,624 )	( 533,910 )	
At September 30	<u>\$ 1,284,144</u>	<u>\$ 524,560</u>	<u>\$ 10,657,176</u>	<u>\$ 8,722,724</u>	<u>\$ 121,657</u>	<u>\$ 21,310,261</u>	

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Hon Hai Precision Industry Co., Ltd. and its subsidiaries	The entity has significant influence over the Group
CyberTAN Technology Inc. and its subsidiaries	Other related parties
Ennoconn Corporation and its subsidiaries	Other related parties
Foxconn Interconnect Technology Limited and its subsidiaries	Other related parties
General Interface Solution Holding Limited and its subsidiaries	Other related parties
Guangdong Zhan Yang Intelligent Equipment Co., Ltd. (formerly: Zhan Yang Automation (Dongguan) Co., Ltd.)	Associate (since September 15, 2021)

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

#### A. Sales

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Sale of goods:				
- Entity with significant influence over the Group	\$ 1,734,202	\$ 2,239,417	\$ 4,926,473	\$ 5,160,841
- Other related parties	770,991	263,667	1,704,882	1,582,156
	<u>\$ 2,505,193</u>	<u>\$ 2,503,084</u>	<u>\$ 6,631,355</u>	<u>\$ 6,742,997</u>

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

#### B. Purchases

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Sale of goods:				
- Entity with significant influence over the Group	\$ 282,126	\$ 325,775	\$ 745,386	\$ 623,618
- Other related parties	1,532,735	421,037	2,706,854	1,392,394
- Associate	12	-	12	-
Total	<u>\$ 1,814,873</u>	<u>\$ 746,812</u>	<u>\$ 3,452,252</u>	<u>\$ 2,016,012</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

	September 30, 2021	December 31, 2020	September 30, 2020
Accounts receivable - related parties:			
- Entity with significant influence over the Group	\$ 1,646,857	\$ 2,316,129	\$ 2,438,229
- Other related parties	806,830	383,216	256,092
	2,453,687	2,699,345	2,694,321
Less: Allowance for bad debts	( 3,251 )	( 6,257 )	( 3,821 )
Total	<u>\$ 2,450,436</u>	<u>\$ 2,693,088</u>	<u>\$ 2,690,500</u>

D. Notes and accounts payable

	September 30, 2021	December 31, 2020	September 30, 2020
Notes payable - related parties:			
- Entity with significant influence over the Group	\$ 2,273	\$ 3,679	\$ -
Accounts payable - Related parties:			
- Entity with significant influence over the Group	114,360	157,834	133,140
- Other related parties	1,259,993	825,043	404,146
- Associate	243	-	-
	<u>\$ 1,376,869</u>	<u>\$ 986,556</u>	<u>\$ 537,286</u>

(3) Key management compensation

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Short-term employee benefits	<u>\$ 17,600</u>	<u>\$ 14,936</u>	<u>\$ 57,625</u>	<u>\$ 54,480</u>

8. PLEDGED ASSETS

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

Pledged assets	Carring amoun			Collateral purpose
	September 30, 2021	December 31, 2020	September 30, 2020	
Other current assets				
- Time deposits with maturity of over three months	\$ 4,687	\$ 12,537	\$ 4,935	Tariff guarantee and government subsidy guarantee
- Demand deposit	77,490	950	29,883	Standby Letters of Credit and Other
Property, plant and equipment	-	2,624,489	-	Collateral for short-term borrowings
Other non-current assets				
- Time deposits with maturity of over one year	28,121	29,227	29,612	Tariff guarantee
	<u>\$ 110,298</u>	<u>\$ 2,667,203</u>	<u>\$ 64,430</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:

	September 30, 2021	December 31, 2020	September 30, 2020
Property, plant and equipment	<u>\$ 15,996,503</u>	<u>\$ 10,112,376</u>	<u>\$ 7,759,655</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Unused letters of credit	<u>\$ 4,480,297</u>	<u>\$ 5,866,121</u>	<u>\$ 4,779,158</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
Financial assets at amortised cost	\$ 61,401,870	\$ 81,562,240	\$ 61,443,996
Financial assets at fair value through profit or loss	1,154,838	753,522	609,144
Financial assets at fair value through other comprehensive income	442,078	431,266	226,210
	<u>\$ 62,998,786</u>	<u>\$ 82,747,028</u>	<u>\$ 62,279,350</u>

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial liabilities</u>			
Financial liabilities at amortised cost	\$ 81,095,104	\$ 73,064,990	\$ 53,131,456
Lease liabilities	545,756	655,821	524,560
	<u>\$ 81,640,860</u>	<u>\$ 73,720,811</u>	<u>\$ 53,656,016</u>

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

B. Risk management policies

(a) Risk categories:

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

(b) Management objectives

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

(c) Management system

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



C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

	September 30, 2021			Nine-month period ended September 30, 2021	
				<u>Sensitivity analysis</u>	
	Foreign currency (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Degree of variation	Effect on comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	296,397	27.85	\$ 8,254,656	1%	\$ 82,547
USD:RMB	1,436,870	6.4854	40,116,904	1%	401,169
<u>Net effect in consolidated entities with foreign currencies</u>					
USD:NTD	3,247,774	27.85	90,450,506	1%	904,505
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	184,945	27.85	5,150,718	1%	51,507
USD:RMB	1,366,334	6.4854	38,147,565	1%	381,476
JPY:RMB	10,584,056	0.0579	2,639,499	1%	26,395

