

Zhen Ding Technology Holding Limited

2022

Annual Report

Annual Report Website:

Market Observation Post System:<https://mops.twse.com.tw>

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

Printed on March 31, 2023

THIS IS A TRANSLATION OF THE 2022 ANNUAL REPORT (THE "ANNUAL REPORT") OF ZHEN DING TECHNOLOGY HOLDING LIMITED (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE ANNUAL REPORT SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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(30) BoardTek Electronics Corp.

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(31) BoardTek Investment Co., Ltd.

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Zhen Ding Technology Holding Limited

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CHAPTER 1. LETTER TO SHAREHOLDERS

2022 was an unusual year. Many major events happened throughout the year. The COVID-19 pandemic continued until the end of the year, as did the Russian-Ukraine conflict. Europe suffered a devastating shortage of natural gas. Meanwhile, rapidly increasing inflation triggered a series of sharp interest rate hikes by central banks around the world. However, with the efforts of all our employees and the support of our strategic partners, customers, and shareholders, our overall performance resulted in revenue totaling NT\$171.356 billion, an increase of 10.54% compared to 2021. In this environment, we were able to achieve such performance, which is very rare.

The various recent economic forecasts all predict that 2023 will be a very challenging year. However, an economic downturn presents the best opportunity for enterprises to transform. Throughout last year, we did not only achieve great operating performance, we were also actively constructing our Qinhuangdao Substrate Plant, Substrate Park in Shenzhen, Huaian No. 3 Park, and Kaohsiung Park. Among them, the Qinhuangdao Plant has entered mass production, the substrate plant in Shenzhen is in trial production, machinery is being installed in the Huaian No. 3 Park, and the building has been completed for the Kaohsiung Plant on January 6. These are all important strategies in our development deployment. As the economy improves, these projects will be provide the driving force for our continued growth. We must be prepared so we must put the pieces in place in advance. Judging from our past development, this is also an important strategy for us. Furthermore, Avary Holding's new headquarters building in Shenzhen will become operational this year, which marks a new milestone for the Company.

The Company's 2022 business overview and future outlook are as follows.

I. Revenue and profit continue to rise

Our consolidated revenue reached NT\$171.356 billion, representing an increase of 10.54% compared to the previous year. Our consolidated net profit after tax was NT\$20.535 billion (the consolidated net profit after tax attributable to the parent company was NT\$14.197 billion), representing an increase of 47.10% compared to the previous year. The earnings per share of the consolidated net profit after tax was NT\$21.73 (the earnings per share of the consolidated net profit after tax attributable to the parent company was NT\$15.02). Among our products, our four major product lines yielded excellent performance. We reached record highs in terms of both revenue and profit. These were the results of the joint efforts of all employees.

II. Global deployment for advanced developments

In response to the needs of customers, we are moving towards internationalization and global deployment. Therefore, in addition to the existing operating locations in China, we began deployment in India four years ago. In 2020, we purchased BoardTek in Taiwan and in 2021, we started construction of our Kaohsiung Plant. In the future, we will seek out new developments in other locations to meet new customer needs. This is necessary planning for an international company.

The Company will continue to focus on developing high-end products, including AR/VR, low orbit satellites, autonomous driving, and big data and AI applications. Because of our continuous optimization of our product combinations, we were able to profit and achieve stable growth even with the decrease in consumer electronics demand last year. We are developing high-end products with world-class customers, allowing us to stay ahead of the trends and master the latest technologies in the industry. Once our new high-end factories are completed and put into production in the future, they will definitely drive a new wave of growth for the Company.

III. Promoting One ZDT one-stop integrated service

During the many years of the Company's development, we have always been focused on, dedicated to, and professional in the development of our PCBs and industry chain. For our sustainable management goals, the choice of business model is key. So, since the deployment of One ZDT was proposed, the idea has been slowly coming to fruition, from the FPC in the early years to the development of MSAP and mini-LED in recent years and the latest substrates. Currently, our RPCB is optimizing product structures and the benefits of the new BoardTek factory will soon become apparent. These are all key steps in the implementation of One ZDT. In the future, One ZDT will not only complete the development of production lines and provide a one-stop procurement service for customers, but will also be the development strategy to improve overall performance.

IV. Staying ahead of the trends

From the perspective of market applications, the development of smart vehicles and new energy vehicles, data centers/servers, smart wearable devices, industrial IoT, metaverse, and Web 3.0 will generate more demand for PCB products. We will continue to work with our strategic partners to stay ahead of the trends and expand our market share.

The digital economy has become a major trend in global economic growth. Digital technologies have also become key to corporate development. We must understand these trends and create a leading enterprise. Starting in 2021, the Company has began promoting digital transformations based on corporate sustainable management. By using digital technologies, we will fully enhance the Company's core competitiveness. This year will be a critical time towards this goal. As electronic products become more and more sophisticated, the technical level of PCBs is also increasing. Therefore, we have introduced digital transformations and smart factory concepts in our construction of the new plants. Furthermore, we have entered into partnerships with well-known universities such as Tsinghua University, Chung Yuan University, and Yuan Ze University to promote the training of personnel for smart manufacturing, advanced manufacturing processes, and advanced materials. We are introducing smart manufacturing concepts in the education stage to train new talents for corporate digital transformations. In order to fully implement digital transformations step by step, we are also promoting various performance management systems internally. Through continuous improvement, we will incorporate it into the DNA of our corporate culture.

V. Talent cultivation for sustainable development

Talent is a very important part of the Company. With good talent, we can be a company that achieves sustainable development. In 2022, around 1,040 well-known technology companies around the world laid off employees, with nearly 16 thousand employees being fired. As of the mid-February this year, over 100 thousand people have been laid off by global technology companies.

Over the years, the Company has faced many challenges but we have always been dedicated to talent cultivation and retention. We have invested substantial resources in this aspect and are ready for changes in the environment. We are implementing reforms to strengthen each aspect of talent cultivation and retention, allowing the Company to establish an organizational system that rewards and promotes the capable, and demotes and eliminates the inferior. We have also created a system where a successor is in place for each position and are actively cultivating excellent talents.

Furthermore, in terms of the Company's sustainable development, we continue to enhance our ESG corporate sustainable responsibilities. Not only have we been included as a constituent stock of the "Taiwan Corporate Governance 100 Index" for three consecutive years and the "FTSE4Good Taiwan Sustainability Index" for two consecutive years, we have also showed significant improvement in our S&P Global Corporate Sustainability Rating and have been

included in the Global Sustainability Yearbook. In the “ESG Risk Assessment” published by the European sustainability rating authority in April 2022, the Company was also rated as low risk, improving our ranking to 16th among the global electronic parts industry. In the “Corporate Governance Assessment for TWSE/TPEX Listed Companies”, we were ranked in the top 25 listed electronics companies with a market value over NT\$10 billion, which was the best result compared to previous years. The Company is also actively promoting energy conservation and carbon reduction to achieve carbon neutrality. Since 2007, the Company has regularly conducted ISO14064 greenhouse gas inventories every year and obtained certification from the verifying unit. As of 2021, all production plants have received external greenhouse gas certification, and carbon intensity has decreased by 37%. These are the results of our hard work. While developing the Company, we have also fulfilled our social responsibilities and our corporate mission of EPS plus ESG. This is also another important goal of our efforts.

2023 will be a very difficult year, but it will also be a transformative year for the Company. The Company has formulated excellent management strategies, cultivated a solid corporate culture, and united excellent talents. Being in business for 10 years takes leadership, 50 years takes strategy, and 100 years takes culture. For our foundation for the next 100 years, Zhen Ding Group will continue to work tirelessly and pragmatically. We hope that this time next year, we will look back on this year and celebrate our exceptional 2023.

Chairman: Chang-Fang Shen

CHAPTER 2. Company Introduction

I. Date of Incorporation

June 5, 2006

II. Company and Group Profile

(I) Company Introduction

Its main investment in manufacturing companies includes Avary Holding (Shenzhen) Co., Ltd. (Avary Holding 002938.SZ), Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd., and BoardTek Electronics Corp. Avary Holding mainly produces PCB products and Leading Interconnect Semiconductor Technology mainly produces IC substrate-related products. Products are widely used in computing, consumer electronics, communication, networking, automotive, and medical sectors. BoardTek is focused on the development and production of telecommunications, high-speed computing, internet, and automobile related printed circuit board products and services.

Under the leadership of Chairman Chang-Fang Shen, Zhen Ding Holding Group has a management team with extensive experience.

The Company cooperates with world's leading customers and uses advanced technologies to establish a comprehensive manufacturing base with high efficiency and low cost. The aim is to develop an efficient, reasonable, automated, and unmanned modern manufacturing process. According to Prismark Printed Circuit, the Company was rated as the largest PCB manufacturing company in the world for six consecutive years since 2017.

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

Currently, the investee companies and all subsidiaries have passed clean production reviews and they continue to implement greenhouse gas inventory and other carbon emissions reduction management to promote ideals of green environmental protection and establish a green corporate culture. Environmental protection is the most important responsibility and mission of the Company. The Companies uphold the ideas of "One ZDT" (one-stop shopping service), continue to develop advanced production process technology and high-performance and cost-effective products. The Company will continue to lead industry developments, strengthen its core competitiveness, and promote its core values of "integrity, responsibility, innovation, excellence, and benefiting all". Through talent recruitment, the Company will elevate its overall management standard and meet international standards for research and development, production, sales, and operational management. Furthermore, environmental protection and work safety management will be continuously improved to uphold the principles of fair treatment towards employees, the environment, and suppliers. As the Company continues to grow with its strategic partners and innovate and develop, it will move towards the mission of "developing technology, benefiting humanity, protecting the environment, and making the world a better place".

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

(II) Group Structure: please refer to Page 291 of the Annual Report for more information.

III. Company History

Date	Milestones
June, 2006	Foxconn Advanced Technology Limited was established in the Cayman Islands. The initial capital was US\$70,000,000.
October, 2006	Foxconn Advanced Technology Limited (Cayman Islands) acquired 100% of the shares of Hung Sheng Electric Integration Technology Co., Ltd.
January, 2007	The Company established Hongqunsheng Precision Electronics (Yingkou) Co., Ltd. and Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.
April, 2007	The Company acquired Monterey Park Finance Limited and its shares in Fukui Precision Component (Shenzhen) Co., Ltd.
October, 2007	Foxconn Advanced Technology Limited issued new shares and acquired Light Flash International Limited and its shares in Honghuasheng Precision Electronics (Yantai) Co., Ltd.
April, 2008	The Company acquired World Bright Group Limited and its shares in Honghengsheng Electronical Technology (Huai'an) Co., Ltd.
June, 2010	Foxconn Advanced Technology Limited applied for guidance from Taiwan Stock Exchange Corporation and planned for immediate listing after return to Taiwan.
October, 2010	On October 20, 2010, the shareholders' meeting resolved to convert the nominal value of each share of Foxconn Advanced Technology Limited to NT\$10 and the paid-up capital became NT\$6,464,000,000.
June, 2011	The shareholders' meeting resolved to rename "Foxconn Advanced Technology Limited" to Zhen Ding Technology Holding Limited. Its Chinese name became 臻鼎科技控股股份有限公司. The Company performed a reelection of all directors and independent directors. The Company also established the Audit Committee and Remuneration Committee.
December, 2011	The Company was listed on the Taiwan Stock Exchange and the paid-up capital increased to NT\$6,699,290,000.
February, 2011	The Investment Commission of the Ministry of Economic Affairs approved the sales of Honghuasheng Precision Electronics (Yantai) Co., Ltd.
May, 2012	The Company was ranked 82nd in the 2011 Top 1000 manufacturing companies by CommonWealth Magazine.
June, 2012	The Company issued the first unsecured international convertible corporate bonds valued at US\$188 million and it was listed on the Singapore Stock Exchange.
September, 2013	The Company was ranked 639th in the 2012 "Top 1000 companies in China, Hong Kong, and Taiwan" by Business Today.
November, 2013	Acquired Forever Growth Investments Limited and its shares in Fubo Industry (Shenzhen) Co., Ltd.
April, 2014	The Company was ranked 555th in the 2013 "Top 1000 companies in China, Hong Kong, and Taiwan" by Business Today.
May, 2014	The Company was ranked 23rd in operational performance and 52nd in business revenue among the Top 1000 manufacturing companies by CommonWealth Magazine.
June, 2014	The Company issued the second unsecured international convertible corporate bonds valued at US\$300 million and it was listed on the Singapore Stock Exchange.

Date	Milestones
November, 2014	The Company's first international convertible corporate bonds issued in Taiwan were converted for listing in Taiwan.
May, 2015	The Company was ranked 4th in operational performance of electronic industry and 50th in business revenue among the Top 2000 manufacturing companies by CommonWealth Magazine (2014).
May, 2016	The Company was ranked 43rd in operating revenue in the 2015 "Top 2000 manufacturing companies" by CommonWealth Magazine.
December, 2016	The subsidiary company Fukui Precision Component (Shenzhen) Co., Ltd. exchanged shares for the acquisition of Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd., Hongqunsheng Precision Electronics (Yingkou) Co., Ltd., Qingding Precision Electronics (Huaian) Co., Ltd., and Yuding Precision Electronics (Huaian) Co., Ltd.; It also used cash to acquire Fubo Industry (Shenzhen) Co., Ltd. and Honghengsheng Electronical Technology (Huaian) Co., Ltd. to complete shareholding reorganization.
May, 2017	The Company's Board of Directors passed the reorganization of the subsidiary company Fukui Precision Component (Shenzhen) Co., Ltd. and officially renamed to Avary Holding (Shenzhen) Co., Ltd.
May, 2017	The Company was ranked 4th in operational performance of electronic industry and 42nd in business revenue among the Top 2000 manufacturing companies by CommonWealth Magazine (2016). Top 100 in revenue growth.
May, 2018	The Company was ranked 4th in operational performance of electronic industry, 35th in business revenue, and top 100 in revenue growth rate.
September, 2018	The subsidiary company Avary Holding (Shenzhen) Co., Ltd. was listed on Shenzhen A-Share.
2019	Included as a constituent stock of Taiwan Corporate Governance 100 Index
May, 2019	The Company was ranked 4th in operational performance of electronic industry and 39th in business revenue among the Top 2000 manufacturing companies by CommonWealth Magazine (2018).
November, 2019	The operation suspension of its wholly-owned subsidiary, Hongqunsheng Precision Electronics (Yingkou) Co., Ltd.
2020	Included as a constituent stock in "FTSE Taiwan Sustainability Index".
May, 2020	The Company was ranked 4th in operational performance of electronic industry and 35th in business revenue among the Top 2000 manufacturing companies by CommonWealth Magazine (2019).
November, 2020	Through capital increase and shares exchange with BoardTek, 44,819,274 common shares were issued and the paid-in capital increased to NT\$9,470,491,610.
May, 2021	The Company was ranked 4th in operational performance of electronic industry and 30th in business revenue among the Top 2000 manufacturing companies by CommonWealth Magazine (2020).
May, 2021	Avary Holding was ranked 185th in the "109 Top 1000 companies in China, Hong Kong, and Taiwan" by Business Today
April, 2022	Garuda Technology Southern Taiwan Science Park Branch was established (Kaohsiung Plant).
April, 2022	Ranked in the top 25 electronics companies with market value of more than NT\$10 billion in the Corporate Governance Evaluation.

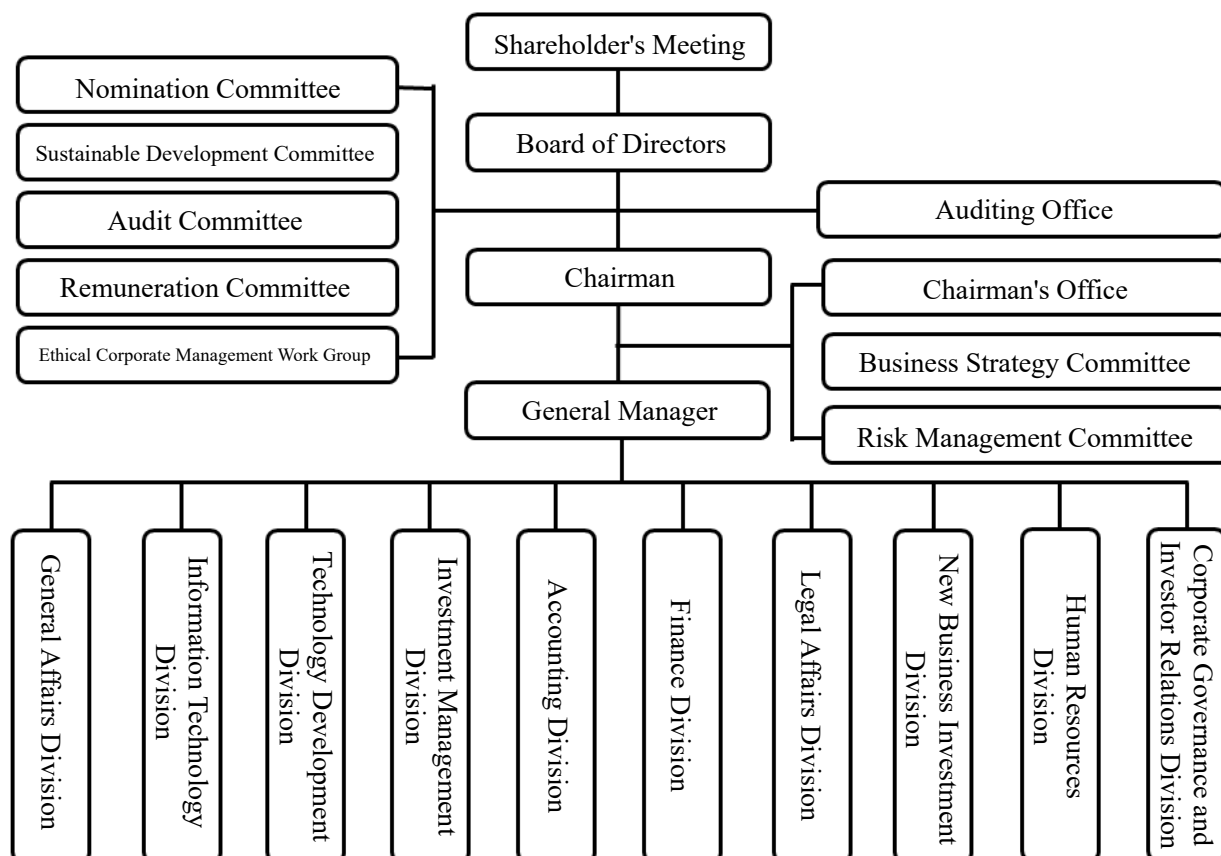
Date	Milestones
May, 2022	The Company was ranked 4th in operational performance of electronic industry and 35th in business revenue among the Top 2000 manufacturing companies by CommonWealth Magazine (2021).
March, 2023	The Garuda headquarters building was officially opened.