	December 31, 2020			2020	
	Foreign currency (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Sensitivity analysis	
				Degree of variation	Effect on comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	256,604	28.48	\$ 7,308,082	1%	\$ 73,081
USD:RMB	1,809,982	6.5249	51,692,160	1%	516,922
<u>Net effect in consolidated entities with foreign currencies</u>					
USD:NTD	3,009,546	28.48	85,711,870	1%	857,119
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	171,698	28.48	4,889,959	1%	48,900
USD:RMB	1,232,679	6.5249	35,204,679	1%	352,047
JPY:RMB	8,065,846	0.0632	2,232,498	1%	22,325
				Nine-month period ended September 30, 2020	
	September 30, 2020			Sensitivity analysis	
	Foreign currency (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Degree of variation	Effect on comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	256,616	29.1	\$ 7,467,526	1%	\$ 74,675
USD:RMB	1,027,239	6.8101	29,864,216	1%	298,642
<u>Net effect in consolidated entities with foreign currencies</u>					
USD:NTD	2,563,409	29.1	74,595,202	1%	745,952
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	205,532	29.1	5,980,981	1%	59,810
USD:RMB	685,904	6.8101	19,940,819	1%	199,408
JPY:RMB	4,208,255	0.0644	1,156,950	1%	11,570

- v. Please refer to Note 6(28) Net Foreign Exchange Gain (Loss) for the total exchange gain (including realised and unrealised) arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2021 and 2020.

Interest rate risk for cash flow and fair value

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

Based on the simulations performed, the impact on after-tax profit of a quarter-point shift would be a maximum increase or decrease of \$56,477 and \$18,777 for the nine-month periods ended September 30, 2021 and 2020, respectively. The simulation is based on a quarterly basis to ensure that the maximum potential loss is within the limit given by the management.

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

#### Price risk

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

#### **(b) Credit risk**

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

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

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

- ii. The Group assess whether there has been significant increase in credit risk on that instrument since initial recognition:
  - (i) If the contract payments were an underlying more than 30 days past due based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - (ii) If the credit rating grade of an underlying investment degrades two grades, there has been a significant increase in credit risk on that instrument since initial recognition.
- iii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Delinquency or default in interest or principal payments;

- (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- iv. The default occurs when the contract payment are more than 90 days past due.
- v. The credit quality information of financial assets that are neither overdue nor impaired is as follows:

#### Cash and cash equivalents

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

#### Financial assets at amortised cost

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

#### Accounts receivable (including from related parties)

- (i) The Group applies the following approaches to assess the expected credit losses (the 'ECLs') of accounts receivable:
  - 1 Assess the ECLs on an individual basis if a significant default has been occurred to the certain customers.
  - 2 Classifies the other customers' accounts receivables based on the Group's credit rating standards and estimates the ECLs using loss rate methodology or provision matrix.
  - 3 Adjust the loss rates constructed from historical and recent information by taking into account the business cycle indicators of the National Development Council and forecasts of the Basel Committee on Banking Supervision.
  - 4 As of September 30, 2021, December 31, 2020 and September 30, 2020, the individual provision for impairment of accounts receivable using loss rate methodology or provision matrix is as follows:

	Individual	Group 1	Group 2	Group 3	Group 4	Total
<u>September 30, 2021</u>						
Expected loss rate		0.03%	0.07%	0.1%~1%	1%~5%	
Total carrying amount	\$ -	\$ 17,435,890	\$ 7,926,607	\$ 820,505	\$ 2,616,299	\$ 28,799,301
Loss allowance	\$ -	( \$ 5,231)	( \$ 5,549)	( \$ 4,103)	( \$ 84,648)	( \$ 99,531)
	Individual	Group 1	Group 2	Group 3	Group 4	Total
<u>December 31, 2020</u>						
Expected loss rate		0.03%	0.07%	0.1%~1.00%	1%~5%	
Total carrying amount	\$ -	\$ 21,958,771	\$ 8,488,341	\$ 677,722	\$ 2,723,780	\$ 33,848,614
Loss allowance	\$ -	( \$ 6,588)	( \$ 5,942)	( \$ 6,777)	( \$ 88,152)	( \$ 107,459)
	Individual	Group 1	Group 2	Group 3	Group 4	Total
<u>September 30, 2020</u>						
Expected loss rate		0.03%	0.07%	0.10%~1.00%	1%~5%	
Total carrying amount	\$ -	\$ 10,270,413	\$ 7,759,216	\$ 792,974	\$ 3,560,232	\$ 22,382,835
Loss allowance	\$ -	( \$ 3,081)	( \$ 5,431)	( \$ 3,965)	( \$ 68,426)	( \$ 80,903)

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:

	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Beginning balance	\$ 107,459	\$ 81,012
Provision for (reversal of) impairment losses	( 6,882)	1,546
Net exchange differences	( 1,046)	( 1,655)
Ending balance	<u>\$ 99,531</u>	<u>\$ 80,903</u>

#### Other receivables

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

#### Financial assets at fair value through other comprehensive income

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

#### Financial assets at fair value through profit or loss

The 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:

	September 30, 2021	December 31, 2020	September 30, 2020
Expiring within one year	\$ 69,396,960	\$ 62,190,431	\$ 52,236,132
Expiring beyond one year	6,385,325	5,231,995	6,598,054
	<u>\$ 75,782,285</u>	<u>\$ 67,422,426</u>	<u>\$ 58,834,186</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:

September 30, 2021	Less than one year	Over one year	Total
Bonds payable	\$ -	\$ 11,140,000	\$ 11,140,000
Long-term borrowings (Note)	77,524	7,881,467	7,958,991
Guarantee deposits received	-	321,298	321,298
Lease liabilities	138,735	485,424	624,159
	<u>\$ 216,259</u>	<u>\$ 19,828,189</u>	<u>\$ 20,044,448</u>

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

September 30, 2020	Less than one year	Over one year	Total
Bonds payable	\$ -	\$ 11,640,000	\$ 11,640,000
Long-term borrowings (Note)	4,450,366	4,365,000	8,815,366
Guarantee deposits received	-	121,657	121,657
Lease liabilities	107,262	451,517	558,779
	<u>\$ 4,557,628</u>	<u>\$ 16,578,174</u>	<u>\$ 21,135,802</u>

Note: Including imputed interest payable.

- iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date will be significantly earlier, nor expect the actual cash flow amount would be significantly different.
- (d) Cash flow risk of changes from interest rate
- For the Group's borrowings at floating rates, the effective interest rate changes according to market interest rates. However, the working capital of the Group is sufficient to hedge the cash flow risk due to changes in interest rate. Furthermore, the Group's borrowings as fixed rates and lease payable have no cash flow risk due to changes in market interest rate.

(3) Fair value estimation

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

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

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

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

- B. Financial instruments not measured at fair value

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

September 30, 2021				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 10,397,416	\$ -	\$ 10,780,176	\$ -
Guarantee deposits received	321,298	-	320,881	-
Total	<u>\$ 10,718,714</u>	<u>\$ -</u>	<u>\$ 11,101,057</u>	<u>\$ -</u>
December 31, 2020				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 10,480,741	\$ -	\$ 10,898,838	\$ -
Guarantee deposits received	186,613	-	186,371	-
Total	<u>\$ 10,667,354</u>	<u>\$ -</u>	<u>\$ 11,085,209</u>	<u>\$ -</u>
September 30, 2020				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 10,657,176	\$ -	\$ 11,106,411	\$ -
Guarantee deposits received	121,657	-	121,402	-
Total	<u>\$ 10,778,833</u>	<u>\$ -</u>	<u>\$ 11,227,813</u>	<u>\$ -</u>

- (b) The methods and assumptions of fair value measurement are as follows:
- 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.
  - Guarantee deposits received: The fair value is estimated using the present value of the expected cash flows. The discount rate refers to the fixed interest rate of postal savings for a one-year time deposit.
  - Financial assets at amortised cost-corporate bonds: The fair value is the quoted price in active markets.

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

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

<u>September 30, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss	\$ -	\$ 236,778	\$ 918,060	\$ 1,154,838
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 442,078	\$ 442,078
<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss	\$ -	\$ -	\$ 753,522	\$ 753,522
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 431,266	\$ 431,266
<u>September 30, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss	\$ -	\$ -	\$ 609,144	\$ 609,144
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 226,210	\$ 226,210

- (b) The methods and assumptions that the Group used to measure the fair value are as follows:
- The instruments the Group used market quoted prices as their fair values (i.e., Level 1).
  - Except for the financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value



of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

- iii. When assessing non-standard and low-complexity financial instruments, for example, foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

D. The Level-3 movement for the nine-month periods ended September 30, 2021 and 2020, is as follows:

	Nine-month period ended September 30, 2021		Nine-month period ended September 30, 2020	
	Financial assets at fair value through profit or loss- debt securities	Financial assets at fair value through other comprehensive income- equity securities	Financial assets at fair value through profit or loss- debt securities	Financial assets at fair value through other comprehensive income- equity securities
Beginning balance	\$ 753,522	\$ 431,266	\$ -	\$ 193,804
Acquisition of financial assets	138,066	-	606,775	-
Unrealized gains from financial assets	231,417	15,894	-	34,022
Transfer out from Level 3	( 191,570)	-	-	-
Net exchange differences	( 13,375)	( 5,082)	2,369	( 1,616)
Ending balance	<u>\$ 918,060</u>	<u>\$ 442,078</u>	<u>\$ 609,144</u>	<u>\$ 226,210</u>

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

	Fair value as of September 30, 2021	Valuation technique	Significant unobservable input	Range [Weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted shares	\$ 120,057	Market comparable companies	Enterprise value to EBIT multiple  Price to net value multiple	7.48~34.56 [8.83]  2.08~6.83 [3.23]	The higher the EBIT, the higher the fair value  The higher the net value of shares, the higher the fair value
Unlisted shares	\$ 205,224	Market comparable companies	Fluctuation rate of share price	51.64%	The higher the fluctuation rate of share price, the higher the fair value
Unlisted shares	\$ 17,932	Market comparable companies	Enterprise value to EBIT multiple  Price to net value multiple	0.72~7.95 [3.39]  0.75~1.55 [1.18]	The higher the EBIT, the higher the fair value  The higher the net value of shares, the higher the fair value
Unlisted shares	\$ 98,865	Market comparable companies	Enterprise value to EBIT multiple	2.38~15.45 [6.19]	The higher the EBIT, the higher the fair value
Debt Securities:					
Private fund	\$ 719,433	Net asset value	Not applicable	Not applicable	Not applicable
Private fund	\$ 107,080	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted partnership share	\$ 70,022	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted partnership share	\$ 21,525	The last transaction price	Not applicable	Not applicable	Not applicable