CHAPTER 3. Corporate Governance

I. Organization

(I) Organization Chart

As of March 31, 2023



(II) Major Corporate Functions

Divisions	Functions
Investment Management Division	The Investment Management Division provides recommendations and decisions for major investments, acquisitions, and other business activities of the Company and participates in risk assessment and controls to maximize the interest of the Company and shareholders. The Investment Management Division is responsible for supervision and management of branch companies, subsidiary companies, and overseas investments.
Finance Division	The Finance Division is responsible for the Company's long-term and short-term fund planning, allocation, and usage.
Accounting Division	The Accounting Division is responsible for the Company's accounting tasks and the formulation and execution of accounting policies and systems.
Legal Affairs Division	The Legal Affairs Division is responsible for the formulation and management of the Company's intellectual property rights policies, review of contracts, and related litigation.

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

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

(I) Information regarding Board Members

1. Board Members:

April 1, 2023

Title	Nationality or Registry	Name	Gender Age	Date Elected	Term (yr)	Date first elected	Shares Held When Elected		Shares Currently Held		Shares Held by Spouse & Minors		Shares Held by Nominee Arrangement		Selected Education & Work Experiences	Current Positions at the Company and Other Companies	Board Members who has a spouse or relative within two degrees of consanguinity serving as a manager or director at ZDT			Footnote
							Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relation	
Chairman	Republic of China	Chang-Fang Shen	Male 71~80	2020.06.19	3	2006.06.05	4,158,000	0.461%	4,588,000	0.484%	-	-	-	-	General Manager, Unicap Electronics Industrial Corp. General Manager, Promisedland Resort Executive Vice President, Pacific Securities Vice President of Underwriting, Asia Securities Section Chief, Export-Import Bank of the Republic of China Honorary Doctor of Science of Chung Yuan Christian University Bachelor of Department of Business Administration, Chinese Culture University	Note	-	-	-	
Director	CAYMAN ISLANDS	Foxconn (Far East) Limited		2020.06.19	3	2008.02.18	305,515,627	33.862%	305,515,627	32.260%	-	-	-	-	-	-	-	-	-	
Director Representative	Republic of China	CHE-HUNG YU	Male 51~60	-	-	-	-	-	-	-	-	-	-	-	Director, Avary Holding (Shenzhen) Representative of Institutional Director of ShunSin Technology Holdings Limited Master in Law, American	Note	-	-	-	

Title	Nationality or Registry	Name	Gender Age	Date Elected	Term (yr)	Date first elected	Shares Held When Elected		Shares Currently Held		Shares Held by Spouse & Minors		Shares Held by Nominee Arrangement		Selected Education & Work Experiences	Current Positions at the Company and Other Companies	Board Members who has a spouse or relative within two degrees of consanguinity serving as a manager or director at ZDT			Footnote
							Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relation	
															University, United States					
Director	Republic of China	John-See Lee	Male 71~80	2020.06.19	3	2011.06.07	-	-	-	-	-	-	-	-	President, Industrial Technology Research Institute Chairman, Development Center for Biotechnology PhD in Chemical Engineering, Illinois Institute of Technology, United States	Note	-	-	-	
Director	Republic of China	Ting-Chuan Lee	Male 51~60	2020.06.19	3	2020.06.19	-	-	80,000	0.008%	-	-	-	-	Manager, Compeq Manufacturing Company Limited Vice President, Unimicron Technology Corp. General Manager, Subtron Technology Co., Ltd. EMBA, National Taiwan University	Note	-	-	-	
Independent Director	Republic of China	Chih-Chen Chou	Male 61~70	2020.06.19	3	2011.06.07	-	-	-	-	-	-	-	-	CPA and Managing Partner, WeTec International CPAs Chairman, Taiwan Provincial Accountant Association PhD in Accounting, Shanghai University of Finance and Economics	Note	-	-	-	
Independent Director	Republic of China	Chen-Fu Chien	Male 51~60	2020.06.19	3	2020.06.19	-	-	-	-	-	-	-	-	Lecture Professor, National Tsing Hua University Director, Artificial Intelligence for Intelligent Manufacturing Systems (AIMS) Research Center Independent Director, Uniflex Technology Inc. Independent Director of	Note	-	-	-	

Title	Nationality or Registry	Name	Gender Age	Date Elected	Term (yr)	Date first elected	Shares Held When Elected		Shares Currently Held		Shares Held by Spouse & Minors		Shares Held by Nominee Arrangement		Selected Education & Work Experiences	Current Positions at the Company and Other Companies	Board Members who has a spouse or relative within two degrees of consanguinity serving as a manager or director at ZDT			Footnote
							Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relation	
															Airoha Technology University of Wisconsin - Madison, USA Ph.D, Decision Science and Operations					
Independent Director	Republic of China	Chi-Hsien Lee	Male 61~70	2020.06.19	3	2020.06.19	-	-	-	-	-	-	-	-	Chairman, Hua Nan Securities Co., Ltd. Chairman, Securities and Futures Institute Chairman, Taiwan Ratings Company Chairman, Taiwan Stock Exchange Corp. Chairman, Taiwan Index Plus Corp. General Manager and Acting Chairman, Taipei Exchange Director, Securities and Futures Bureau, FSC Masters of Economics, Chinese Culture University	Note	-	-	-	

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

Title	Name	Concurrent position in the Company and/or other companies
Chairman	Chang-Fang Shen	Chairman, Zhen Ding Technology Co., Ltd. Chairman, Avary Holding (Shenzhen) Co., Ltd. Director, Monterey Park Finance Limited Director, FAT Holdings Limited Director, Pacific Fair International Limited Director, Mayco Industrial Limited Director, Coppertone Enterprises Limited
Director Representative	Che-Hung Yu	Director, Avary Holding (Shenzhen) Co., Ltd. Supervisor, Garuda Technology Co., Ltd. Supervisor, Zhen Ding Technology Co., Ltd. Representative of Institutional Director of Syntrend Creative Park Co., Ltd. Representative of Institutional Director of ShunSin Technology Holdings Limited
Director	John-See Lee	Independent Director, Far Eastern New Century Corporation Independent Director, Everlight Electronics Co., Ltd. Independent Director, San Fu Chemical Co., Ltd. Chairman, Personal Genomics Taiwan, Inc. Chairman, Quark Biosciences, Inc.
Director	Ting-Chuan Lee	President, Zhen Ding Technology Holding Limited Executive Director, Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. Executive Director of Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd. Executive Director, Qi Ding Technology Qinhuangdao Co., Ltd. Director, Leading Interconnect International Limited Director, Leading Interconnect Technology Limited
Independent Director	Chih-Chen Chou	CPA and Managing Partner, WeTec International CPAs Independent Director, Sonix Technology Co., Ltd. Independent Director, CoAsia Electronics Corp. Director, UltraChip Inc. Representative of Institutional Director, Medical Imaging Corporation Representative of Institutional Director, AnCang Construction Co., Ltd.
Independent Director	Chen-Fu Chien	Lecture Professor and Executive Vice President, National Tsing Hua University Chairperson, Just College Foundation Director, Chinese Institute of Industrial Engineers Director, Artificial Intelligence for Intelligent Manufacturing Systems (AIMS) Research Center National Quality Award Review Committee Member, Ministry of Economic Affairs Science and Technology Program Review Committee Member, National Science and Technology Council Independent Director, Uniflex Technology Inc. Independent Director, Airoha Technology Co., Ltd.

Title	Name	Concurrent position in the Company and/or other companies
Independent Director	Chi-Hsien Lee	Director, Taiwan-Japan M&A Center Inc. Director, Securities Investment Trust & Consulting Association of the R.O.C. Executive Director, Securities Analysts Association

2. Major shareholders of Institutional Director

April 2, 2023

Name of Institutional Director	Major shareholders of Institutional Director
Foxconn (Far East) Limited	Hon Hai Precision Industry Co., Ltd.

3. Major Shareholder of Institutional Shareholder that is an Institutional Shareholder and Percentage of Shares Held (Top 10 Shareholders)

April 2, 2023

Major Shareholder of Institutional Director	Major Institutional Shareholders (Top 10 Shareholders)	Shares Held (shares)	Shares Held (%)
Hon Hai Precision Industry Co., Ltd.	Terry Gou	1,742,198,518	12.56%
	Citibank in custody for Government of Singapore Investment Account	384,950,883	2.78%
	Bureau of Labor Funds	227,912,434	1.64%
	Standard Chartered Bank in custody for LGT Bank Investment Account	166,866,294	1.20%
	JPMorgan Chase Bank N.A. in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	164,531,761	1.19%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	157,421,135	1.14%
	Norges Bank	146,923,796	1.06%
	Citibank in custody for Hon Hai Precision Industry Co., Ltd. Depositary Receipts Account	146,681,375	1.06%
	ChinaTrust Commercial Bank in custody for Yuanta Taiwan Excellence 50	122,722,263	0.89%
	Standard Charter in custody for iShares Emerging Markets ETF Investment Account	113,712,928	0.82%

4. Professional qualifications and experience of Directors and independence information disclosure of Independent Directors:

Criteria Name and title	Professional qualifications and experience	Independence	Number of positions as an independent director in other public companies
Chang-Fang Shen (Chairman)	<ol style="list-style-type: none"> 1. Work experience in business, finance, accounting, and other areas relevant to the business of the Company 2. Once held the positions of President of Unicap Electronics Industrial Corp., President of Promisedland Resort, Executive Vice President of Pacific Securities, and Vice President of Underwriting, Asia Securities. 3. Does not contain matters related to all paragraphs of Article 30 and Article 27 of the Company Act. 	N/A	None
Foxconn (Far East) Limited Representative: Che-Hung Yu (director representative)	<ol style="list-style-type: none"> 1. Have experience in law and work experience necessary for the business of the Company. 2. Currently serving as Representative of Institutional Director, ShunSin Technology Holdings Limited and Syntrend Creative Park., Ltd. 3. Does not contain matters related to all paragraphs of Article 30 and Article 27 of the Company Act. 		None

Criteria Name and title	Professional qualifications and experience	Independence	Number of positions as an independent director in other public companies
John-See Lee (Director)	<ol style="list-style-type: none"> 1. Have work experience necessary for the business of the Company. 2. Served as Chairman, Industrial Technology Research Institute and Development Center for Biotechnology 3. Does not contain matters related to all paragraphs of Article 30 and Article 27 of the Company Act. 	N/A	3
Ting-Chuan Lee (Director)	<ol style="list-style-type: none"> 1. Have work experience necessary for the business of the Company. 2. Served as Vice President of Unimicron Technology Corp. 3. Does not contain matters related to all paragraphs of Article 30 and Article 27 of the Company Act. 		None
Chih-Chen Chou (Independent Director)	<ol style="list-style-type: none"> 1. Have experience in accounting and audits and work experience necessary for the business of the Company. 2. Currently serves as CPA of WeTec International CPAs, independent director of Sonix Technology Co., Ltd. and CoAsia Electronics Corp., director of UltraChip Inc., and representative of institutional director of AnCang Construction Co., Ltd. 3. Does not contain matters related to all paragraphs of Article 30 and Article 27 of the Company Act. 	<ol style="list-style-type: none"> 1. The Independent Directors of the Company are in compliance with the independence criteria. 2. Including, but not limited to, whether the independent director, their spouse, or their relatives within the second degree of kinship have not served as directors, supervisors, or employees of the Company or its affiliates, do not hold shares of the Company, and are not acting as directors, supervisors, or employees of companies that have specific relationships with the Company. 	2

<div>Criteria</div> <div>Name and title</div>	Professional qualifications and experience	Independence	Number of positions as an independent director in other public companies
Chen-Fu Chien (Independent Director)	<ol style="list-style-type: none"> 1. Have experience in smart manufacturing, AI, and circular economy and work experience necessary for the business of the Company. 2. Currently serving as Lecture Professor and Executive Vice President of National Tsing Hua University and independent director of Uniflex Technology Inc. 3. Does not contain matters related to all paragraphs of Article 30 and Article 27 of the Company Act. 	<ol style="list-style-type: none"> 3. Has not received remuneration for providing business, legal, financial, or accounting services to the Company or its affiliated enterprises in the most recent 2 years. 	2
Chi-Hsien Lee (Independent Director)	<ol style="list-style-type: none"> 1. Work experience in business, finance, accounting, and other areas relevant to the business of the Company 2. Once held the position of Director, Securities and Futures Bureau, Financial Supervisory Commission, and Chairman of Taiwan Stock Exchange, Securities and Futures Institute, and Hua Nan Securities Co., Ltd. 3. Does not contain matters related to all paragraphs of Article 30 and Article 27 of the Company Act. 		None

5. Diversity and Independence of the Board of Directors:

(1) Board Diversity:

- The Company has stipulated in the Corporate Governance Best Practice Principles that diversity shall be considered in the composition of board members. Directors who are also managers in the Company may not take up more than one-third of all seats. In addition, appropriate diversity policies shall be stipulated reflective of the Company's operation status, operational pattern, and developmental needs, which shall include, without limitation, the following two major aspects:

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

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

1. Ability to make sound business judgments.
2. Ability to perform accounting and financial analyses.
3. Business management skills.
4. Crisis management skills.
5. Industrial knowledge.
6. An international market perspective.
7. Leadership skills.
8. Decision-making capabilities.

- The current Board of Directors of the Company consists of 7 directors. The specific management goals and implementation of director diversification policies are as follows:

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

- Board Diversification Implementation:

Diversification items Name	Basic Composition				Practical Experience in the Industry and Professional Capability									
	Nationality and Gender	Age	Number of Years Acting as Independent Director of the Company	Employee of the Company	Insurance	Banks	Securities	Business Management	Asset Management	Finance	Accounting	Law	Technology	Risk Management
Chang-Fang Shen	Republic of China (Male)	71-80		✓		✓	✓	✓	✓	✓	✓		✓	✓
Che-Hung Yu	Republic of China (Male)	51-60						✓				✓		✓
John-See Lee	Republic of China (Male)	71-80						✓					✓	✓
Ting-Chuan Lee	Republic of China (Male)	51-60		✓				✓					✓	✓
Chih-Chen Chou	Republic of China (Male)	61-70	11.5					✓			✓			✓
Chen-Fu Chien	Republic of China (Male)	51-60	2.5					✓					✓	✓
Chi-Hsien Lee	Republic of China (Male)	61-70	2.5		✓	✓	✓	✓						✓

The percentage of directors serving as employees of the Company is 28.57%. Three directors are 51 to 60 years old, two directors are 61 to 70 years old, and two directors are 71 to 80 years old. In order to continue to improve gender equality among the directors, the Company has established the goal of adding a female director during the next election of directors.

(2) Independence of the Board of Directors:

The Company's current Board of Directors consists of 7 members, including 4 directors and 3 independent directors. The percentage of independent directors is 42.86%. All independent directors of the Company comply with the regulations of the "Regulations on Establishment of Independent Directors of a Public Offering Company and Matters to be Complied with". There are no situations falling under Subparagraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act among the directors and independent directors. The Board of Directors of the Company is independent, and information on the professional qualifications and experience of the directors and the independence of the independent directors can be found on Pages 17 to 19 of the Annual Report.

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

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

(II) Information Regarding President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Subsidiaries

April 1, 2023

Title	Nationality	Name	Gender	On-board Date	Shares Held		Shares Held by Spouse & Minors		Shares Held by Nominee Arrangement		Selected Education & Work Experiences	Current Position at Other Companies	Managers who has a spouse or relative within two degrees of consanguinity serving as a manager at ZDT			Footnote
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relation	
President	Republic of China	Ting-Chuan Lee	Male	2017.05.11	80,000	0.008%	-	-	-	-	Manager, Compeq Manufacturing Company Limited Vice President, Unimicron Technology Corp. General Manager, Subtron Technology Co., Ltd. EMBA, National Taiwan University	Note 1	-	-	-	
Vice President	Republic of China	Jing-Hsien Hsieh	Male	2021.08.30	-	-	-	-	-	-	Deputy Commissioner, Criminal Investigation Bureau, National Police Agency, Ministry of the Interior 1. Commissioner, Yilan County Police Bureau 2. Masters, Department of Administration Police, Central Police University	-	-	-	-	
Assistant Vice President (Accounting Executive) (Note 2)	Republic of China	Yuan-Shen Wang	Female	2022.08.09	-	-	-	-	-	-	CFO, Getac Technology Corporation CFO, Creative Sensor Inc. Section Chief, Qisda Corporation Master of Finance, Golden Gate University	-	-	-	-	
Senior Manager (Corporate Governance Officer)	Republic of China	Duen Ling	Female	2021.05.07	10,000	0.001%	-	-	-	-	Department of Underwriting, Asia Securities General Manager, Apex Investment Consulting Co., Ltd. Supervisor, Ways Technical Corp., Ltd. Bachelor's degree, Tatung University	-	-	-	-	
Deputy Manager (Financial supervisor)	Republic of China	Ding-Hao Lin	Male	2022.08.09	-	-	-	-	-	-	Vice President, HTC Corporation Vice President, Ardentec Technology Masters, Department of Business Administration, University of Houston	-	-	-	-	

Note 1: President Ting-Chuan Lee of the Company is a director of the Company. Please see Pages 155 above for the positions he concurrently holds.