	Fair value as of December 31, 2020	Valuation technique	Significant unobservable input	Range [Weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted shares	\$ 102,503	Market comparable companies	Enterprise value to EBIT multiple	6.01~43.88 [8.19]	The higher the EBIT, the higher the fair value
			Price to net value multiple	1.59~6.16 [2.46]	The higher the net value of shares, the higher the fair value
Unlisted shares	\$ 173,524	Market comparable companies	Enterprise value to EBIT multiple	29.89~57.44 [44.46]	The higher the EBIT, the higher the fair value
Unlisted shares	\$ 23,929	Income approach	Weighted average cost of capital	7.91%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	40%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	\$ 131,310	The last transaction price	Not applicable	Not applicable	Not applicable
Debt Securities:					
Private fund	\$ 572,651	Net asset value	Not applicable	42.53	The higher the net asset value, the higher the fair value
Private fund	\$ 59,978	The last transaction price	Not applicable	Not applicable	Not applicable
Unlisted partnership share	\$ 120,893	Comparable listing companies	PER multiples	114	The higher the PER multiples, the higher the fair value
			Discount for lack of marketability	41%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at September 30, 2020	Valuation technique	Significant unobservable input	Range [Weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted shares	\$ 108,110	Market comparable companies	Enterprise value to EBIT multiple  Price to net value multiple	5.94~28.66 [8.33]  1.44~5.26 [2.57]	The higher the EBIT, the higher the fair value  The higher the net value of shares, the higher the fair value
Unlisted shares	\$ 118,100	Market comparable companies	Enterprise value to EBIT multiple	34.41~50.38 [41.92]	The higher the EBIT, the higher the fair value
Debt Securities:					
Private fund	\$ 554,970	The last transaction price	Not applicable	Not applicable	Not applicable
Unlisted shares	\$ 54,174	The last transaction price	Not applicable	Not applicable	Not applicable

- (c) The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, the use of different valuation models or assumptions may result in different measurement. The following is the effect 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:

				Nine-month period ended September 30, 2021			
				Recognised in profit or loss		Recognised in other comprehensive income	
				Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets		Input	Change				
Debt instruments	Enterprise value to EBIT multiple, etc.	±	1%	\$ 9,181	( \$ 9,181)	\$ -	\$ -
Equity instruments	Enterprise value to EBIT multiple, etc.	±	1%	-	-	4,421	( 4,421)
Total				<u>\$ 9,181</u>	<u>( \$ 9,181)</u>	<u>\$ 4,421</u>	<u>( \$ 4,421)</u>
				Nine-month period ended September 30, 2020			
				Recognised in profit or loss		Recognised in other comprehensive income	
				Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets		Input	Change				
Debt instruments	Enterprise value to EBIT multiple, etc.	±	1%	\$ -	\$ -	\$ 2,262	( \$ 2,262)
Equity instruments	Enterprise value to EBIT multiple, etc.	±	1%	-	-	6,091	( 6,091)
Total				<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,353</u>	<u>( \$ 8,353)</u>

- E. For the nine-month periods ended September 30, 2021 and 2020, there was no transfer between Level 1 and Level 2.
- F. For the nine-month period ended September 30, 2021, the fair value of the debt instruments held by the Group is the quoted price in the markets and therefore was transferred from Level 3 to Level 2. For the nine-month period ended September 30, 2020, there was no transfer into or out from Level 3.

(4) Others

Due to COVID-19, there were no significant influence over the Group for the nine-month periods ended September 30, 2021 and 2020, except for some subsidiaries that received reductions or subsidies due to compliance with the local government's implementation regulations for the phased reduction and exemption of corporate social insurance.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exxcerding NT\$300 million or 20% of paid-in capital or more: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 4.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative financial instruments: Please refer to Note 6(2).
- 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 September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Revenue from external customers	\$ 41,618,582	\$ 32,076,905	\$ 98,579,882	\$ 76,079,412
Inter-segment revenue	-	-	-	-
Segments' revenue	<u>\$ 41,618,582</u>	<u>\$ 32,076,905</u>	<u>\$ 98,579,882</u>	<u>\$ 76,079,412</u>
Measure of segment profit	<u>\$ 4,408,192</u>	<u>\$ 2,411,575</u>	<u>\$ 6,781,883</u>	<u>\$ 5,374,211</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 September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Reportable segment's revenue	<u>\$ 41,618,582</u>	<u>\$ 32,076,905</u>	<u>\$ 98,579,882</u>	<u>\$ 76,079,412</u>
Reportable segment's profit	<u>\$ 4,408,192</u>	<u>\$ 2,411,575</u>	<u>\$ 6,781,883</u>	<u>\$ 5,374,211</u>
Interest income and finance costs	( 82,524)	39,342	( 141,766)	246,606
Net foreign exchange gains (losses)	65,915	( 565,586)	( 180,649)	( 364,478)
Net gains (losses) on disposal of property, plant and equipment	( 808)	( 14,103)	5,664	( 151,529)
Net gains on financial assets and liabilities measured at fair value through profit or loss	75,399	-	277,925	-
Others	( 121,500)	470,183	90,746	348,329
Profit	<u>\$ 4,344,674</u>	<u>\$ 2,341,411</u>	<u>\$ 6,833,803</u>	<u>\$ 5,453,139</u>