Note 2: Originally served as the financial supervisor. Appointed as the accounting supervisor on August 9, 2022, due to internal position adjustments.

(III) Remunerations to directors, president, and vice presidents in the most recent year

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

December 31, 2022; Unit: NT\$ thousands

Title	Name	Remunerations Paid to Directors								Amount and Ratio of Total A, B, C and D to Net Income		Compensation Earned as an Employee of the Company or of the Company's Consolidated Entities								Amount and Ratio of Total A, B, C, D, E, F and G to Net Income		Compensation from Non-consolidated Affiliates or Parent Company
		Remuneration (A)		Pension (B)		Remuneration (C)		Allowances (D)				Salary, Bonus and etc. (E)		Pension (F)		Employees' Remuneration (G)						
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities			
Chairman	Chang-Fang Shen	768	768	-	-	77,918	77,918	-	-	78,686 0.38%	78,686 0.38%	21,096	21,096	-	-	123,917	-	123,917	-	223,699 1.09%	223,699 1.09%	
Director	Foxconn(Far East) Limited																					
Representative	Che-Hung Yu																					
Director	Ting-Chuan Lee																					
Director	John-See Lee																					
Independent Director	Chih-Chen Chou	2,160	2,160	-	-	7,500	7,500	-	-	9,660 0.05%	9,660 0.05%	-	-	-	-	-	-	-	9,660 0.05%	9,660 0.05%		
Independent Director	Chen-Fu Chien																					
Independent Director	Chi-Hsien Lee																					
<p>(1) Please describe the policies, structure, systems, standards, and structures for the payment of independent director remuneration, and the relationship of the remuneration amount according to the associated responsibilities, risks, and investment time.</p> <p>With reference to general industry practices and with regard to the responsibilities, risks, investment time and value of individual directors' participation and contribution to the Company's operations, the necessity, rationality, legality, company risks and industry considerations are considered based on the salary level of the industry. The standard evaluation is closely related to the business performance of the Company. The independent directors shall focus on good management, always pay attention to the industrial issues related to the Company, faithfully perform the duties stipulated by laws and regulations, and report the evaluation results to the Remuneration Committee and the Board of Directors. The remuneration will be distributed after it is approved. It is closely related to business performance. The amount paid has been deemed to be reasonable.</p> <p>(2) In addition to the table above, in the most recent fiscal year, compensation for services provided by directors of the company (including as a non-employee advisor for all companies/investees under the parent company/in the Financial Report) is as follows: None.</p>																						

Table of Remunerations Paid to Directors

Remuneration Range	Name of Directors			
	Sum of first 4 remunerations (A+B+C+D)		Sum of first 7 remunerations (A+B+C+D+E+F+G)	
	The Company	Consolidated Entities (H)	The Company	Consolidated Entities (I)
Less than NT\$1,000,000	Legal representative: Che-Hung Yu	Legal representative: Che-Hung Yu	Legal representative: Che-Hung Yu	Legal representative: Che-Hung Yu
NT\$1,000,000 to NT\$2,000,000	-	-	-	-
NT\$2,000,000 to NT\$3,500,000	Foxconn, Ting-Chuan Lee, John-See Lee, Chih-Chen Chou, Chen-Fu Chien, and Chi-Hsien Lee	Foxconn, Ting-Chuan Lee, John-See Lee, Chih-Chen Chou, Chen-Fu Chien, and Chi-Hsien Lee	Foxconn, John-See Lee, Chih-Chen Chou, Chen-Fu Chien, and Chi-Hsien Lee	Foxconn, John-See Lee, Chih-Chen Chou, Chen-Fu Chien, and Chi-Hsien Lee
NT\$3,500,000 to NT\$5,000,000	-	-	-	-
NT\$5,000,000 to NT\$10,000,000	-	-	-	-
NT\$10,000,000 to NT\$15,000,000	-	-	-	-
NT\$15,000,000 to NT\$30,000,000	-	-	-	-
NT\$30,000,000 to NT\$50,000,000	-	-	-	-
NT\$50,000,000 to NT\$100,000,000	Chang-Fang Shen	Chang-Fang Shen	Ting-Chuan Lee	Ting-Chuan Lee
Above NT\$100,000,000	-	-	Chang-Fang Shen	Chang-Fang Shen
Total	8	8	8	8

2. Remunerations of the President and Vice Presidents:

December 31, 2022; Unit: NT\$ thousands; thousand shares: %

Title	Name	Salary (A)		Pension (B)		Bonus and allowance (C)		Employee's Compensation (D)				Amount and Ratio of Total A, B, C and D to Net Income		Compensation from Non-consolidated Affiliates or Parent Company
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company		Consolidated Entities		The Company	Consolidated Entities	
								Cash	Stock	Cash	Stock			
President	Ting-Chuan Lee	6,846	6,846	-	-	3,860	3,860	48,000	-	48,000	-	58,706 0.29%	58,706 0.29%	-
Vice President	Jing-Hsien Hsieh													

Table of Compensation Range Paid to President and Vice Presidents

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

3. Managerial Officer's Name and the Distribution of Employee Bonus:

Unit: NT\$ thousands

	Title	Name	Stock	Cash	Total	Total as percent of net income after tax (%)
Officers	President	Ting-Chuan Lee	-	56,020	56,020	0.2728%
	Vice President	Jing-Hsien Hsieh				
	Assistant Vice President	Yuan-Shen Wang				
	Senior Manager	Duen Ling				
	Deputy Manager	Ding-Hao Lin				

(IV) Includes the analysis results for the ratios of the net incomes to individual and each financial report, and that all of the Company's total remuneration amounts paid to Company directors, supervisors, General Managerial Officers, and Deputy General Managerial Officers in the last 2 years; and specify the relevance between the payment remuneration policies, standards and combinations, remuneration setting procedures, operating performances, and future risks:

1. Analysis of the ratio of remuneration paid by the Company and by all companies included in the consolidated financial statements for the most recent two fiscal years to directors, supervisors, the president, and vice presidents of the Company to the net profit after taxes:

Unit: NT\$ thousands

Item	For the year ended December 31, 2021		For the year ended December 31, 2022	
	Amount	%	Amount	%
Directors, President and Vice Presidents	78,595	0.57%	147,052	0.72%
Total Net Income:	13,694,368	100.00%	20,535,312	100.00%

2. The Company's policies and standards of paying remunerations, and packages of remuneration; the procedure for making such decisions; and relation to business performance and future risks:
 - (1) According to the Article 13.5 of the Articles of Association, director remuneration shall not exceed 0.5% of the profits in the current year, and the remuneration assessment shall be based on the performance evaluation of the Board of Directors and functional committee. In addition to the Company's overall performance, future development trend and risks in the industry, the Company shall also consider individual's contribution to the Company's performance (net profit after tax, earnings per share and return on shareholders' equity, etc.) for providing reasonable remuneration. All related performance evaluation and the reasonableness of salary and remuneration shall be reviewed by the Remuneration Committee and the Board of Directors. They shall review the remuneration in a timely manner based on actual business operations and related laws to maintain a balance between sustainable management and risk management. The assessment results shall be discussed and approved by the Remuneration Committee and the Board of Directors before distribution.
 - (2) In terms of manager remuneration, the Board of Directors has sound supervisory functions and strengthened management capabilities. Based on the concept of corporate social responsibility and sustainable management, the Company integrates sustainable management into the "environmental protection, social, and governance" framework that complies with ESG standards. In addition to fulfilling its obligations under laws and regulations, the company also upholds the spirit of corporate social responsibility to achieve the goal of sustainable management and enhance the influence of senior management's corporate social responsibility. The Company does not hire remuneration consultants separately. Instead, we have set up a Remuneration Committee that is responsible for assisting the Board of Directors in formulating the Company's overall remuneration policy, and determining the forms of remuneration for directors (including independent directors) and managers. The committee uses the performance feedback mechanism of the operating strategy committee, as well as the company's revenue and profit as indicators. It also incorporates ESG evaluation indicators into the general manager's performance evaluation, accounting for 10% of the evaluation criteria, and establishes an effective link with variable remuneration based on the above evaluation criteria.

III. Implementation of Corporate Governance

(I) Operations of the Board of Directors

The Company convened a total of 6 meetings (A) of the Board of Directors in 2022 and the attendance of Directors was as follows:

Title	Name	Actual attendance (B)	Attendance by Proxy	Attendance rate (%) (B/A)	Footnote
Chairman	Chang-Fang Shen	6	0	100%	
Director	Foxconn (Far East) Limited Representative: Che-Hung Yu	6	0	100%	
Director	John-See Lee	6	0	100%	
Director	Ting-Chuan Lee	6	0	100%	
Independent Director	Chih-Chen Chou	6	0	100%	
Independent	Chen-Fu Chien	6	0	100%	

Director					
Independent Director	Chi-Hsien Lee	6	0	100%	

Other items that shall be recorded:

I. Should any of the following take place in a board meeting, the date and number of the meeting, the content of proposal, independent director's opinions, and the Company's response to such opinions should be recorded:

(I) Conditions listed in Article 14-3 of the Securities and Exchange Act: The Company has established the Audit Committee. Concerning the provisions of Article 14-5 of the Securities and Exchange Act, please refer to the operating status of the Audit Committee in the annual report.

(II) Aside from the above matters, other resolutions adopted by the Board of Directors to which an independent director has expressed objections or qualified opinions on record or in writing: None.

II. Details, including names of directors, proposals, reasons for conflict of interest, and voting, of circumstances where directors recuse themselves due to conflict of interest: No directors recused themselves due to conflicts of interest.

III. The frequency and period, scope, method and content of evaluation of the Company's Board of Directors' self (or peer) evaluation. The implementation of the Board of Directors evaluation is as shown in the table below:

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Measures
Once a year and completed before the end of the first quarter of the following year. An evaluation shall be conducted by an external professional institution or expert team at least once every 3 years.	2022.01.01-2022.12.31	Board Meetings	Corporate Governance and Investor Relations Division self-evaluation	1. Level of participation in the Company's operations 2. Improvement of the quality of the Board of Directors' decision making. 3. Composition and structure of the Board of Directors. 4. Election and continuing education of the directors. 5. Internal controls
		Individual board members	Board member self-assessment	1. Familiarity with the Company's goals and mission 2. Understanding of the role and responsibilities of directors 3. Level of participation in the Company's operations 4. Internal relations management and communication 5. Professionalism and continuing education of directors 6. Internal controls
		Functional committees	Corporate Governance and Investor Relations Division self-evaluation	1. Level of participation in the Company's operations 2. Understanding of the committee's role and responsibilities 3. Improvement in the quality of decision-making by the functional committees 4. The composition of functional committees and the election of committee members 5. Internal controls

(I) The 2022 Board of Directors and Functional Committees Performance Evaluations of the Company

were reported to the Board of Directors on March 13, 2023. The description is as follows:

- (1) Average score of the Board of Directors self evaluation: 4.89 points (out of 5)
- (2) Average score of the Board member self evaluation: 4.93 points (out of 5)
- (3) Average score of the Audit Committee self evaluation: 4.91 points (out of 5)
- (4) Average score of the Remuneration Committee self evaluation: 4.89 points (out of 5)
- (5) Average score of the Sustainable Development Committee self evaluation: 4.76 points (out of 5)
- (6) The Nomination Committee did not convene for evaluation because there were no relevant proposals.

The Board of Directors and Functional Committees are well-operated, fulfilling supervision, and strengthening management functions, enhancing corporate governance performance.

- (II) The Company engaged the external institution, Taiwan Corporate Governance Association, to conduct the Board of Directors performance evaluation in 2021 for the period between November 1, 2020 and October 31, 2021. The Association sent 3 evaluation experts to evaluate the performance of the Board of Directors through questionnaires and interviews based on the composition, authorization, supervision, communication, and self-discipline of the Board of Directors and the internal control systems and risk management. The Association and experts have no business relationship with the Company and are independent. The evaluation report was submitted on January 7, 2022, and the Company reported the results and future improvement plan to the Board of Directors on March 16, 2022.

- (III) The Company's Rules for Evaluating Board of Directors and Functional Committee Performance and evaluation results have been disclosed on the Company's website.

IV. Programs this year and in the most recent year for strengthening the functionality of the Board (establishment of an audit committee, improve transparency, etc.) and the evaluation of such measures:

- (I) The Company has established an audit committee to exercise the powers provided for in the Securities and Exchange Act, Company Act, and other relevant laws and regulations. Please refer to Section (II) Audit Committee Operations of this chapter for relevant information.
- (II) Improving Information Transparency: After each board meeting, the Company promptly posts important board resolutions on the Market Observation Post System to safeguard shareholder rights. We also hold corporate briefings from time to time to enhance investor understanding of the Company's financial and business information.

(II) Operations of the Audit Committee

The Company has established an Audit Committee composed of all independent directors, which meets at least once per quarter. In the 2022 fiscal year, the Committee met 4 times

(A). The attendance of independent directors is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance rate (%) (B/A)	Footnote
Independent Director and Convener	Chih-Chen Chou	4	0	100%	
Independent Director	Chen-Fu Chien	4	0	100%	
Independent Director	Chi-Hsien Lee	4	0	100%	

Other items that shall be recorded:

- I. The date of the Audit Committee meeting, the term, contents of the proposals, dissenting or qualified opinions given by independent directors or contents of major proposed items, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting:

- (I) Items listed in Article 14-5 of the Securities and Exchange Act.

Meeting date and period	Key Resolutions and the Company's follow-up implementation
2022.03.16 (9th meeting of the 4th Audit Committee)	<ol style="list-style-type: none"> 1. Passed 2021 "Internal Control System Statement". 2. Passed the inclusion of the sustainability report preparation and verification processes in the "Internal Control System". 3. Passed the amendment to the "Procedures for Acquisition or Disposal of Assets".

	<p>4. Passed the 2021 Business Report.</p> <p>5. Passed 2021 consolidated financial statements.</p> <p>6. Passed the earnings distribution table in the distribution of earnings proposal and cash dividends for 2021.</p> <p>7. Passed the evaluation of the CPA.</p> <p>8. Passed the proposal for the appointment and remuneration for the certifying CPAs.</p> <p>Opinions of Independent Directors: None.</p> <p>Resolution result: Passed by all members of the Audit Committee and implemented in accordance with the resolution and regulations.</p> <p>The Company's response to the Audit Committee's opinions: Presented in the board meeting and passed by all attending directors as proposed.</p>
2022.05.11 (10th meeting of the 4th Audit Committee)	<p>1. Passed the 1st quarter consolidated financial statements for 2022.</p> <p>2. Passed the limit on the amount of endorsements/guarantee made by the Company to a wholly-owned subsidiary of the Company.</p> <p>3. Passed the capital increase proposal for the subsidiary, Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.</p> <p>Opinions of Independent Directors: None.</p> <p>Resolution result: Passed by all members of the Audit Committee and implemented in accordance with the resolution and regulations.</p> <p>The Company's response to the Audit Committee's opinions: Presented in the board meeting and passed by all attending directors as proposed.</p>
2022.08.09 (11th meeting of the 4th Audit Committee)	<p>1. Passed the Company's second quarter consolidated financial statements for 2022.</p> <p>2. Passed the Company's replacement of the accounting supervisor and financial supervisor.</p> <p>3. Passed the capital increase for the subsidiary Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.</p> <p>Opinions of Independent Directors: None.</p> <p>Resolution result: Passed by all members of the Audit Committee and implemented in accordance with the resolution and regulations.</p> <p>The Company's response to the Audit Committee's opinions: Presented in the board meeting and passed by all attending directors as proposed.</p>
2022.11.04 (12th meeting of the 4th Audit Committee)	<p>1. Passed the company's 3rd quarter consolidated financial statements for 2022.</p> <p>2. Passed the endorsements/guarantee made by the Company to a wholly-owned subsidiary of the Company.</p> <p>3. Passed the Company's 2023 audit plan.</p> <p>Opinions of Independent Directors: None.</p> <p>Resolution result: Passed by all members of the Audit Committee and implemented in accordance with the resolution and regulations.</p> <p>The Company's response to the Audit Committee's opinions: Presented in the board meeting and passed by all attending directors as proposed.</p>

(II) Aside from the above matters, other resolutions that are passed by a two-thirds majority or more of the Board of Directors but without being passed by the Audit Committee: No such situations occurred this year.

II. When an independent director recuses himself/herself from proposals involving the conflict of interest, the independent director's name, the proposal, cause for the conflict of interest, and the voting shall be specified: The Company had no independent director who recused himself/herself from proposals involving the conflict of interest.

III. Key focuses of the Audit Committee for 2022:

- Matters reviewed by the Audit Committee include:
 - Establishment or amendments to the internal control system according to Article 14-1 of the Securities and Exchange Act.
 - Evaluation of the effectiveness of internal control systems.
 - Establishment or amendment of the asset acquisition/disposal procedures, derivative trading

procedures, lending procedures, endorsement and guarantee procedures, and other procedures involving major financial consequences according to Article 36-1 of the Securities and Exchange Act.

- (4) Matters concerning the personal interests of Directors.
 - (5) Material asset or derivatives transactions.
 - (6) Material loaning of funds, making of endorsements or provision of guarantees.
 - (7) Offering, issuance, or private placement of any equity-type securities.
 - (8) Appointment, dismissal and compensation of CPAs.
 - (9) Appointments and dismissal of finance, accounting and internal audit managers.
 - (10) Financial statements signed or stamped by the chairman, manager, and accounting supervisor.
 - (11) Other material items required by the Company or competent authorities
2. Annual work focus:
- (1) Agenda arrangements (Audit Committee and communication meeting).
 - (2) Organize Audit Committee according to the law (meeting notice and minutes).
 - (3) The Audit Committee is responsible for tracking and executing items that require improvement.
 - (4) Provide the Company information necessary for independent directors to fully exercise their duties.
 - (5) Establish and revise organizational regulations and related operating procedures.
 - (6) Announce the declaration of Audit Committee-related matters according to the law (organizational regulations and operating status).
 - (7) Whether all employees, managers, and directors have related-party transactions and potential conflicts of interest.
 - (8) Stakeholder comments and complaints.
 - (9) Interest/exchange rate risk management.
 - (10) Information security.
 - (11) Occupational safety and environmental protection regulatory compliance.

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

(I) Records of communication between independent directors and accountants:

Date	Communication subject	Guidance comments
2022.03.09	Verbal Communication: 1. CPAs reported the 2021 company business performance and financial analysis. 2. 2021 Audit Report: The type of audit report issued by CPAs, materiality for the current period, major audit items, material adjusting entries and unadjusted entries, related party transactions, group financial report auditing, fraudulent and non-compliance events, quality of accounting practices, post-event matters, and customer declarations. 3. Impact of COVID-19. 4. Verification of CPA independence. 5. CPAs communicated and discussed independent directors' inquiry.	The Audit Committee approved the financial report and presented it to the Board of Directors for approval, and announced and submitted it to the competent authority as scheduled.
2022.08.08	Verbal Communication: 1. CPAs reported the 2022 company business performance and financial analysis. 2. Audit Report for the first half of 2022: The type of audit report issued by CPAs, materiality for the current period, major audit items, material adjusting entries and unadjusted entries, related party transactions, group financial report auditing, fraudulent and non-compliance events, quality of accounting practices, post-event matters, and	The Audit Committee approved the financial report and presented it to the Board of Directors for approval, and announced and submitted it to the competent authority as scheduled.

	customer declarations. 3. Impact of COVID-19. 4. Verification of CPA independence. 5. CPAs communicated and discussed independent directors' inquiry.	
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(II) Records of communication between independent directors and internal auditors:

Date	Communication subject	Guidance comments
2022.03.16	Implementation results of the audit plan for the fourth quarter of 2021 and improvements to defect tracking.	The independent directors have no opinions related to the Report.
2022.05.11	Implementation results of the audit plan for the first quarter of 2022 and improvements to defect tracking.	The independent directors have no opinions related to the Report.
2022.08.09	Implementation results of the audit plan for the second quarter of 2022 and improvements to defect tracking.	The independent directors have no opinions related to the Report.
2022.11.02	The internal audit implementation status, improvements of faults in the most recent 2 years, material matters of the Group, and applicability of new laws in the first 3 quarters of 2022.	The independent directors have no opinions related to the Report.
2022.11.04	1. Implementation results of the audit plan for the third quarter of 2022 and improvements to defect tracking. 2. Discussion of the Company's 2023 audit plan.	The independent directors have no opinions related to the Report.

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

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

Assessment items	Implementation Status			Deviate from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
(IV) Does the Company have internal regulations in place to prevent its people from trading securities based on information yet to be public on the market?	✓		with the internal control system of the Company to prevent irregular transactions. (IV) The Company has established the "Procedures for the Prevention of Insider Trading" to prevent the Company's insiders and employees from using information that has not been disclosed on the market to purchase and sell securities.	No discrepancies
III. Composition and responsibilities of the Board of Directors				
(I) Has the Board of Directors devised and implemented a plan for a more diverse composition of the board with concrete management goals?	✓		(I) Article 20 of the Company's "Corporate Governance Best Practice Principles" stipulates that the composition of the Board of Directors should consider diversity. Our current Board of Directors consists of seven members, including four directors and three independent directors (accounting for 43% of the total). The members possess leadership decision-making abilities, industry knowledge, international perspectives, and professional skills, and are experienced in leadership, operational judgment, management, and professional knowledge. To continue to improve gender equality in the composition of the Board of Directors, the Company aims to add a female director in the next comprehensive board election. Please refer to Pages 21 to 22 of the Annual Report for the board diversification implementation.	No discrepancies
(II) Besides the Remuneration Committee and the Audit Committee set up according to law,	✓		(II) The Company has voluntarily set up the Nomination Committee, the Sustainable Development	No discrepancies

Assessment items	Implementation Status			Deviate from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
<p>does the Company have other types of functional committees in place that it spontaneously set up?</p> <p>(III) Has the company established and implemented methods for assessing the performance of the Board of Directors, conducted performance evaluation annually, presented the performance evaluation results to the Board of Directors, and used the results as reference for individual director remuneration and re-election nomination?</p>	✓		<p>Committee, and the Ethical Corporate Management Work Group. For information on the exercise of related functions and their operating status, please refer to Pages 47 and 63 of the Annual Report. In the future, we will set up other types of functional committees as needed based on the Company's operational requirements.</p> <p>(III) The Company has established the "Rules for Evaluating Board of Directors and Functional Committee Performance" and the revision was approved by the Board of Directors on March 16, 2022. The Rules require an internal evaluation every year. An evaluation shall be conducted by an external professional institution or expert team at least once every 3 years.</p> <p>On October 21, 2021, the Company commissioned the external organization Taiwan Corporate Governance Association to conduct a performance evaluation of the Board of Directors for the period from November 1, 2020, to October 31, 2021. The evaluation report was submitted on January 7, 2022, and the results and future improvement plans were reported to the Board of Directors on March 16, 2022.</p> <p>The internal performance evaluation results of the Board of Directors for 2022 have been submitted to the Board of Directors on March 13, 2023, and will be used as a reference for individual director's remuneration and nomination for reappointment.</p>	No discrepancies

Assessment items	Implementation Status			Deviate from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
(IV) Does the Company regularly evaluate the independence of its certified public accountant (CPA)?	✓		(IV) 1. Every year, based on the Company's "CPA Evaluation and Audit Assessment Measures" and by referencing the Audit Quality Indicators (AQIs), we confirm that the CPAs have no other financial interests or business relationships besides the fees for attestation and taxation cases. This confirms that they meet the evaluation criteria for independence and suitability of the Company. After approval by the Audit Committee and the Board of Directors, the Company conducts reviews of the appointment and fees. 2. The most recent 2 years were discussed by the Audit Committee on March 16, 2022 and March 13, 2023, and were reported to the Board of Directors for resolution. The items of the CPA independence evaluation are shown in Note 1 below.	No discrepancies
IV. Does the Company have a suitable number of competent corporate governance personnel? Has it appointed a chief governance officer responsible for corporate governance matters (including but not limited to providing information for directors to perform their duties, assisting directors with regulatory compliance, and preparing meeting minutes for Board meetings and shareholders' meetings)?	✓		The Board of Directors' meeting on May 7, 2021, appointed a corporate governance supervisor to protect shareholders' rights and strengthen the functions of the Board of Directors. The supervisor has rich experience in finance and other aspects. The supervisor's main responsibilities are to handle matters related to the Board of Directors and shareholders' meetings, prepare minutes of the Board of Directors' and shareholders' meetings, assisting directors to take office and continue their education, providing directors with materials necessary	No discrepancies

Assessment items	Implementation Status			Deviate from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			for business execution, and assisting directors in complying with laws and regulations.	
V. Does the Company have a communication channel in place with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and set up a stakeholders only section on its website to properly address stakeholders' concerns such important corporate social responsibilities?	✓		The Company has set up channels of communication for stakeholders (including but not limited to shareholders, employees, customers and suppliers) and it uses telephone, email, or meetings to adequately respond to stakeholders' inquiries on significant corporate social responsibility issues. The communication status was reported to the Board of Directors on May 31, 2022.	No discrepancies
VI. Does the Company appoint a professional shareholder services agency to handle affairs related to shareholders' meetings?	✓		The Company has engaged Grand Fortune Securities to handle affairs related to shareholders' meetings and ex-dividend matters.	No discrepancies
VII. Disclosure of information				
(I) Has the company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status?	✓		(I) The Company discloses financial information and corporate governance items on its English and Chinese website, https://www.zdtco.com .	No discrepancies
(II) Has the company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the company's website)?	✓		(II) The Company has established a company website in Chinese and English. The spokesperson is responsible for the collection and disclosure of company information in Chinese and English, implementing the spokesperson system, and provide related information for investors' conferences on the MOPS and company website at least one day before the investor conference.	No discrepancies
(III) Does the company publicly disclose its annual financial report at the end of the accounting		✓		The Company handles it in accordance with the financial

Assessment items	Implementation Status			Deviate from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
year within the prescribed time limit, and publicly disclose its Q1, Q2, and Q3 financial reports and monthly operation status ahead of the prescribed time limit?				report announcement and reporting period specified in Article 36 of the Securities and Exchange Act of the place where the company is listed.
VIII. Does the Company disclose other information to facilitate a better understanding of its corporate governance (Including but not limited to employee's rights, employee care, investor relations, supplier relations, stakeholders' rights, further studies of directors and supervisors, implementation of risk management policies and measurement standards, implementation of customer policies and purchase of liability insurance for the directors and supervisors of the Company)?	✓		<ol style="list-style-type: none"> 1. Employee rights and benefits: To mitigate employees' risks of excessively long working hours, the Company has established regulations on working hours and regularly inspected and managed employees' attendance to protect their legal rights. 2. Investor relations: The Company values investors' interest. In addition to publishing related information on MOPS in accordance with regulations, it also assigned dedicated personnel to process shareholders' recommendations. 3. Supplier relations: Supplier relations are processed in accordance with the Company's regulations for operations. Partners perform their obligations in accordance with contracts to protect the rights of both parties. The Company maintains good relations with suppliers. 4. Rights of stakeholders: Where necessary, stakeholders may communicate and provide recommendations to the Company through the telephone or mail. The Company has established a section on its website for stakeholders and properly respond to corporate social responsibility issues of 	No discrepancies

Assessment items	Implementation Status			Deviate from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>concern to the stakeholders to protect their legal rights and interests.</p> <p>5. Implementation of risk management policies and risk assessment standards: The Company has established various internal control systems and internal management regulations for risk management and assessment. The Company analyzes, tracks, and responds to high-risk incidents that may affect operations to improve risk management mechanisms.</p> <p>6. Implementation of customer relations policies: The One ZDT one-stop shop ideal of the Company continues to develop advanced production technologies and high performance and cost effective products. We continue to lead industry developments and strengthen our core competitiveness. We select the right customers and established a classification system. The Company is building good upstream, midstream, and downstream relationships and finding new product development opportunities. We establish good, stable relationships with customers and create company profits together. We will achieve world class R&D, manufacturing, sales, and operation management for Zhen Ding.</p> <p>Please refer to Notes 2 to 5 below for other important information.</p>	

Assessment items	Implementation Status			Deviate from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
IX. Describe the status of improvements, priority for improvement, and measures based on the most recent corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange. As of the publication of the annual report, the 2022 Corporate Governance Evaluation results have not been announced. Only the 2021 evaluation results have been disclosed. (1) A total of 913 listed companies and 726 listed and OTC companies have undergone corporate governance evaluation in 2021, totaling 1,639 companies. The Company scored 99.77 points in the corporate governance evaluation. The range of our ranking by listed companies: 6%~20%. Ranking among electronics companies with a market value of more than NT\$10 billion: Top 10%. (2) The Company has numerous improvement measures in place to address the items which failed the 2021 evaluation. These measures include: The company website discloses internal regulations prohibiting directors, employees, and other insiders from trading securities using information not disclosed to the market. The interim financial report will be published in English within two months after the deadline for publishing the Chinese version of the interim financial report.				

Note 1: Assessment of CPA independence:

The CPA performs self-assessment using the Company's CPA Assessment and Performance Evaluation sheet, and submits the assessment result to the Audit Committee for evaluation and review. The evaluation standards are as follows:

Item	Specific Criteria	Evaluation Results	Compliance Independence
1	The CPA does not have significant financial interest in his/her trustor.	None	Yes
2	The CPA and the trustor do not have any inappropriate relationship.	None	Yes
3	The CPA and assistants regularly participate in evaluations conducted by the industry association or other related organizations maintain their honesty, fairness and independence.	Yes	Yes
4	The CPA may not perform audit and assurance services on the financial statements of companies he/she has served within two (2) years before practicing.	None	Yes
5	The CPA may not permit others to practice under his/her name.	None	Yes
6	The CPA may not hold shares of the trustor.	None	Yes
7	The CPA may not engage in lending and borrowing of money with the trustor except for regular transactions in the finance industry.	None	Yes
8	The CPA may not engage in joint investments or benefit sharing with the trustor.	None	Yes
9	The CPA may not concurrently serve as a regular employee of the trustor and receive a fixed salary.	None	Yes
10	The CPA may not collect any commission related to his/her service.	None	Yes
11	No CPA's tenure has lasted for more than seven consecutive years and no CPA's reappointment is less than two years from replacement.	None	Yes
12	Does the CPA have experience in audits in related to the electronics industry?	Yes	Yes
13	Does the CPA communicate appropriately with the Audit Committee before the audit planning process and maintained records of such communication?	Yes	Yes
14	Does the CPA communicate with the Audit Committee frequently (e.g. before submitting audit reports) and maintained records of such communication? (At least twice each year)	Yes	Yes
15	Does the CPA propose recommendations regarding the Company's internal controls or business management to the Audit Committee?	Yes	Yes
16	Whether the CPA received letters from the competent authority for securities regarding adjustments and improvements for the quality of audits.	None	Yes

Item	Specific Criteria	Evaluation Results	Compliance Independence
17	Can the CPA control the implementation of overseas audits to ensure consistency and validity of audits across the world?	Yes	Yes

Note 2: Directors' continued education status:

Title	Name	Date	Course Title	Number of hours
Chairman	Chang-Fang Shen	2022.11.04	Discussions on operating risks for Taiwanese businesses and M&A strategies from the perspective of the political and economic situation	3 hours
		2022.11.04	Corporate Governance and Securities Laws and Regulations	3 hours
Director Representative	Che-Hung Yu	2022.11.04	Discussions on operating risks for Taiwanese businesses and M&A strategies from the perspective of the political and economic situation	3 hours
		2022.11.04	Corporate Governance and Securities Laws and Regulations	3 hours
Director	Ting-Chuan Lee	2022.11.04	Discussions on operating risks for Taiwanese businesses and M&A strategies from the perspective of the political and economic situation	3 hours
		2022.11.04	Corporate Governance and Securities Laws and Regulations	3 hours
Director	John-See Lee	2022.11.04	Discussions on operating risks for Taiwanese businesses and M&A strategies from the perspective of the political and economic situation	3 hours
		2022.11.04	Corporate Governance and Securities Laws and Regulations	3 hours
Independent Director	Chih-Chen Chou	2022.11.04	Discussions on operating risks for Taiwanese businesses and M&A strategies from the perspective of the political and economic situation	3 hours
		2022.11.04	Corporate Governance and Securities Laws and Regulations	3 hours
Independent Director	Chen-Fu Chien	2022.04.22	Taishin 2030 Net Zero Summit Forum	3 hours
		2022.06.01	Corporate Governance and Securities Laws and Regulations	3 hours
		2022.11.04	Discussions on operating risks for Taiwanese businesses and M&A strategies from the perspective of the political and economic situation	3 hours
		2022.11.04	Corporate Governance and Securities	3 hours

Title	Name	Date	Course Title	Number of hours
			Laws and Regulations	
Independent Director	Chi-Hsien Lee	2022.11.04	Discussions on operating risks for Taiwanese businesses and M&A strategies from the perspective of the political and economic situation	3 hours
		2022.11.04	Corporate Governance and Securities Laws and Regulations	3 hours

Note 3: Continuing education of managers, audit supervisor, and corporate governance officer

Director Ting-Chuan Lee of the Company is the President of the Company. Please see Note 2 above for his continuing education status.

Title	Name	Date	Course Title	Number of hours
Supervisor of Accounting Department	Yuan-Shen Wang	2022.09.26-2022.09.27	Ongoing Education for Securities Issuers, Securities Firms, and TWSE Chief Accounting Officer	12 hours
Corporate Governance Supervisor	Duen Ling	2022.04.22	Taishin 2030 Net Zero Summit Forum	3 hours
		2022.11.04	Discussions on operating risks for Taiwanese businesses and M&A strategies from the perspective of the political and economic situation	3 hours
		2022.11.04	Corporate Governance and Securities Laws and Regulations	3 hours
		2022.11.13-2022.11.14	2022 Cathay Sustainable Finance and Climate Change Summit	6 hours
Audit supervisor	Ching-Rong Yen	2022.11.18	In the face of climate change and sustainable development trends, exploring the impact on corporate internal control and countermeasures from the perspective of ESG risks.	6 hours
		2022.12.13	Regulatory analysis and audit focus for the Board of Directors and functional committees (audit and remuneration).	6 hours

Note 4: The Company purchases liability insurance for all Directors (including Independent Directors).

Insured Individuals	Insurance Company	Insurance Amount (NT\$)	Insurance Period (start and expiry)	Insurance Status
All directors and key manager	Ace American Insurance Company	546,000,000	2022.01.01-2022.12.31	Renewed

* Starting in 2012, the Company has purchased liability insurance for directors (including independent directors) and key managers. At the board meeting on December 28, 2022, the premium purchased for directors (including independent directors) of US\$20,000,000 in 2023, insurance coverage, and insurance rates were reported.

Note 5: Regarding the intellectual property rights management plan and results

Improving how an enterprise manages its intellectual property rights enables the enterprise to reinforce its independent innovation capability. The Company has proposed four major strategies for intellectual property rights management, which are "accumulation", "focus", "innovation", and "increased benefits". The 6 major management directions were stipulated to implement benefits tracking and management.

(1) Management system results:

In order to provide complete and effective patent, trade secret, and other intellectual property management, the Company has actively established an intellectual property management system. As of December 31, 2020, the "Intellectual Property Rights Management Manual", the "Intellectual Property Rights Application Procedures" and the "Intellectual Property Rights Policies and Investigation Operation Measures for Third-Party Manufacturers" have been established.

(2) Intellectual property achievements:

Patent deployment - Mainly includes Taiwan, Mainland China, and the United States, strengthening its competitive advantages. In 2022, the Company proposed 365 patent applications and received approval for 247 patents. As of December 31, 2022, the number of patents obtained totaled 1440 patents. The Company is expected to propose 350 patent applications in 2023, in order to protect the results of self-developed technological advancements. The annual implementation status and results have been reported to the Board of Directors on March 13, 2023.