**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**

**LOANS TO OTHERS**

Nine-month period ended September 30, 2021

Table1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No.	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the current period (Note 3)	Ending balance (Note 4)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transaction	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Notes 1 & 2)	Limit on total lender's loans granted (Notes 1 & 2)	Footnote
													Name	Value			
1	Zhen Ding Technology Co., Ltd.	BoardTek Electronics Corp.	Other receivables	Yes	\$ 800,000	\$ 800,000	\$ -	-	Short-term financing	\$ -	Operation requirements	\$ -	No	\$ -	\$ 1,266,033	\$ 1,266,033	
2	Mayco Industrial Limited	The Company	Other receivables	Yes	1,671,000	1,671,000	-	-	Short-term financing	-	Operation requirements	-	No	-	342,253,559	479,154,982	
2	Mayco Industrial Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	1,392,500	1,392,500	835,500	1.06%	Short-term financing	-	Operation requirements	-	No	-	342,253,559	479,154,982	
2	Mayco Industrial Limited	Leading Interconnect International Limited	Other receivables	Yes	835,800	835,800	-	-	Short-term financing	-	Operation requirements	-	No	-	342,253,559	479,154,982	
2	Mayco Industrial Limited	Zhen Ding Technology India Private Limited	Other receivables	Yes	1,392,500	1,392,500	-	-	Short-term financing	-	Operation requirements	-	No	-	342,253,559	479,154,982	
2	Mayco Industrial Limited	BoardTek Electronics Corp.	Other receivables	Yes	1,392,500	1,392,500	-	-	Short-term financing	-	Operation requirements	-	No	-	27,380,285	27,380,285	
3	Pacific Fair International Limited	The Company	Other receivables	Yes	3,342,000	3,342,000	-	-	Short-term financing	-	Operation requirements	-	No	-	49,104,320	68,746,048	
4	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	645,750	645,750	-	-	Short-term financing	-	Operation requirements	-	No	-	995,656	995,656	
4	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	1,076,250	1,076,250	215,250	3.85%	Short-term financing	-	Operation requirements	-	No	-	12,445,695	12,445,695	
5	Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	1,392,500	1,392,500	696,250	0.55%	Short-term financing	-	Operation requirements	-	No	-	36,143,218	50,600,505	
5	Garuda International Limited	Avary Technology (India) Private Limited	Other receivables	Yes	1,114,000	1,114,000	-	-	Short-term financing	-	Operation requirements	-	No	-	2,891,457	2,891,457	
5	Garuda International Limited	Avary Singapore Private Limited	Other receivables	Yes	1,114,000	1,114,000	-	-	Short-term financing	-	Operation requirements	-	No	-	36,143,218	50,600,505	
6	Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Other receivables	Yes	8,610,000	8,610,000	-	-	Short-term financing	-	Operation requirements	-	No	-	38,366,520	38,366,520	
6	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	8,610,000	8,610,000	7,157,063	3.85%	Short-term financing	-	Operation requirements	-	No	-	38,366,520	38,366,520	

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	Nature of loan	Amount of transaction	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Notes 1 & 2)	Limit on total lender's loans granted (Notes 1 & 2)	Footnote
													Name	Value			
6	Avary Holding (Shenzhen) Co., Limited	Fu Bo Industrial (Shenzhen) Co., Ltd.	Other receivables	Yes	\$ 861,000	\$ 861,000	\$ 150,675	3.85%	Short-term financing	\$ -	Operation requirements	\$ -	No	\$ -	\$ 38,366,520	\$ 38,366,520	
6	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	6,457,500	6,457,500	3,753,960	3.85%	Short-term financing	-	Operation requirements	-	No	-	38,366,520	38,366,520	
6	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	1,291,500	1,291,500	499,380	3.85%	Short-term financing	-	Operation requirements	-	No	-	38,366,520	38,366,520	
6	Avary Holding (Shenzhen) Co., Limited	Kui Sheng Technology (Shenzhen) Limited	Other receivables	Yes	215,250	215,250	-	-	Short-term financing	-	Operation requirements	-	No	-	38,366,520	38,366,520	

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

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

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

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

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

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

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



**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**PROVISION OF ENDORSEMENTS/GUARANTEES TO OTHERS**  
Nine-month period ended September 30, 2021

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. (Note 1)	Endorser/ guarantor	Entity for which the endorsement/ guarantee is made		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount during the current period (Note 5)	Ending balance of endorsement/ guarantee amount at September 30, 2021 (Note 6)	Actual amount drawn down (Note 7)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 8)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 8)	Provision of endorsements/ guarantees to the party in Mainland China (Note 8)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	The Company	Qi Ding Technology Qinhuangdao Co., Ltd.	2	\$ 7,799,090	\$ 557,000	\$ -	\$ -	\$ -	0.00%	\$ 77,990,896	Y	N	Y	
1	Avary Technology (India) Private Limited	Avary Technology (India) Private Limited	1	7,799,090	278,500	278,500	22,559	22,559	0.36%	77,990,896	N	N	N	(Note 9)

Note 1: The explanation for numbers is as follows:

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

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

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

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

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

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

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

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

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

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD (EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)  
As of September 30, 2021