(3) Attained certification

The Company is an important legal representative in China. According to the local intellectual property management policies, we have completed the implementation of the intellectual property regulations and obtained the certification.

- Qing Ding Precision Electronics (Huaian) Co., Ltd.
Passed the "Enterprise Intellectual Property Management GBT-29490" certification on June 18, 2020. The certification is valid until June 17, 2023.
- Avary Holding (Shenzhen) Co., Limited
Passed the "Enterprise Intellectual Property Management GBT-29490" certification on June 16, 2021. The certification is valid until June 15, 2024.
- Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.
Passed the "Enterprise Intellectual Property Management GBT-29490" certification on July 4, 2022. The certification is valid until July 3, 2025.

(IV) If the Company has a Remuneration Committee or Nomination Committee, disclose its composition, duties, and operations

(1) Information on members of the Remuneration Committee:

Criteria Identity \ Name		Professional qualifications and experience	Independence	Number of other public companies in which the member also serves as a member of their remuneration committee
Independent Director and Convener	Chih-Chen Chou	Please refer to the “Professional qualifications of Directors and independence information disclosure of Independent Directors” table on Pages 17 to 19 of the Annual Report.	1. Independence of the Remuneration Committee members of the Company. 2. Including, but not limited to, whether the person, person’s spouse, or their relatives within the second degree of kinship have not served as directors, supervisors, or employees of the Company or its affiliates, do not hold shares of the Company, and are not acting as directors, supervisors, or employees of companies that have specific relationships with the Company.	2
Independent Director	Chi-Hsien Lee			0
Others	Cheng-En Ko	1. Work experience in business, finance, accounting, and other areas relevant to the business of the Company 2. Holds the positions of Chairperson of the Supervisory Committee of Avary Holding, Independent Director of Far Eastern New Century Corp., Independent Director of Everlight Electronics, Remuneration Committee Member of Usun Technology, and Remuneration Committee Member of ATEN International. 3. Does not contain matters related to all paragraphs of Article 30 of the Company Act.	3. Has not received remuneration for providing business, legal, financial, or accounting services to the Company or its affiliated enterprises in the most recent 2 years.	3

(2) Duties and Operation Status of the Remuneration Committee:

- I. The Company’s Remuneration Committee consists of 3 members. The Committee helps the Board of Directors stipulate and review the remuneration policies, systems, standards and structures, and performance of directors and managers regularly.
- II. Term of the committee members: From June 19, 2020 - June 18, 2023. A total of 3 meetings (A) of the Remuneration Committee were held in 2022. The attendance was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance rate (%) (B/A)	Footnote
Convener	Chih-Cheng Chou	3	0	100%	
Committee member	Chi-Hsien Lee	3	0	100%	
Committee member	Cheng-En Ko	3	0	100%	

Other items that shall be recorded:

- I. If the Board of Directors did not adopt or revise the recommendations of the compensation committee, it should describe the date of the Board meeting, term of the Board, agenda item, resolutions adopted by the Board, and actions taken by the Company in response to the opinion of the compensation committee: The Company's Directors have fully expressed their opinions in the meeting and they did not fail to adopt or revise the remuneration committee's proposals.
- II. If there are objections or reservations by the members that have been recorded in writing during the remuneration committee resolution, the remuneration committee meeting's date, period, motion content, the opinions of all of the members, and treatment of the member's opinions must be disclosed in detail: Members of the Company's Remuneration Committee have fully expressed their opinions in the meeting and there were no records or written statements of dissenting or qualified opinions.

III. Material Resolutions of the Remuneration Committee:

Meeting Date	Key Resolutions and the Company's follow-up implementation
2022.03.16 (5th meeting of the 4th Board of Directors)	1. Passed 2021 remuneration distribution proposal for Directors and employees. Opinions of Remuneration Committee members: None Resolution result: Passed by all members of the Remuneration Committee and implemented in accordance with the resolution and regulations. Actions taken by the company in response to the opinion of the Remuneration Committee: Presented in the board meeting and passed by all attending directors as proposed.
2022.08.09 (6th meeting of the 4th Board of Directors)	1. Passed the 2021 remuneration distribution proposal for managers (including Assistant Vice President and above). 2. Passed the amendments to the "Articles of Incorporation". 3. Passed the remuneration distribution limit for directors. Opinions of Remuneration Committee members: None Resolution result: Passed by all members of the Remuneration Committee and implemented in accordance with the resolution and regulations. 4. Actions taken by the company in response to the opinion of the Remuneration Committee: Presented in the board meeting and passed by all attending directors as proposed.
2022.12.28 (7th meeting of 4th-term)	1. Passed the principles for the Company's 2022 performance evaluation and year-end bonus distribution and list of managerial officers (including Assistant Vice President and above) for distribution. 2. Opinions of Remuneration Committee members: None Resolution result: Passed by all members of the Remuneration Committee and implemented in accordance with the resolution and regulations. 3. Actions taken by the company in response to the opinion of the Remuneration Committee: Presented in the board meeting and passed by all attending directors as proposed.

(3) Profile of Nomination Committee members, duties, and information on the operating status:

I. The appointment information and duties of the Nomination Committee members:

1. Qualifications for appointment: The Committee reports to the Board of Directors. It is composed of at least 3 directors, with independent directors accounting for over half of the members, chosen by the Board of Directors. The term of the Audit Committee shall be the same as the term of the Board of Directors, which shall be 3 years in principle.
2. Responsibilities: Stipulate the professional knowledge, skills, experience, and other diverse backgrounds and independence standards required for directors. Based on these requirements, it seeks, reviews and nominates director candidates, and submits the suggestions to the Board of Directors for discussion.

II. Professional qualifications, experience, and operating status of the Nomination Committee members:

1. The Company established the Nomination Committee on December 28, 2021. The Nomination Committee is composed of 3 members.
2. Professional qualifications and experiences of the current committee members:

Identity	Name	Professional qualifications and experience
Chairman (Convener)	Chang-Fang Shen	Please refer to the “Professional qualifications of Directors and independence information disclosure of Independent Directors” table on Pages 17 to 19 of the Annual Report.
Independent Director	Chih-Chen Chou	
Independent Director	Chen-Fu Chien	

3. Current term of office: From December 28, 2021 to June 18, 2023, 1 meeting (A) was held as of the Annual Report publication date. The attendance of committee members is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance rate (%) (B/A)	Footnote
Convener	Chang-Fang Shen	1	0	100%	
Committee member	Chih-Chen Chou	1	0	100%	
Committee member	Chen-Fu Chien	1	0	100%	

I. Material Resolutions of the Nomination Committee:

Meeting Date	Key Resolutions and the Company's follow-up implementation
2023.03.13 (1st meeting of the 1st term)	<ol style="list-style-type: none"> 1. Passed the proposal for nomination of director and independent director candidates. Nomination Committee Opinion: None Resolution result: Passed by all members of the Nomination Committee and implemented in accordance with the resolution and regulations. Actions taken by the Company in response to the opinion of the Nomination Committee: Presented in the board meeting and passed by all attending directors as proposed.

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

Promoted items	Implementation status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
I. Does the Company have a governance structure for promoting sustainable developments and exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing sustainable development, and let the Board of Directors entrust the high-ranking management with the implementation and supervise the status?	✓		<p>I. The Sustainable Development Committee reports to the Board of Directors and has establish 4 major implementation teams: Sustainable Governance Team, Green Product Team, Environment and Energy Conservation Team, and Social Inclusion Team. The Corporate Governance and Investor Relations Division is responsible for the promotion of corporate sustainable developments, and for the preparation of the corporate sustainability report.</p> <p>II. The implementation statuses of the organizations within the Company include, but are not limited to:</p> <p>(I) The Sustainable Development Committee was established on December 28, 2021 and the Corporate Governance and Investor Relations Division shall act as the responsible unit for promotion. The execution of tasks relating to resolutions adopted by the Committee may be delegated to the convener or other Committee members for follow-up, with a written or verbal report to be presented to the Committee during the implementation period. When necessary, the matter shall be presented for ratification or a report made at the next meeting of the Committee.</p> <p>(II) Report the implementation status of the current year to the Board of Directors at least once a year. The date of the reporting to the Board of Directors in 2022 was May 31.</p> <p>III. Sustainable development supervision status of the Board of Directors:</p>	No discrepancies

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

Promoted items	Implementation status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
			compilation of the structure of the sustainability report. Relevant departments and implementation teams should provide relevant information to the compilation team.	
II. Does the Company conduct risk assessment of environment, society, and corporate governance issues related to company operations, and establish applicable risk management policy or strategy in accordance with principles of materiality?	✓		The Company's risk management policy is to uphold corporate sustainable development ideals, introduce international trends, and actively promote and strengthen the Company's sustainable management, in order to lower the potential risks from operations. The Company stipulated the "Risk Management Policy" through the Board of Directors' resolution on December 28, 2021. The Policy is to be used for reference during the formulation of business strategies, in order to ensure the long-term stable development of the Company's business and overall operations. The boundaries of the risk assessment covers the same subsidiary scope as the Sustainability Report. Please refer to Pages 264 to 275 of the Annual Report for more information.	No discrepancies
III. Environmental Issues (I) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		(I) Because the Company is part of the PCB industry, we introduced ISO14001 Environmental Management System, ISO50001 Energy Resource Management System, ISO14064 Greenhouse Gas Audit, etc. We implemented wastewater and sewage management system at production sites and we also established comprehensive exhaust gas management regulations and implemented waste management projects throughout the process to minimize the impact of wastewater, exhaust gas, and waste on the environment. In addition, the procurement	No discrepancies

Promoted items	Implementation status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
			departments conduct environmental protection and energy conservation evaluation when purchasing equipment to learn about water/electricity consumption, greenhouse gas emissions, and pollutant emissions. For the major plants that have received environmental management system certification, please refer to Pages 280 of the Annual Report.	
(II) Does the Company endeavor to improve energy usage efficiency and use renewable materials which have a low impact on the environment?	✓		(II) The Company introduced innovative energy-saving technologies. It is committed to increasing the efficiency of the use of various resources and using renewable materials with lower impact on the environment. The resource recycling rate of waste in 2022 was 91%. In 2022, multiple waste reduction projects were implemented, resulting in an estimated reduction of about 12,000 tons. Subsequently, we will continue to introduce green circular economy projects that involve electrolysis, various resource conservation, energy saving, and waste reduction. Please refer to Page 127 of the Annual Report for more information.	No discrepancies
(III) Does the Company evaluate potential risks and opportunities brought by climate change, and take response measures to climate-related issues?	✓		(III) The Company assessed the current and future potential risks and opportunities of climate change for the company and took the following measures to address climate-related issues: <ul style="list-style-type: none"> • Risk 1 - Extreme cold/heat: Severe cold weather may cause personnel to suffer from frostbite or shortages in operation, abnormal equipment, frozen explosions of fire and other fuel 	No discrepancies

Promoted items	Implementation status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
			<p>transportation pipelines. High temperature may cause heat stroke or food poisoning among personnel, abnormal equipment, and there is also a risk of spontaneous combustion of materials. Each department timely activates emergency preparedness work based on the forecast from weather channels. During hot weather, we use air conditioning to reduce the amount of time of high temperature operations and to cool down equipment. During extremely cold weather, we use heating through air conditioning to reduce the amount of time for low temperature operations. We prepare adequate anti-freezing agents, and the facilities department prepares anti-freezing bedding and coats, while the mechanical and electrical department ensures that equipment and management insulation measures are in place.</p> <ul style="list-style-type: none"> • Risk 2 - Flood and drought: Floods may affect employee attendance and wastewater treatment systems, as well as cause interruptions in water supply, power supply, logistics, and transportation, leading to production stoppage or reduction and resource losses. Droughts may result in inadequate process, daily, and fire-fighting water supply, which may affect production. We have prepared emergency plans and will take protective measures at the first sign of warning. In the event of heavy rainfall or flooding, we will take measures to prevent flooding, including building flood prevention 	

Promoted items	Implementation status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
			<p>facilities such as flood control stations and gates in each plant area. During prolonged high temperatures or periods of significant decrease in precipitation, we store water, check the water levels of all water tanks, and strengthen water conservation efforts.</p> <ul style="list-style-type: none"> • Risk 3 - Regulations and low-carbon requirements of customers: To ensure global sustainable development, countries and customers around the world are joining the carbon neutrality movement. In the initial stages, companies will face enormous pressures due to significant changes in energy structure. We actively monitor global trends, improve energy efficiency in production, continuously introduce high-efficiency equipment and advanced energy-saving technologies, and proactively deploy renewable energy sources and forest restoration for ecological protection. • Opportunity 1 - New product and service development and innovation: Given the increasing demand in the market for low-carbon and high-efficiency products, using recycled materials and introducing renewable energy sources in production can enhance product competitiveness, meet market demands, and increase the Company's accounts receivable. • Opportunity 2 - Green building design: The new plant uses green building designs and smart building technology to reduce energy 	

Promoted items	Implementation status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
(IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon reduction, greenhouse gas reduction, water reduction, or waste management?	✓		<p>consumption, lower operating costs, increase asset value, and improve operational energy efficiency.</p> <ul style="list-style-type: none"> • Opportunity 3 - Renewable energy usage: We actively participate in the development of low-carbon technology, invest in renewable energy generation and energy storage development, improve the overall revenue performance of the Company, establish the Company's brand, and meet the expectations of stakeholders. As of 2022, the Company has established 15,100m² of solar power generation. In 2023, we will continue to increase solar power generation with an additional 5,059m², and the total capacity will reach an estimated 4 MW, reducing carbon emissions by approximately 3,000 tons. The Company is promoting the use of renewable energy, purchasing green energy, developing energy storage, and promoting carbon reduction in the supply chain. We are striving to achieve carbon neutrality as soon as possible. <p>(IV) The Company actively promoted a series of energy conservation and carbon emissions reduction measures to reduce greenhouse gas emissions:</p> <ol style="list-style-type: none"> 1. The production departments and peripheral units shall establish energy and water conservation targets based on actual water and electricity consumption. 2. The various sites continue to implement ISO14064 certification of its fabs each year to 	No discrepancies

Promoted items	Implementation status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
			<p>control the carbon emissions status more accurately. We establish reduction strategies based on business activities to respond to the impact of climate change on operations. In addition, the Company continues to request our main suppliers to obtain environmental management system certification to create a green supply chain and promote environmental protection ideals.</p> <p>3. Zhen Ding was rated B- in the 2022 CDP climate questionnaire and B in the water questionnaire, which was higher than the average score in Asia and the industry. We shall continue to advance green upgrade and reforms and accelerate our efforts on becoming a company dedicated to the circular economy and green development.</p> <p>4. The Company continues to refine our management system. We were the first in the industry to introduce and pass Alliance for Water Stewardship (AWS) platinum certification. In 2022, all ZDT plants in China passed AWS platinum certification.</p> <p>5. In order to promote the recycling of waste, we continue to increase the waste recycling ratio. We have banned landfilling to protect the natural environment. We were the first to obtain the UL 2799 Zero Waste to Landfill certification. In 2022, all our facilities in China continued to pass the UL 2799 Zero Waste to Landfill Platinum-level certification audits.</p>	

Promoted items	Implementation status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
			6. Please refer to Pages 124 to 130 of the Annual Report for the Company's greenhouse gas emissions, water usage, and total weight of waste over the past two years.	
IV. Social Issues (I) Does the Company comply with relevant laws and regulations and internationally recognized covenants on human rights, and have related management policies and procedures in place?	✓		(I) 1. The Company also actively joined the international non-profit organization, Business for Social Responsibility (BSR) in 2021. Self-evaluation of human rights was conducted internally by the Company. The Company is dedicated to realizing its educational and social responsibilities, identifying potential risks, and completing alleviation and compensation measures, in order to further provide protections for employee labor and human rights. To mitigate human rights risks and ensure that the work environment, labor health and safety, and compliance with relevant laws and regulations are maintained during the work process, the Company stipulates related management policies and conducts human rights protection-related training and promotion for employees in accordance with the concept corporate sustainable development. 2. The training and promotion of the Company are mainly conducted through online and offline courses, announcements, communication channels, posters, SER policy card promotion, and promotion meetings. 100% of employees have completed human rights-related training in 2022. Related education and training will	No discrepancies

Promoted items	Implementation status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
			continue to be promoted to raise awareness on human rights protection.	
(II) Does the company formulate and implement reasonable employee benefits measures (including compensation, leave, and other benefits), and appropriately reflect its business performance or achievement in employee compensation?	✓		(II) The Company declared a reasonable salary compensation policy, and integrates the employee performance evaluation system with its corporate social responsibility policy. We also established an effective reward and disciplinary system, a performance evaluation system, and promotion and salary adjustment system for implementation. We appropriately reflected our business performance or achievement in employees' compensation. The company follows the principle of gender equality. In 2022, the proportion of female employees was 35.9%, and the proportion of female managers was 14.4%.	No discrepancies
(III) Does the Company provide its employees with safe and healthy workplaces, and organize training on safety and health for its employees on a regular basis?	✓		(III) The company emphasizes source control and requires that all equipment, tools, and instruments purchased must have safety protection measures. For processes with occupational hazards, evaluations are conducted, and measures such as ventilation, sealing, and noise reduction are implemented at the source. Regular inspections and maintenance of facilities are conducted, and hazard factors are tested and improved. Safety training is organized for employees and employees are required to wear protective equipment before operations according to the regulations. Apart from the education and training courses required by law, the “occupational safety column” has been added to the Company's internal	No discrepancies

Promoted items	Implementation status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
(IV) Does the Company offer its employees effective occupational empowerment training programs?	✓		<p>publication. Safety videos are played in all plants of the Company. The videos are played on a loop to convey safety related information and are changed regularly. Through the WeChat app and Ding Sheng E-Learning College, safety information is dispersed to improve safety awareness among employees, while regular evaluations are also conducted. All sites have passed ISO45001:2018 certification. There were no cases of major occupational accidents in 2022.</p> <p>(IV) The Company upholds a people-oriented corporate philosophy and values each employee's value for growth to provide education based on their talents. We also actively establish diverse development and training programs for each employee to learn from different disciplines, make full use of their skills, and achieve their dreams to become the key for the Company's continued growth. The Company's education and training include training for new employees, quality management training, professional skills training, management skills training, language skills training, online learning, and self-development training. Mini MBA management courses were introduced to improve the core competencies of managers at different levels. ZDT aims to provide systematic support for managers at all levels and training for different management functions.</p>	No discrepancies
(V) Does the Company comply with relevant laws and international standards in relation	✓		<p>(V) 1. The Company takes responsibility for their products and services, and takes marketing ethics</p>	No discrepancies

Promoted items	Implementation status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
to customer health and safety, customer privacy, marketing, and labeling of products and services, and has it established relevant consumer or customer protection policies and grievance procedures?			<p>seriously. In the process of research and development, procurement, production, operations, and services, the Company ensures the transparency and safety of its products and services. It establishes and discloses policies for consumer rights and interests and enforces them in the course of business operations to prevent the products or services from adversely impacting the rights, interests, health, and safety of consumers.</p> <p>2. The Company adheres to the concept of fulfilling and practicing corporate social responsibility. In addition to joining RBA as a member and complying with the RBA Code of Conduct in 2021, the Company has established management systems including ISO 14001, ISO 45011, SA8000, and obtained valid certifications (which can be viewed on the Company's official website) to ensure that our global operations comply with requirements related to labor, health and safety, environment, ethical norms, and management systems. The Company also places great emphasis on privacy and personal data protection, strictly follows policies and relevant laws and regulations related to privacy and personal data management, and ensures the security of personal data of customers and employees.</p> <p>3. Exceeding customer expectation is one of the strategic goals in the Company's development.</p>	

Promoted items	Implementation status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
(VI) Does the Company formulate supplier management policies and request its	✓		<p>We provide excellent customized manufacturing services, continue to upgrade our manufacturing facilities, and actively participate in the early research, development, and designing of customers' products so that customers will rely on our products and services. In addition, we attach importance to customer satisfaction ratings. We hope to bolster our competitiveness through continuous improvement of product quality and service contents, thereby becoming customers' long-term strategic partners. Furthermore, the Company strictly follows production control and quality management processes to manufacture physical PCBs according to the materials, electronic components, and design data provided by customers. When shipping products, we provide customers with information on the name of materials, ingredients, environmental test report (compliance with RoHS, HF, and REACH), and safety regulations. Relevant labels are attached to the outer box for customer identification. In 2022, the Company clearly labeled its products based on actual testing results and customer requirements. Any issues during the process can be addressed by contacting the "Contact Us - Business Services" section on the Company's website or by emailing zdt-sales@zdtco.com.</p> <p>(VI) 1. The Company has established a comprehensive supply chain management system, which</p>	No discrepancies

Promoted items	Implementation status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
suppliers to comply with applicable regulations regarding environmental protection, occupational safety and health or labor rights and to describe their implementation status?			<p>includes a department in charge of supplier management. By using the Supplier (Contractor) Management System, we systematically and comprehensively manage the quality, delivery, service, and prices of goods supplied. The Company also established the Supplier Social Responsibility Management Regulations, Supplier Conflict Minerals Management Regulations, and other regulatory documents to conduct integrity, honesty, and supplier social responsibility management training for internal procurement staff, extending our social responsibility ideals to the supply chain and establish partnerships with suppliers for joint management. We require companies to adhere and commit to such regulations and ensure that all of their operations meet the applicable environmental laws, labor laws, and international corporate social responsibility regulations. We have requested suppliers to provide a Letter of Commitment before working with them. The Letter covers ethical conduct, human rights, and environmental aspects, as well as provisions that state that agreements shall be terminated or canceled when suppliers violate corporate social responsibility policies to an extent that poses significant impact on the environment and society. In 2022, 100% of our suppliers have signed this Letter.</p> <p>2. The Company's contracts with primary suppliers</p>	

Promoted items	Implementation status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
			contain immediate termination clause for cases where the supplier violates corporate social responsibility and poses significant impacts to the environment and the society.	
V. Does the Company adopt internationally widely recognized standards or guidelines when producing sustainability reports and reports disclosing the Company's non-financial information? Does the company obtain a third-party assurance or verification for such reports?	✓		The Company's Sustainability Report was prepared according to the GRI Standards and CDP, TCFD, SASB, and RBA international initiatives and has obtained a limited assurance report issued by PricewaterhouseCoopers Taiwan on the selected subject matter information in accordance with the Assurance Standard No. 1 "Assurance Engagement of Examinations or Audits of Non-Historical Financial Information" of the Republic of China Accounting Research and Development Foundation, which is based on the International Standard on Assurance Engagement ISAE 3000. The sustainable development performance results are disclosed in the report and sustainability section of the website each year.	No discrepancies
VI. If the Company has established sustainable development principles based on Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the principles and their implementation: The Company has established the "Sustainable Development Best Practice Principles", formulated related policies, and regularly reviews results. There are no deviations between actual operations and the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".				
VII. Other key information useful for understanding the status of sustainable development implementation: Please refer to the next section in the Annual Report for further details on corporate sustainable development.				

- (I) For information on the Company's systems and measures and implementation status with respect to environmental protection, community involvement, social contribution, social service, public interest, safety and health, and other social responsibility activities, please refer to the Company's website <http://www.zdtco.com/index/index.asp> and related content in the Annual Report.
- (II) The Company has received the following certifications: ISO9001, ISO14001, ISO45001, QC080000, ISO14064, IATF16949, ISO50001, ISO27001, ESD, ISO22301. More information can be found on the Company's sustainability responsibility website.

(III) The Company established a Sustainable Development Committee on December 28, 2021, which consists of 3 members. It aims to assist the Board of Directors in promoting sustainable development and enhancing corporate governance for the purpose of sustainable management, including: (1) formulating corporate social responsibility and sustainable development directions and goals, and formulating relevant management policies and specific promotion plans; (2) promoting and implementing relevant work in aspects such as the Company's integrity management and risk management; (3) tracking, reviewing and revising the execution and effectiveness of corporate sustainable development; (4) other matters to be handled by this committee as decided by the Board of Directors.

1. Professional qualifications and experiences of the current committee members are as follows:

Identity	Name	Professional qualifications and experience
Chairman (Convener)	Chang-Fang Shen	Please refer to the “Professional qualifications of Directors and independence information disclosure of Independent Directors” table on Pages 17 to 19 of the Annual Report.
Independent Director	Chih-Chen Chou	
Independent Director	Chen-Fu Chien	

2. Operating status of the Sustainable Development Committee:

Current term of office: From December 28, 2021 to June 18, 2023. A total of 1 meeting (A) was held by the Sustainable Development Committee in 2022. The attendance of the committee members is listed as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance rate (%) (B/A)	Footnote
Convener	Chang-Fang Shen	1	0	100%	
Committee member	Chih-Chen Chou	1	0	100%	
Committee member	Chen-Fu Chien	1	0	100%	

I. Material Resolutions of the Sustainable Development Committee:

Meeting Date	Key Resolutions and the Company's follow-up implementation
2022.05.31 (1st meeting of the 1st term)	<p>1. Passed the Company's information security management policy.</p> <p>2. Passed the Company's 2021 Sustainability Report.</p> <p>Comments of the Sustainable Development Committee members: None</p> <p>Resolution result: Passed by all members of the Sustainable Development Committee and implemented in accordance with the resolution and regulations.</p> <p>Actions taken by the Company in response to the opinion of the Sustainable Development Committee: Presented in the board meeting and passed by all attending directors as proposed.</p>

(IV) The Company places great emphasis on human rights issues and regularly discloses the following information regarding related risks:

Human rights policies and regulations, and specific management solutions:

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

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

The Company complies with the Responsible Business Alliance (RBA) and internationally recognized labor and human rights principles. The BSR organization assists the Company in conducting internal human rights evaluations and stipulating related internal management policies. Meanwhile, in 2022, an internal human rights due diligence investigation was conducted by the Company to assess human rights risks and potential impacts. By assessing and identifying human rights risks, potential impacts or violations through human rights due diligence investigations, and evaluating the effectiveness of human rights governance, the Company will review its human rights policy statement, regulations or procedures, and ensure the implementation of human rights protection is more comprehensive. In terms of human rights concerns such as freedom of employment, child labor and underage labor, discrimination and tolerance, sexual harassment, forced labor (including human trafficking), work hour management, wages and benefits (including equal pay for equal work), freedom of association and negotiation, occupational safety and health, and the environment, we ensure that labor and human rights are protected through measures such as awareness-raising and regular risk assessment.

Issues Item	Occupational safety and health	Work hour management	Sexual harassment	Prohibition of forced labor	Discrimination, diversity, and tolerance	Remuneration and benefits
Target	<ul style="list-style-type: none"> · All employees · Number of high risk employees: 2,421 person, 	<ul style="list-style-type: none"> · All employees · Number of high risk employees: 0 person, 	<ul style="list-style-type: none"> · Female employees · Number of high risk employees: 14,323 person, 	<ul style="list-style-type: none"> · All employees · Number of high risk employees: 0 person, 	<ul style="list-style-type: none"> · All employees · Number of high risk employees: 0 person, 	<ul style="list-style-type: none"> · All employees · Number of high risk employees: 0 person,
Objectives and Actions	<ul style="list-style-type: none"> · Preventing disasters, caring responsibly, and providing a safe and healthy environment. · Comply with laws and regulations and make 	<ul style="list-style-type: none"> · According to the requirements of the RBA, the Company strictly controls the working hours system and its implementation. The Company 	<ul style="list-style-type: none"> · Comply with local government labor laws and regulations, international standards and the Company's SER policy, and implement internal 	<ul style="list-style-type: none"> · Comply with local government labor laws and regulations, international standards, and the company's "Humane Management 	<ul style="list-style-type: none"> · Promote and implement internal control procedures and implement anti-discrimination policies in the "Humane Management Rules". 	<ul style="list-style-type: none"> The Company strictly adheres to local labor laws and regulations, provides a competitive and internally reasonable remuneration

Issues Item	Occupational safety and health	Work hour management	Sexual harassment	Prohibition of forced labor	Discrimination, diversity, and tolerance	Remuneration and benefits
	continuous improvements to become a zero-incident company.	<p>implements a 6-day work week with 1 day off, with a weekly working hour limit of 60 hours.</p> <ul style="list-style-type: none"> In accordance with the "Working Hours and Employee Overtime Regulations", employees must apply for overtime work voluntarily and are not forced to work overtime in any form, and are provided with compensatory time off or overtime pay in accordance with the law. 	<p>regulations.</p> <ul style="list-style-type: none"> Formulated the "Sexual Harassment and Discrimination Prevention Management Measures" to prevent sexual harassment. Promote and implement internal control procedures and implement anti-discrimination policies in the "Humane Management Rules". 	Rules", respect employees and eliminate any forced or involuntary labor.	<ul style="list-style-type: none"> The Company conducts interview officer training and certification for hiring supervisors, which includes anti-discrimination regulations, and only those who obtain an interview officer certificate are allowed to participate in interviews. Anti-discrimination awareness training is conducted during new employee training/classes for different levels/existing employee training. The Company carries out diversified activities under the theme of "Six Assistances and Six Loves" to pay attention to the physical and mental health of employees. 	management system, and pays employees' remuneration in accordance with all remuneration-related laws, including minimum wage and overtime pay, as stipulated in the "Working Hours and Employee Overtime Regulations".

Issues Item	Occupational safety and health	Work hour management	Sexual harassment	Prohibition of forced labor	Discrimination, diversity, and tolerance	Remuneration and benefits
					Through activities, we relieve work pressure and enrich employees' lives to achieve work-life balance.	
Risk assessment	<ul style="list-style-type: none"> Employees in occupational hazard management positions are recorded and tracked. Non-compulsory health programs and independent participation to present the Company's effectiveness in assisting employees to promote health. 	The attendance system established a working hour control system to ensure compliance with RBA requirements, with a 6-day work week and 1 day off, and a weekly working hour limit of 60 hours.	The Company follows internal control procedures to eliminate sexual harassment and regularly holds sexual harassment training for employees.	In addition to the internal system for controlling work hours, an effective complaint and communication mechanism is established to strengthen internal supervision and inspection (such as employee forums, telephone interviews, on-site random visits, etc.). The Company regularly accepts or invites external authoritative organizations to conduct inspections.	The Company follows internal control procedures to eliminate discriminatory behavior and regularly conducts employee interviews.	The Company pays employee remuneration and benefits in accordance with the law.
Mitigation Measures	The Company has established the Safety Production Committee, which performs periodic review of the company's safety, occupational health,	The Company uses a personnel system for card swiping and monitoring working hours, and has set up an alert system to send out prompt reminders and	Conduct random interviews or telephone interviews through the employee seminars or regular on-site audits.	Conduct annual training on the prohibition of forced labor/human trafficking for recruiters and employees. Set up a working hour early	Every year, SER-related training and assessments are conducted for relevant personnel. The Company conducts annual audits internally to	In addition to paying monthly salary, the Company also gives out various types of monetary rewards, including year-end performance bonuses, bonuses for

Issues Item	Occupational safety and health	Work hour management	Sexual harassment	Prohibition of forced labor	Discrimination, diversity, and tolerance	Remuneration and benefits
	fire management system, and implementation statuses to continuously improve the company's safety management. Frequency of Safety Production Committee meetings: Once a month to discuss the establishment of safety standards, audit analysis statistics on safety problems, and safety project implementation.	prevent any issues. At the same time, the actual working hours are reported to the relevant supervisors on a weekly basis.		warning function in the attendance system to review and control employees' working hours on a daily basis. Annual regular training assessments at all levels and monthly on-site audits through random visits or telephone interviews.	reduce risk.	continuous services, employee bonus, and monetary rewards for innovative research and development and for proposing improvement ideas.
Remedial Measures	<ul style="list-style-type: none"> · Immediate job transfer. · Provide medical assistance. · Provide leave of absence and salary compensation in accordance with the law. · Prevent recurrence. 	If there are situations of overtime, compensation or immediate time off must be provided. Improvement measures are implemented at the same time.	In the event of sexual harassment, the responsible person shall carry out corrective actions immediately and handle it according to the "Sexual Harassment and Discrimination Prevention Management Measures" and "Employee Reward and Punishment	In the event of forced labor/human trafficking, the responsible person shall carry out corrective actions immediately and handle it according to the "Employee Reward and Punishment Management Measures". Project education and training is conducted	Conduct employee satisfaction surveys as a basis for continuous improvement.	If there is any unpaid wages, the Company must rectify the situation by paying the wages in accordance with the law and reviewing and improving its operational processes to prevent any recurrence.

Issues Item	Occupational safety and health	Work hour management	Sexual harassment	Prohibition of forced labor	Discrimination, diversity, and tolerance	Remuneration and benefits
			Management Measures". Project education and training is conducted for related personnel.	for related personnel.		
Channels for Filing Complaints	Each manufacturing site has a 24-hour on-call telephone number, which is manned by the industrial safety department.	The Company has established multiple communication channels for employees to provide feedback and file complaints, including suggestion boxes, electronic complaint emails, employee service centers, and hotlines. The Company conducts promotion through various online and offline media channels. Regular employee forums and representative meetings are also held to enable employees to provide feedback on issues at any time.				

(1) Human Rights Protection Promotion and Training:

To mitigate human rights risks and ensure that the work environment, labor health and safety, and compliance with relevant laws and regulations are maintained during the work process, the Company conducts human rights protection-related training and promotion for employees in accordance with the concept corporate social responsibility. The training and promotion are mainly conducted through online and offline courses, announcements, communication channels, posters, SER policy card promotion, and promotion meetings. In 2022, the total number of training hours for human rights protection exceeded 600,000 hours, and 100% of employees have completed human rights-related training. The Company will continue to promote related education and training to raise awareness on human rights protection.

- Provide employees with awareness on compliance with relevant laws and regulations: The content includes prohibition of forced labor, prohibition of human trafficking, prohibition of child labor, equal pay for equal work, anti-discrimination, anti-harassment, management of working hours, wages and benefits, freedom of association, humane treatment, communication channels, occupational safety, and management systems.
- Implementation of promotion through communication channels: assist employees in resolving issues in work and life, and create a harmonious working environment where they are happy to communicate with each other.
- Provide complete occupational safety training: we provide different safety training for different workplace situations, such as new employee safety training, fire-fighting training, emergency first aid training, and on-the-job safety training.

(2) Communication and complaint channels:

The Company values the opinions and rights of employees and advocates that everyone has the right to participate in the management of the company on an equal footing. All employees are welcome to give their opinions and suggestions on the management of the company or to complain about the unreasonable aspects of the company and its management level. In 2022, in order to better understand the needs of base level employees and listen to their voices, the

Company has carried out the comprehensive promotion and upgrade of existing communication channels, such as employee communication hotlines, mailboxes, suggestion boxes and the employee service center. The Company has conducted diversified promotion of these measures through online, offline and multimedia methods. The online promotion channels include the internal communication app (Team+), the Ding Sheng E-learning Academy, the Ding Ding app, and company website announcements. The offline promotion channels include new employee orientation, SER cards, promotional boards in living areas, workshops, restaurants, and dormitory entrances, and other posters. The multimedia promotion channels include LED screens in living areas, display screens and broadcasting systems in workshops and public areas of the dormitories. In addition to a number of channels for employee feedback, the identity of the complainants is kept confidential, and the complaint records are kept by dedicated personnel. The complaints are handled and responded to immediately to effectively increase employee satisfaction.