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with securities issuer (Note 2)	General ledger account	As of September 30, 2021				Footnote (Note 4)
				Number of shares	Carrying amount (Note 3)	Ownership (%)	Fair value	
Zhen Ding Technology Co., Ltd.	SynPower Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,200,000	\$ 120,057	8.12%	\$ 120,057	
Avary Holding (Shenzhen) Co., Limited	Jiangsu Aisen Semiconductor Material Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,600,000	205,224	3.93%	205,224	
Avary Holding Investment (Shenzhen) Co., Ltd.	Dongguan Liuchun Intelligent Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income	1,461,039	98,865	3.55%	98,865	
BoardTek Electronics Corp.	Chipboard Technology Corporation	None	Financial assets at fair value through other comprehensive income	1,337,068	17,932	15.60%	17,932	
Avary Holding (Shenzhen) Co., Limited	Jingning Dingqing Electronic Technology Partnership	None	Financial assets at fair value through profit or loss	-	236,778	12.53%	236,778	
Avary Holding Investment (Shenzhen) Co., Ltd.	Beijing Firstred Acquisition Fund	None	Financial assets at fair value through profit or loss	-	719,433	2.95%	719,433	
Avary Holding Investment (Shenzhen) Co., Ltd.	Zhuhai Hengqin Urban Enterprise Zone Leishi Tianhe Technology Industry Investment Partnership	None	Financial assets at fair value through profit or loss	-	70,022	99.39%	70,022	
Avary Holding (Shenzhen) Co., Limited	Beijing Chunhua Jingzhi Equity Investment Partnership	None	Financial assets at fair value through profit or loss	-	21,525	20.00%	21,525	
Zhen Ding Technology Co., Ltd.	Zhuoyi II Investment Limited Partnership	None	Financial assets at fair value through profit or loss	-	107,080	11.06%	107,080	

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

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

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

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
ACQUISITION OF REAL ESTATE REACHING NT\$300 MILLION OR 20% OF PAID-IN CAPITAL OR MORE  
Nine-month period ended September 30, 2021

Table 4

Unit: Foreign currency in thousands  
(Except as otherwise indicated)

Real estate acquired by	Real estate name	Date of occurrence	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information on the penultimate transfer of the real estate is as follows:							Purpose and use of acquisition	Other commitments
							Penultimate owner	Relationship between the owner and the issuer	Date of transfer	Amount	Pricing basis				
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Land right-of-use	January 28, 2021	RMB 70,300	RMB 70,300	Shenzhen Planning and Natural Resource Management Bureau	None	Not applicable	Not applicable	Not applicable	Not applicable	RMB 77,010	Operation requirements	None		

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

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

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

Zhen Ding Technology Holding Limited  
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  
Nine-month period ended September 30, 2021

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

						Differences in transaction terms compared to third party transactions	Notes/accounts receivable (payable)		Footnote	
			Transaction							
Purchaser/Seller	Counterparty	Relationship with the counterparty	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	\$ 36,599,990	83	60 days from the shipping date	Note 2	Note 2	\$ 13,696,168	84
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	6,383,328	14	90 days from the shipping date	Note 2	Note 2	2,224,815	14
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	27,165,624	89	90 days from the shipping date	Note 2	Note 2	9,250,584	88
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	2,934,510	10	90 days from the shipping date	Note 2	Note 2	1,168,199	11
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	143,960	-	90 days from the shipping date	Note 2	Note 2	59,421	1
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Qi Ding Technology Qinhuangdao Co., Ltd.	An indirect wholly-owned subsidiary	Sales	105,075	-	90 days from the shipping date	Note 2	Note 2	20,945	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	<u>Sales</u>	3,517,410	70	60 days from the shipping date	Note 2	Note 2	886,128	64
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	<u>Sales</u>	1,254,640	25	90 days from the shipping date	Note 2	Note 2	447,653	33
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	187,392	4	30 days from the shipping date	Note 2	Note 2	33,219	2
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	26,119,049	92	60 days from the invoice date	Note 2	Note 2	6,683,976	95
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	2,113,467	7	90 days from the shipping date	Note 2	Note 2	340,787	5
Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect International Limited	An indirect wholly-owned subsidiary	Sales	677,419	19	90 days from the shipping date	Note 2	Note 2	-	-
Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	1,963,330	55	90 days from the shipping date	Note 2	Note 2	800,311	69
Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	1,015,614	100	90 days from the shipping date	Note 2	Note 2	262,043	100

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/ accounts receivable (payable)	
Leading Interconnect International Limited	Zhen Ding Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	\$ 675,461	100	90 days from the shipping date	Note 2	Note 2	-	-	
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	9,565,970	11	90 days from the first day of next month of shipping	Note 2	Note 2	5,509,623	20	
Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	903,296	1	90 days from the first day of next month of shipping	Note 2	Note 2	550,893	2	
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	2,579,092	3	90 days from the first day of next month of shipping	Note 2	Note 2	1,152,668	4	
Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	129,305	-	90 days from the first day of next month of shipping	Note 2	Note 2	27,652	-	
Garuda International Limited	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	4,685,162	5	90 days from the first day of next month of shipping	Note 2	Note 2	1,544,879	6	
Garuda International Limited	GIS Technology (Chengdu) Co., Ltd.	An investee company accounted for under the equity method of Hon Hai	Sales	245,419	-	60 days from the first day of next month of shipping	Note 2	Note 2	40,010	3	
Garuda Technology Co., Ltd.	Reco Technology (Chengdu) Co., Ltd.	An investee company accounted for under the equity method of Hon Hai	Sales	1,379,910	10	90 days from the first day of next month of receipt	Note 2	Note 2	745,781	16	
BoardTek Electronics Corp.	Foxconn (FarEast) and its subsidiaries	An investee company accounted for under the equity method of Hon Hai	Sales	192,073	5	90 days from the first day of next month of shipping	Note 2	Note 2	78,985	5	
Avary Holding (Shenzhen) Co., Limited	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	549,442	2	90 days from invoice date	Note 2	Note 2	( 53,886)	-	
Avary Holding (Shenzhen) Co., Limited	Foxconn Interconnect Technology Limited and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	1,117,539	3	90 days from invoice date	Note 2	Note 2	( 656,455)	5	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	General Interface Solution Limited	An investee company accounted for under the equity method of Hon Hai	Purchases	1,069,263	4	30 days from invoice date	Note 2	Note 2	( 305,140)	4	
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	493,937	2	90 days from invoice date	Note 2	Note 2	( 284,966)	4	