The Company believes that the successful fulfillment of the Company's operation targets relies on employees' dedication and contributions. A harmonious relationship between labor and management is therefore necessary to achieve solidarity among employees. We uphold the ideals of caring for employees and creating mutual prosperity. All policies are designed in ways to benefit employees and simultaneously create a positive work environment, so that both employers and employees can advance toward the common goal of pursuing growth for the Company. For this reason, the Company's internal control system and management regulations specify the duties and interest of employees. To protect the rights and interests of our employees, we also specify Work Rules in the Employee Handbook, which is made known to new employees and also available to employees at all times on the human resource digital platform.

(3) Employee Welfare Committee and Union:

The Company has established an Employee Welfare Committee to implement various welfare activities. Manufacturing sites in Taiwan convene labor-management meetings each quarter according to the law, to facilitate bidirectional communication and coordination on the Company's recent and future policies to reach a consensus. In addition, the Company has established Management Rules for Employees to Seek Consultation and File a Complaint. Our employees can also use the Company's employee opinion box, digital platform, and other grievance channels to provide suggestions and feedback to the Human Resources Department or senior managers in order to ensure unrestricted communication.

An union has been established in the sites in China, in order to protect employee interests and provide various benefits. The labor union stipulates that all workers, regardless of ethnicity, race, gender, occupation, religious belief, and education level, can apply for membership through the employees' own will and approval by the grassroot trade union committees. In 2022, the percentage of employees covered by collective bargaining is 98% in each manufacturing site in China.

(VI) Implementation of ethical corporate management and measures and departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons

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

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

Assessment items	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
Directors on a regular basis?			<p>establishment, supervision, and execution of ethical corporate management policies and prevention solutions. It was reported to the Board of Directors on May 31, 2022. The implementation status of ethical management in the current year is as follows</p> <ol style="list-style-type: none"> 1. For the stipulation and review of ethical management related policies, the Company has established the “Corporate Management Best Practice Principles”, “Code of Ethical Conduct”, “Ethical Corporate Management Operating Procedures and Code of Conduct”, and “Anti-Corruption Policies”, which clearly stipulates that no improper gains shall be accepted and there should be no unethical or unlawful behavior. The above-mentioned internal regulations are reviewed, adjusted and revised from time to time with reference to changes in external regulations and the implementation of internal supervision. 2. The internal and external promotion of the Company’s “Corporate Management Best Practice Principles”, “Code of Ethical Conduct”, “Ethical Corporate Management Operating Procedures and Code of Conduct”, “Anti-Corruption Policies”, and relevant important policies have been announced on the Company’s website and internal network for external parties or internal employees to view at any time. The content of the standard contract signed with the business transaction partner also contains the relevant clauses for compliance with the ethical management behaviors. 3. Whistleblowing channel, handling, and whistleblower protection The Company shall internally establish and publicly announce an independent mailbox (zdt-report@zdtco.com) and hotline (03-3835678) for Company insiders and outsiders to submit complaints. 	

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

Assessment items	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
(IV) Has the Company implemented effective accounting and internal control systems for the purpose of maintaining business integrity? Does the internal audit unit establish applicable audit plans based on the results of unethical conduct risk assessment, and use the plans to audit unethical conduct prevention solutions or engage a CPA to carry out the audit?	✓		(IV) The Company has established the accounting system and internal control system, and implements the systems. The internal audit personnel shall establish applicable audit plans, which include the audit target, scope, items, and frequency, based on the results of unethical conduct risk assessment, and use the plans to audit unethical conduct prevention solutions. The audit results shall be presented to top management and the dedicated ethical corporate management unit and shall be produced into an audit report for the Board of Directors. In addition, in order to ensure the continuous and effective design and implementation of the system, the Company conducts annual inspections and revisions to establish good corporate governance and risk control mechanisms as the basis for evaluating the effectiveness of the overall internal control system and issuing internal control system declarations.	No discrepancies
(V) Does the Company organize internal and external educational trainings periodically to help enforce honest operations?	✓		(V) The internal and external education and training related to ethical management organized by the Company in 2022 include: <ol style="list-style-type: none"> 1. A total of 38,465 courses including new employee training, quality management training, professional skill training, management talent training, ethical corporate management regulations, ethical conduct, material internal information, food safety and health management, accounting system, internal control system, and insider trading, with more than 68,621 participants in these courses. Among which, 100% of employees have completed confidentiality and integrity education and training by passing the examination. 2. The Company conducts promotion through lightbox displays in the internal living areas. Two themes are selected each month and displayed four times per day, with each display lasting for 36 minutes. The number 	No discrepancies

Assessment items	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
			of viewers is calculated based on the number of people in the living area, and the annual number of views exceeds one million.	
III. Implementation status of the Company's reporting system				
(I) Does the Company have a substantial reporting and reward system as well as a convenient reporting channel in place with appropriate personnel to be assigned to assist the party being reported on?	✓		(I) The Company has indicated in its Ethical Corporate Management Operating Procedures and Code of Conduct the need to establish a reward/punishment system with a convenient and independent mailbox and hotline. We have also appointed dedicated units and personnel to take charge of investigations. The identity of the whistleblower and contents of the report are kept confidential, and the whistleblower is protected from inappropriate actions due to whistleblowing. The Company shall internally establish and publicly announce an independent mailbox (zdt-report@zdtco.com) and hotline (03-3835678) for Company insiders and outsiders to submit complaints.	No discrepancies
(II) Has the Company implemented any standard operating procedures, post-investigation measures, or confidentiality measures for handling reported matters?	✓		(II) 1. According to the Company's "Ethical Corporate Management Operating Procedures and Code of Conduct", it indicated the standard operating procedures for reported matters and the need to keep records of accepted cases, investigation process, investigation results, and related documents. 2. With respect to a confirmed report, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence. 3. The Company's dedicated unit shall report the whistleblowing case, actions taken, and subsequent reviews and corrective measures to the Board of Directors.	No discrepancies
(III) Has the Company provided proper whistleblower protection?	✓		(III) The Company handles the reporting cases in a confidential manner, and makes every effort to protect the whistleblower, whose identity will be kept strictly	No discrepancies

Assessment items	Implementation Status			Reason for Non-implementation
	Yes	No	Summary	
			confidential, and will not be improperly handled due to the reporting situation. The personnel handling the report shall also issue a written statement declaring that the identity of the whistleblower and the contents of the report shall be kept confidential.	
IV. Enhance information disclosure Has the Company disclosed its integrity principles and progress onto its website and MOPS?	✓		The Company fully discloses corporate governance information such as financial information, stock prices and dividends, organizational structure, and the Company's results in operations in quarterly reports, annual reports, and the Company's website to truthfully reflect the performance of business operations and allow stakeholders to obtain information on the Company's operations in a timely manner.	No discrepancies
V. If the Company has established Ethical Corporate Management Principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the principles and their implementation: None				
VI. Other key information useful for explaining status of ethical management practices: (Such as the Company's review and revision of its Corporate Management Best Practice Principles): Please refer to the Company's website and Annual Report for related information.				

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

The Company has set up a corporate governance section on its website (<https://www.zdtco.com>) for investors to inquire and download related regulations and important information on corporate governance. The Company operates and executes corporate governance related regulations in accordance with the spirit of corporate governance.

(VIII) Other Important Information that Facilitates a Better Understanding of the Company's Corporate Governance Activities:

1. The Company has set up a corporate governance section on its website (<https://www.zdtco.com/tw/investor/govern>).
2. Important performance results of the Company's corporate governance: In 2022, the Company was selected as a constituent stock of the Corporate Governance Index and Taiwan Sustainability Index. The international evaluation agency Sustainalytics ESG Risk Rating gave the Company a score of 17.8, rating it as low risk. The Company has participated in the Dow Jones Sustainability Index (DJSI) questionnaire for three consecutive years. In 2022, the Company received a score of 71, a significant improvement from the previous year's score of 57. And was selected as a member of S&P Sustainability Yearbook for the first year.

(IX) Internal Control System Statement

1. Statement on Internal Control:

Zhen Ding Technology Holding Limited Internal Control System Statement

Date: March 13, 2023

This Internal Control System Statement is issued based on the self-assessment results of the Company for the year 2022:

- I. The Company acknowledges that the Company's Board of Directors and managers are responsible for the implementation and maintenance of the internal control system, and that the Company has already established such a system. The objectives of internal control system include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of assets and safety); ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting; and providing reasonable assurance.
- II. Internal control systems have their inherent limitations. No matter how well they are designed, an effective internal control system can only reasonably ensure achievement of the three above objectives. In addition, an internal control system's effectiveness may change as the environment and circumstances change. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Governing Regulations") that are related to the effectiveness of internal control systems. The criteria adopted by the Governing Regulations are divided into 5 components in accordance with the procedures of management control: 1. Control environment; 2. Risk assessment; 3. Control activities; 4. Information and communication; and 5. Monitoring activities. Each constituent element includes a number of categories. Please refer to "Governing Regulations" for details.
- IV. This Company has already adopted the aforementioned internal control system assessment items to evaluate the effectiveness of internal control system design and implementation.
- V. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that its internal control system (including its supervision and management of subsidiaries) on December 31, 2022, encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, and compliance with applicable laws and regulations, is effectively designed and operated that reasonably assures the achievement of the above-stated objectives.
- VI. This Statement of declaration shall be the primary content of the Company's Annual Report and prospectus, and shall be made available to the public. Falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement was approved in the meeting of the Board of Directors on March 13, 2023 where all 7 attending Directors approved the content of this Statement.

Zhen Ding Technology Holding Limited

Chairman: Chang-Fang Shen

(Signature and Seal)

General Manager: Ting-Chuan Lee

(Signature and Seal)

2. Those who entrust an accountant to review the internal control system must disclose the accountant's review report: None.

(X) If any penalties are imposed on the Company and its personnel or punishments are imposed by the Company on personnel in violation of internal control system regulations in the past year and up to the date of report, and the results of the penalty may have a material effect on shareholders equity or stock price, specify the contents of the penalty, major deficiencies and improvement: None.

(XI) Important resolutions adopted in the shareholders' meeting and Board of Directors' meeting in the past year and up to the publication date of the Annual Report:

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

- (1) Number and proportion of attending shares:

The attendance and attendance by proxy in the shareholders' meeting totaled 759,477,231 shares (including 699,718,314 votes exercised electronically) which accounted for 80.37% of total shares outstanding (947,049,161 shares).

- (2) List of attending directors:

Director Che-Hung Yu (Representative of Foxconn (Far East) Limited), Director John-See Lee, Director Ting-Chuan Lee, Independent Director Chih-Chen Chou, Independent Director Chen-Fu Chien, and Independent Director Chi-Hsien Lee were in attendance, which exceeded half of all directors.

- (3) Chairman to Preside over the Shareholders' Meeting: Director Che-Hung Yu.

No.	Agenda	Voting status	Voting results (including electronic votes)				
			Votes in favor	Votes against	Invalid votes	Waived votes/ uncast votes	Total voting rights of attending shareholders
1	Ratification of the 2021 business report and consolidated financial statements	Approved after voting	654,116,929 86.23%	83,116 0.01%	0 0%	104,356,186 13.75%	758,556,231 100%
2	Ratification of the distribution of earnings for 2021.	Approved after voting	654,857,979 86.32%	117,918 0.01%	0 0%	103,580,334 13.65%	758,556,231 100%
3	Approving amendments to the "Articles of Association"	Approved after voting	653,832,397 86.19%	183,687 0.02%	0 0%	104,540,147 13.78%	758,556,231 100%
4	Approving amendments to the "Procedures for Acquisition and Disposal of Assets"	Approved after voting	653,796,454 86.18%	220,562 0.02%	0 0%	104,539,215 13.78%	758,556,231 100%

- (4) Implementation status of the proposals:

1. Ratification of 2021 business report and consolidated financial statements:

Published and filed in accordance with regulations.

2. Ratification of 2021 earnings distribution:

The Chairperson has been authorized to make the decision according to the Articles of Incorporation. The distribution base date has been set as June 26, 2022, and distribution shall be completed by July 8, 2022. (Cash dividends of NT\$ 5

per share)

3. Approving amendments to the “Articles of Association”:

The Company implemented measures in accordance with the "Articles of Incorporation" after the date of resolution in the shareholders' meeting and announced on the company's website.

4. Approving amendments to the “Procedures for Acquisition and Disposal of Assets”:

The Company implemented measures in accordance with the Operational Procedures For Acquisition and Disposal of Assets after the date of resolution in the shareholders' meeting and announced on the company's website.

(5) The Annual Shareholders’ Meeting was adjourned at 9:19AM.

2. Material Resolutions of the Board of Directors:

Date of Meeting	Key Resolutions and the Company's follow-up implementation
2022.03.16 (12th meeting of the 4th term)	<ol style="list-style-type: none"> 1. Passed the proposal for the bank credit limit for the Company and subsidiary companies. 2. Passed 2021 "Internal Control System Statement". 3. Passed the amendments to the "Standard Operating Procedures for Requests filed by Directors". 4. Passed the amendments to the "Regulations Governing the Evaluation of the Performance of the Board of Directors and Functional Committees". 5. Passed the amendments to the "Articles of Incorporation". 6. Passed the amendment to the "Procedures for Acquisition or Disposal of Assets". 7. Passed the inclusion of the sustainability report preparation and verification processes in the "Internal Control System". 8. Passed the 2021 Business Report. 9. Passed 2021 consolidated financial statements. 10. Passed the proposal for the distribution of earnings and cash dividends for 2021. 11. Passed 2021 remuneration distribution proposal for Directors and employees. 12. Passed the proposal for the appointment and remuneration for the certifying CPAs. 13. Passed the proposal regarding the time, place, and related matters for the 2022 general shareholders' meeting. <p>Opinions of Independent Directors: None</p> <p>The Company's response to the opinions of Independent Directors: Independent Directors had no opinions.</p> <p>Resolution result: Passed by all Directors present at the meeting and implemented in accordance with the resolution and regulations.</p>
2022.05.11 (13th meeting of the 4th term)	<ol style="list-style-type: none"> 1. Passed the limit on the amount of endorsements/guarantee made by the Company to a wholly-owned subsidiary of the Company. 2. Passed the bank credit limit for wholly owned subsidiaries of the Company for approval. 3. Passed the capital increase proposal for the subsidiary, Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd. 4. Passed the 1st quarter consolidated financial statements for 2022. <p>Opinions of Independent Directors: None</p>

Date of Meeting	Key Resolutions and the Company's follow-up implementation
	<p>The Company's response to the opinions of Independent Directors: Independent Directors had no opinions.</p> <p>Resolution result: Passed by all Directors present at the meeting and implemented in accordance with the resolution and regulations.</p>
2022.05.31 (14th meeting of the 4th term)	There were no important matters for discussion.
2022.08.09 (15th meeting of the 4th term)	<ol style="list-style-type: none"> 1. Passed the Company's second quarter consolidated financial statements for 2022. 2. Passed the Company's replacement of the accounting supervisor and financial supervisor. 3. Passed the change of the senior executive responsible for reviewing and approving the evaluation reports on derivative transactions. 4. Passed the 2021 remuneration distribution proposal for managers (including Assistant Vice President and above). 5. Passed the amendments to the "Articles of Incorporation". 6. Passed the remuneration distribution limit for directors stipulated by the Company. 7. Passed the bank credit limit for wholly owned subsidiaries of the Company for approval. 8. Passed the amendment to the "Rules of Procedure for the Shareholders' Meeting". 9. Passed the amendment to the "Corporate Governance Best Practice Principles". 10. Passed the amendment to the "Procedures for the Prevention of Insider Trading". 11. Passed the amendment to the "Procedures for Handling Material Inside Information". 12. Passed the capital increase for the subsidiary Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. 13. Passed the donations to related parties through subsidiaries. <p>Opinions of Independent Directors: None</p> <p>The Company's response to the opinions of Independent Directors: Independent Directors had no opinions.</p> <p>Resolution result: Passed by all Directors present at the meeting and implemented in accordance with the resolution and regulations.</p>
2022.11.04 (16th meeting of the 4th term)	<ol style="list-style-type: none"> 1. Passed the company's 3rd quarter consolidated financial statements for 2022. 2. Passed the endorsements/guarantee made by the Company to a wholly-owned subsidiary of the Company. 3. Passed the bank credit limit for wholly owned subsidiaries of the Company for approval. 4. Passed the Company's 2023 audit plan. 5. Passed the amendments to the Company's "Board of Directors Meeting Policy." <p>Opinions of Independent Directors: None</p> <p>The Company's response to the opinions of Independent Directors: Independent Directors had no opinions.</p> <p>Resolution result: Passed by all Directors present at the meeting and implemented in accordance with the resolution and regulations.</p>

Date of Meeting	Key Resolutions and the Company's follow-up implementation
<p>2022.12.28 (17th meeting of the 4th term)</p>	<ol style="list-style-type: none"> 1. Passed the non-assurance services that accounting firms and their affiliates are allowed to provide to the Company and its subsidiaries upon prior approval. 2. Passed the proposal for the bank credit limit for the Company and subsidiary companies. 3. Passed the amendment to the Company's "Procedures for the Prevention of Insider Trading". 4. Passed the signing of the "Operational Management Service Agreement". 5. Passed the principles for the Company's 2022 performance evaluation and year-end bonus distribution and list of managerial officers (including Assistant Vice President and above) for distribution. <p>Opinions of Independent Directors: None The Company's response to the opinions of Independent Directors: Independent Directors had no opinions. Resolution result: Passed by all Directors present at the meeting and implemented in accordance with the resolution and regulations.</p>
<p>2023.03.13 (18th meeting of the 4th term)</p>	<ol style="list-style-type: none"> 1. Passed 2022 "Internal Control System Statement". 2. Passed the application of syndicated loans from ChinaTrust Commercial Bank and other banking syndicates by the Company. 3. Passed the proposal for the bank credit limit for the Company and subsidiary companies. 4. Passed the adjustment of the limit on the amount of endorsements/guarantee made by the Company to a wholly-owned subsidiary of the Company. 5. Passed the 2022 Business Report and Consolidated Financial Statements. 6. Passed the distribution of earnings and cash dividends for 2022. 7. Passed 2022 remuneration distribution proposal for Directors and employees. 8. Passed the proposal for the appointment and remuneration for the certifying CPAs. 9. Passed the amendment to the "Procedures for Making Endorsements and Guarantees" 10. Passed the "Solution to Address Overlapping or Similar Commitments with Boardtek Electronics Corporation". 11. Passed the amendments to the Company's Articles of Incorporation. 12. Passed the full re-election of Directors and Independent Directors. 13. Passed the proposal for nomination of director and independent director candidates. 14. Passed the proposal for the release of the non-competition restriction for new directors (including independent directors) and the juridical persons they represent. 15. Passed the proposal regarding the time, place, and related matters for the 2023 general shareholders' meeting. <p>Opinions of Independent Directors: None The Company's response to the opinions of Independent Directors: Independent Directors had no opinions. Resolution result: Passed by all Directors present at the meeting and implemented in accordance with the resolution and regulations.</p>

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

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

Summary Table for Resignation or Dismissal of Individuals

March 31, 2023

Title	Name	Date of assumption of duty	Date of dismissal	Reasons for resignation or dismissal
Accounting Executive	Jin-Ten Chang	2017.05.11	2022.08.09	Resigned
Financial supervisor	Yuan-Shen Wang	2021.11.11	2022.08.09	Position adjustment, reappointed as the accounting supervisor

IV. Information on CPA fees

(I) The amount of audit fees and non-audit fees, as well as the nature of non-audit services provided to the CPA, their audit firm, and its related entities:

Name of the Accounting Firm	Name of CPA	Audit period	Audit fee	Non-audit fee (Note)	Total	Footnote
PricewaterhouseCoopers Taiwan	Hsu, Sheng-Chung	2022.01.01-2022.12.31	7,100	2,150	9,250	
	Hsu, Chieh-Ju					

Note: (1) NT\$1,000 thousand for the Sustainability Report.