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

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

Note 3: Advance sales receipts.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
RECEIVABLES FROM RELATED PARTIES REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE  
As of September 30, 2021

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship	Receivables from related parties	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	An indirect wholly-owned subsidiary	\$ 13,696,168	2	-	-	\$ 4,130,687	\$ -
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	2,224,815	3	-	-	820,065	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	9,250,584	3	-	-	2,826,227	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	1,168,199	3	-	-	414,349	-
Hong Heng Sheng Electrical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	886,128	4	-	-	849,443	-
Hong Heng Sheng Electrical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	447,653	3	-	-	351,903	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	6,683,976	3	-	-	5,346,282	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	340,787	4	-	-	371,699	-
Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	An indirect wholly-owned subsidiary	800,311	5	-	-	456,650	-
Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	262,043	3	-	-	133,630	-

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	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	\$ 5,509,623	2	\$ 460,582	Subsequent collection	\$ 1,255,312	\$ -
Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	An indirect wholly-owned subsidiary	550,893	2	14,874	Subsequent collection	365,970	-
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	1,152,668	1	-	-	301,477	-
Garuda International Limited	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	1,544,879	2	24,627	Subsequent collection	333,123	-
Garuda Technology Co., Ltd.	Reco Technology (Chengdu) Co., Ltd.	An investee company accounted for under the equity method of Hon Hai	745,781	3	-	-	203,647	-

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**  
**Nine-month period ended September 30, 2021**

Table 7

Expressed in thousands of NTD  
(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)	
1	Mayco Industrial Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	3	Other receivables	\$ 835,500	Note 5 -
2	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	3	Other receivables	215,250	" -
3	Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Other receivables	696,250	" -
4	Avary Holding (Shenzhen) Co., Limited	Fu Bo Industrial (Shenzhen) Co., Ltd.	3	Other receivables	150,675	" -
4	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Other receivables	7,157,063	" 4
4	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	3,753,960	" 2
4	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	499,380	" -
4	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Sales	36,599,990	Note 8 37
4	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Accounts receivable	13,696,168	" 7
4	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Sales	6,383,328	Note 7 6
4	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Accounts receivable	2,224,815	" 1
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Sales	27,165,624	Note 8 28
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Accounts receivable	9,250,584	" 5
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	2,934,510	Note 7 3
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	1,168,199	" 1
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Sales	143,960	Note 9 -
5	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Qi Ding Technology Qinhuangdao Co., Ltd.	3	Sales	105,075	" -
6	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	3,517,410	Note 8 4
6	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	886,128	" -
6	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Sales	187,392	Note 9 -
6	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	1,254,640	Note 7 1
6	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	447,653	" -
7	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	26,119,049	Note 8 26
7	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	6,683,976	" 4
7	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	2,113,467	Note 7 2
7	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	340,787	" -
8	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect International Limited	3	Sales	677,419	Note 6 1
8	Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	4	Sales	1,963,330	" 2
8	Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	4	Accounts receivable	800,311	" -
9	Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	3	Sales	1,015,614	Note 7 1
9	Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	262,043	" -



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	
10	Leading Interconnect International Limited	Zhen Ding Technology Co., Ltd.	3	Sales	\$ 675,461	Note 6	1
11	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Sales	9,565,970	"	10
11	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	5,509,623	"	3
11	Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Sales	903,296	"	1
11	Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Accounts receivable	550,893	"	-
11	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Sales	2,579,092	"	3
11	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Accounts receivable	1,152,668	"	1
11	Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Sales	129,305	"	-

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

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

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

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

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

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

All the transactions had been eliminated in the consolidated financial statements.

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

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

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

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

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

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
NAMES, LOCATIONS AND OTHER INFORMATION OF INVESTEE COMPANIES (EXCLUDING THE INVESTEES IN MAINLAND CHINA):  
Nine-month period ended September 30, 2021

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Name of Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of September 30, 2021			Net profit (loss) of investee for the current period	Investment income (loss) recognised by the Company for the current period	Footnote
				Balance as of September 30, 2021	Balance as of December 31, 2020	Number of shares	Ownership (%)	Carrying amount			
The Company	Monterey Park Finance Limited	British Virgin Islands	Holding company	\$ 25,239,063	\$ 25,239,063	906,250,000	100	\$ 82,880,769	\$ 5,981,073	\$ 5,981,073	
The Company	Zhen Ding Technology Co., Ltd.	Taiwan	Trading company	125,488	125,488	12,548,800	100	2,251,579	( 350,613)	( 350,613)	
The Company	BoardTek Electronics Corp.	Taiwan	Manufacturing company	5,512,771	5,512,771	224,096,373	100	4,541,758	( 547,315)	( 599,507)	
The Company	Zhen Ding Technology Singapore Private Limited	Singapore	Holding company	835,500	3	30,000,000	100	828,183	( 6,089)	( 6,089)	
Monterey Park Finance Limited	Coppertone Enterprises Limited	British Virgin Islands	Holding company	2,862,585	2,862,585	102,785,806	100	68,498,834	4,775,540	4,774,869	
Monterey Park Finance Limited	Pacific Fair International Limited	Hong Kong	Holding company	7,616,975	7,616,975	2,133,300,000	100	9,820,864	485,514	485,514	
Monterey Park Finance Limited	Leading Interconnect International Limited	Hong Kong	Trading company	-	-	1	100	5,566	( 4,645)	( 4,645)	
Coppertone Enterprises Limited	Mayco Industrial Limited	Hong Kong	Holding company	33,283,756	33,283,756	9,321,841,932	100	68,450,712	4,775,552	4,775,552	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited	Cayman Islands	Holding company	139	139	5,000	100	698,644	( 1,164)	( 1,164)	
BoardTek Electronics Corp.	BoardTek Investment Co., Ltd.	Taiwan	Name of Investor	170,000	170,000	17,000,000	100	281,478	9,417	9,417	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	Hong Kong	Trading company	1,643,150	1,643,150	460,200,000	73	4,780,466	939,872	401,539	
Avary Holding (Shenzhen) Co., Limited	Avary Singapore Private Limited	Singapore	Holding company	1,786,021	407,446	64,130,000	73	812,790	( 535,253)	( 390,300)	
Garuda International Limited	Garuda Technology Co., Ltd.	Taiwan	Trading company	1,525,000	1,525,000	152,500,000	73	1,163,928	( 24,102)	( 17,354)	
Garuda International Limited	Avary Japan Co., Ltd.	Japan	Trading company	24,291	22,308	3,260	73	8,249	( 13,273)	( 9,677)	
Avary Singapore Private Limited	Avary Technology (India) Private Limited	India	Manufacturing company	268,535	268,535	71,620,000	73	( 275,671)	( 534,581)	( 389,921)	
FAT Holdings Limited	Zhen Ding Technology India Private Limited	India	Manufacturing company	23	-	6,250	63	( 82)	( 171)	( 107)	
Zhen Ding Technology Singapore Private Limited	Zhen Ding Technology India Private Limited	India	Manufacturing company	14	-	3,750	37	( 49)	( 171)	( 64)	
FAT Holdings Limited	Zhen Ding Developer India Private Limited	India	Property management company	24	-	6,250	-	23	( 7,540)	( 1,620)	
Zhen Ding Technology Singapore Private Limited	Zhen Ding Developer India Private Limited	India	Property management company	787,397	-	210,003,750	100	779,981	( 7,540)	( 5,920)	

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
INFORMATION ON THE INVESTMENTS IN MAINLAND CHINA  
Nine-month period ended September 30, 2021

Table 9

Expressed in thousands of NTD, except as otherwise indicated

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021	Net profit (loss) of investee for the current period	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company in the current period (Note 3)	Carrying amount of investments as of September 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacture and sales of PCB	\$ 10,067,049	2	-	-	-	-	\$ 3,739,395	73	\$ 2,499,799	\$ 20,138,435	-	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Manufacture and sales of PCB	3,988,525	2	-	-	-	-	( 409,849)	73	( 295,634)	142,051	-	
Avary Holding (Shenzhen) Co., Limited	Manufacture and sales of PCB	9,993,948	2	-	-	-	-	7,412,972	73	5,426,468	69,579,248	-	
Fu Bo Industrial (Shenzhen) Co., Ltd.	Manufacture and sales of PCB	473,851	2	-	-	-	-	7,567	73	5,503	460,136	-	
Yu Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	1,037,246	2	-	-	-	-	12,096	73	8,826	689,601	-	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	13,606,298	2	-	-	-	-	( 221,191)	73	( 242,147)	12,715,949	-	
Qi Ding Technology Qinhuangdao Co., Ltd.	Development, manufacture and sales of electronic products	2,053,596	2	-	-	-	-	738,736	100	741,152	2,491,536	-	
Kui Sheng Technology (Shenzhen) Limited	Manufacture and sales of PCB	86,100	2	-	-	-	-	7,637	73	5,560	108,959	-	
Huaian Jia Wei Industrial Development Co., Ltd.	Production and sale of construction materials, furniture and hardware tools	702,522	2	-	-	-	-	( 1,140)	100	( 1,140)	695,602	-	
Avary Holding Investment (Shenzhen) Co., Ltd.	Investments	796,425	2	-	-	-	-	118,559	73	85,948	648,907	-	
Zhan Yang Automation (Dongguan) Co., Ltd.	Research, development, sales, and processing of automated equipment and cargo or technology import/export	30,135	2	-	-	-	-	( 4,491)	32	( 774)	36,158	-	
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Development, manufacture and sales of electronic products	2,064,024	2	-	-	-	-	( 23,554)	70	( 15,172)	1,387,011	-	

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021	Net profit (loss) of investee for the current period	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company in the current period (Note 3)	Carrying amount of investments as of September 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Development, manufacture and sales of electronic products	\$ 215,250	2	-	-	-	-	(\$ 2,200)	70	(\$ 1,550)	\$ 149,977	-	

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

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

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

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
INFORMATION ON MAJOR SHAREHOLDERS  
September 30, 2021

Table 10

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