(2) NT\$1,150 thousand for the Transfer Pricing Report.

(II) The Company has switched accounting firms and the annual audit shared expenses are less than that of the previous year prior to the switch: None

(III) The audit fee is reduced by over 10% compared with the previous year: None

V. Replacement of CPAs

(I) About the previous CPA: N/A.

(II) About the succeeding CPA: N/A.

(III) Reply from the previous CPA: N/A.

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

None

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

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

Unit: Shares

Title	Name	2022		As of March 31, 2023	
		Increases (decreases) of the number of shares held	Increases (decreases) of the number of pledged shares	Increases (decreases) of the number of shares held	Increases (decreases) of the number of pledged shares
Chairman	Chang-Fang Shen	200,000	(100,000,000)	-	-
Director	Foxconn (Far East) LTD	-	-	-	-
	Representative: Che-Hung Yu	-	-	-	-
Director	John-See Lee	-	-	-	-
Director and President	Ting-Chuan Lee	62,000	-	-	-
Independent Director	Chih-Chen Chou	-	-	-	-
Independent Director	Chen-Fu Chien	-	-	-	-
Independent Director	Chi-Hsien Lee	-	-	-	-
Vice President	Jing-Hsien Hsieh	-	-	-	-
Accounting Executive	Yuan-Shen Wang	-	-	-	-
Corporate Governance Supervisor	Duen Ling	-	-	-	-
Financial supervisor	Ding-Hao Lin	-	-	-	-
Former Accounting Manager	Jin-Ten Chang	(Note)	(Note)	(Note)	(Note)

Note: Dismissed on August 9, 2022

(II) Equity transfer or equity pledge in which the counterparty is a related party: None.

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

April 1, 2023 Unit: Shares

Name	Current Shareholding		Spouse & Minor Children Shareholding		Shareholding in the name of others		The names or names and relationships of the top ten shareholders who have a relationship with each other or are relatives of a spouse or a second parent	
	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Name	relationship
Foxconn (Far East) Ltd Representative Che-Hung Yu	305,515,627	32.26%	0	0.00%	0	0.00%	None	None
Yuanta/P-shares Taiwan Dividend Plus ETF	31,462,981	3.32%	0	0.00%	0	0.00%	None	None
Cathay Life Insurance Co., Ltd. Responsible Person Tiao-Gui Huang	23,502,000	2.48%	0	0.00%	0	0.00%	None	None
Custodial Account (LGT Bank AG) Used by Standard Chartered	20,503,000	2.17%	0	0.00%	0	0.00%	None	None
Nan Shan Life Insurance Co., Ltd. Responsible Person Chong-Yao Yin	17,371,000	1.83%	0	0.00%	0	0.00%	None	None
Standard Chartered Bank in custody for LGT Bank (Asia)	13,916,000	1.47%	0	0.00%	0	0.00%	None	None
Standard Chartered in custody for Fidelity Fund	13,524,000	1.43%	0	0.00%	0	0.00%	None	None
China Life Insurance Company Responsible Person Shuo-Lun Tan	12,948,000	1.37%	0	0.00%	0	0.00%	None	None
Bureau of Labor Funds	12,694,888	1.34%	0	0.00%	0	0.00%	None	None
JPMorgan Chase Bank N.A. in custody for Vanguard Emerging Markets Fund Investment Account	8,869,710	0.94%	0	0.00%	0	0.00%	None	None

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

December 31, 2023 Unit: Shares

Reinvestment Entities	Investment by the Company		Investments by the directors, supervisors, managerial officers, and companies directly or indirectly controlled by this Company		Combined investment	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
Monterey Park Finance Limited	976,250,000	100%	-	-	976,250,000	100%
Coppertone Enterprises Limited	102,785,806	100%	-	-	102,785,806	100%
Pacific Fair International Limited	2,133,300,000	100%	-	-	2,133,300,000	100%
Mayco Industrial Limited	9,321,841,932	100%	-	-	9,321,841,932	100%
FAT Holdings Limited	5,000	100%	-	-	5,000	100%
Zhen Ding Technology Singapore Private Limited	30,000,000	100%	-	-	30,000,000	100%
Zhen Ding Technology India Private Limited	10,000	100%	-	-	10,000	100%
Zhen Ding Developer India Private Limited	210,010,000	100%	-	-	210,010,000	100%
Zhen Ding Technology Co., Ltd.	12,548,800	100%	-	-	12,548,800	100%
BoardTek Electronics Corp.	95,918,453	100%	-	-	95,918,453	100%
BoardTek Investment Co., Ltd.	24,829,362	100%	-	-	24,829,362	100%
Leading Interconnect International Limited	1	100%	-	-	1	100%
Huaian Jia Wei Industrial Development Co., Ltd.	(Note)	100%	-	-	(Note)	100%
Avary Holding (Shenzhen) Co., Limited	1,666,644,973	71.80%	18,018,938	0.78%	1,684,663,911	72.58%
Garuda Technology Co., Ltd.	109,498,660	71.80%	-	-	109,498,660	71.80%
Garuda International Limited	330,434,645	71.80%	-	-	330,434,645	71.80%
Avary Singapore Private Limited	46,046,879	71.80%	-	-	46,046,879	71.80%

Reinvestment Entities	Investment by the Company		Investments by the directors, supervisors, managerial officers, and companies directly or indirectly controlled by this Company		Combined investment	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
Avary Technology (India) Private Limited	193,180,702	71.80%	-	-	193,180,702	71.80%
Avary Japan Co., Ltd.	2,341	71.80%	-	-	2,341	71.80%
Fu Bo Industrial (Shenzhen) Co., Ltd.	(Note)	71.80%	-	-	(Note)	71.80%
Kui Sheng Technology (Shenzhen) Limited	(Note)	71.80%	-	-	(Note)	71.80%
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	(Note)	71.80%	-	-	(Note)	71.80%
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	(Note)	71.80%	-	-	(Note)	71.80%
Yu Ding Precision Electronics (Huaian) Co., Ltd.	(Note)	71.80%	-	-	(Note)	71.80%
Qing Ding Precision Electronics (Huaian) Co., Ltd.	(Note)	71.80%	-	-	(Note)	71.80%
Avary Holding Investment (Shenzhen) Co., Ltd.	(Note)	71.80%	-	-	(Note)	71.80%
Avary Logistics Services (Shenzhen) Co. Ltd.	(Note)	71.80%	-	-	(Note)	71.80%
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	(Note)	69.65%	-	-	(Note)	69.65%
Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	(Note)	69.65%	-	-	(Note)	69.65%
Qi Ding Technology Qinhuangdao Co., Ltd.	(Note)	69.65%	-	-	(Note)	69.65%

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

CHAPTER 4. CAPITAL OVERVIEW

I. Capital and Shares

(I) Source of Share Capital

1. Source of capital

April 1, 2023; Unit: Shares; NT\$

Year and month	Issued Price	Authorized Capital		Paid-Up Capital		Footnote	
		Number of Shares	Amount	Number of shares	Amount	Source of Capital Shares	Authorization Date and Document Number
2006.06	US\$1	50,000	50,000	1	1	Capital stock at establishment	-
2006.09	-	500,000,000	500,000,000	-	-	Authorized capital increase	-
2006.10	US\$1	500,000,000	500,000,000	70,000,000	70,000,000	Cash capital increase	-
2007.10	US\$2	500,000,000	500,000,000	162,500,000	162,500,000	Cash capital increase	-
2009.10	US\$2.15	500,000,000	500,000,000	202,000,000	202,000,000	Cash capital increase	-
2010.10	-	1,600,000,000	16,000,000,000	646,400,000	6,464,000,000	The nominal value was changed from US\$1 to NT\$10	Tai-Zheng-Shang-2 No. 1000035056 dated November 1, 2011
2011.12	NT\$52	1,600,000,000	16,000,000,000	669,929,000	6,699,290,000	Cash capital increase	Jin-Guan-Zheng-Fa No. 1000056412 dated November 21, 2011
2012.08	NT\$10	1,600,000,000	16,000,000,000	703,425,450	7,034,254,500	Recapitalization of retained earnings	Tai-Zheng-Shang-2 No. 10100194981 dated August 30, 2012
2013.08	NT\$10	1,600,000,000	16,000,000,000	738,596,722	7,385,967,220	Recapitalization of retained earnings	Tai-Zheng-Shang-2 No.1020015935 dated August 9, 2013
2014.08	NT\$10	1,600,000,000	16,000,000,000	738,631,065	7,386,310,650	Converted ECB to common shares	Tai-Zheng-Shang-2 No. 10300161141 dated August 7, 2014
2015.03	NT\$10	1,600,000,000	16,000,000,000	767,768,101	7,677,681,010	Converted ECB to common shares	Tai-Zheng-Shang-2 No. 10400061361

Year and month	Issued Price	Authorized Capital		Paid-Up Capital		Footnote	
		Number of Shares	Amount	Number of shares	Amount	Source of Capital Shares	Authorization Date and Document Number
							dated April 8, 2015
2015.04	NT\$10	1,600,000,000	16,000,000,000	804,748,359	8,047,483,590	Converted ECB to common shares	Tai-Zheng-Shang-2 No. 1040013225 dated July 6, 2015
2019.03	NT\$10	1,600,000,000	16,000,000,000	805,549,672	8,055,496,720	Converted ECB to common shares	Tai-Zheng-Shang-2 No. 1040013225 dated July 6, 2015
2019.04	NT\$10	1,600,000,000	16,000,000,000	902,229,887	9,022,298,870	Converted ECB to common shares	Tai-Zheng-Shang-2 No. 1040013225 dated July 6, 2015
2020.11	NT\$10	1,600,000,000	16,000,000,000	947,049,161	9,470,491,610	Share conversion to issue new shares	Tai-Zheng-Shang-2 No. 1091702976 dated September 15, 2020

April 1, 2023; Unit: Shares; NT\$

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

2. Information regarding shelf registration: N/A

(II) Shareholder Structure

April 1, 2023

Shareholder Structure	Government institutions	Financial institutions	Investment Institutions in China	Other Corporations	Foreign Institutions and Foreigners	Individual Investors	Total
Amount							
Number of people	5	38	158	1	758	33,018	33,978
Shares held (shares)	14,803,367	118,204,816	30,980,543	4,000	648,181,321	134,875,114	947,049,161
Shareholding Percentage (%)	1.57%	12.48%	3.27%	0.00%	68.44%	14.24%	100.00%

(III) Share Distribution

1. Common shares:

April 1, 2023

Shareholding Classification	Number of Shareholders	Number of Shares Held	Ownership (%)
1 - 999	9,791	2,174,509	0.23%
1,000 - 5,000	19,658	36,736,910	3.88%
5,001 - 10,000	2,005	15,949,913	1.68%
10,001 - 15,000	636	8,231,847	0.87%
15,001 - 20,000	391	7,258,712	0.77%
20,001 - 30,000	357	9,204,926	0.97%
30,001 - 40,000	200	7,206,174	0.76%
40,001 - 50,000	149	6,934,241	0.73%
50,001 - 100,000	285	20,964,314	2.21%
100,001 - 200,000	200	28,763,492	3.04%
200,001 - 400,000	124	36,192,934	3.82%
400,001 - 600,000	50	24,577,788	2.60%
600,001 - 800,000	17	11,452,200	1.21%
800,001 - 1,000,000	17	15,215,477	1.61%
1,000,001 or more	98	716,185,724	75.62%
Total	33,978	947,049,161	100.00%

2. Preferred shares: None

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

April 1, 2023

Major Shareholder Name	Shares	Number of Shares Held	Ownership (%)
Foxconn (Far East) Ltd.		305,515,627	32.26%
Yuanta/P-shares Taiwan Dividend Plus ETF		31,462,981	3.32%
Cathay Life Insurance Co.,Ltd.		23,502,000	2.48%
Custodial Account (LGT Bank AG) Used by Standard Chartered		20,503,000	2.17%
Nan Shan Life Insurance Co., Ltd.		17,371,000	1.83%
Standard Chartered Bank in custody for LGT Bank (Asia)		13,916,000	1.47%
Standard Chartered in custody for Fidelity Fund		13,524,000	1.43%
China Life Insurance Company		12,948,000	1.37%
Bureau of Labor Funds		12,694,888	1.34%
JPMorgan Chase Bank N.A. in custody for Vanguard Emerging Markets Fund Investment Account		8,869,710	0.94%

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

Unit: NT\$; thousand shares

Item \ Year			For the year ended December 31, 2021	For the year ended December 31, 2022	As of March 31, 2023
Market Price per Share	Highest		129.50	129.00	119.00
	Lowest		84.00	90.30	103.00
	Average		104.58	107.85	111.18
Net Value per Share (Note 4)	Before Distribution		89.28	102.54	97.10
	After Distribution		84.28	96.54	-
Earnings per Share	Weighted Average Shares		944,956	944,956	944,956
	Earnings per Share		10.21	15.02	0.53
Dividends per Share	Cash Dividend		5.00	6.00	-
	Stock Dividends	Stock Dividends from Retained Earnings	-	-	-
		Stock Dividends from Capital Reserve	-	-	-
	Cumulative Unpaid Dividends		-	-	-
Return on Investment Analysis	Price-to-earnings Ratio (Note 1)		10.24	7.18	-
	Price-to-dividend Ratio (Note 2)		20.92	17.98	-
	Cash Dividend Yield (Note 3)		4.78%	5.56%	-

Source: Consolidated financial report inspected and certified (read) by a CPA.

Note 1: P/E Ratio = Average closing price for each share for the year/earnings per share

Note 2: P/D Ratio = Average closing price for each share for the year/cash dividend per share

Note 3: Cash dividend yield = cash dividends per share/ average closing price per share for the year.

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

Note 5: Distribution of earnings for 2022 is subject to approval of the 2023 Annual Shareholders' Meeting.

(VI) Dividend Policy and Implementation Status

1. Dividend policy:

The Board of Directors, following an ordinary resolution in the shareholders' meeting or under conditions specified in Article 11.4(a) of the Articles of Incorporation, shall adopt a special resolution to distribute dividends to shareholders based on their shareholding percentage in compliance with the Articles of Incorporation and the instructions of the shareholders' meeting. The dividends can be partially or entirely distributed in cash, stocks, or various assets and the value of the assets shall be determined by the Board of Directors. No unpaid Dividend shall bear interest as against the Company. The cash dividends distributed to shareholders shall be no less than fifty percent (50%) of the total dividends. For the earnings distribution proposal of the Company, it shall be resolved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, and the distribution shall be reported to the nearest General Shareholders' Meeting.

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

Based on Article 13.6 of the Articles of Incorporation regarding the Company's decision on its dividend policy, the Board of Directors understands that the Company operates in a mature industry and the Company has stable revenues and healthy financial structure. Regarding the proposals for shareholders to approve dividends or other allocations (if any) in each fiscal year, the Board of Directors may:

- (1) take into consideration the earnings of the Company, overall development, financial planning, capital needs, industry outlook and future prospects of the Company in the relevant financial year, so as to ensure the protection of Members' rights and interests;
- (2) The Company shall allocate dividends from the Company's surplus in each fiscal year for: (i) preparatory fund for payment of taxes during the related fiscal year, (ii) amount to make up for past losses, (iii) ten per cent (10%) as a general reserve, and (iv) 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 pursuant to Article 14.1.

Article 13.7 of the Articles of Incorporation states subject to compliance with the law and after setting aside the amounts for Employees' Compensations and Directors' Remuneration in accordance with Article 13.5 and such amounts as the Board deems fit in accordance with the distribution policy set out in Article 13.6, the Board shall recommend to distribute no less than ten percent (10%) of the distributable amount as Dividend to the shareholders.

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

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

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

In terms of the Company's manager remuneration, the Board of Directors has sound supervisory functions and strengthened management capabilities. Based on the concept of corporate social responsibility and sustainable management, the Company integrates sustainable management into the "environmental protection, social, and governance" framework that complies with ESG standards. In addition to fulfilling its obligations under laws and regulations, the company also upholds the spirit of corporate social responsibility to achieve the goal of sustainable management and enhance the influence of senior management's corporate social responsibility. ZDT does not hire remuneration consultants separately. Instead, we have set up a Remuneration Committee that is responsible for assisting the Board of Directors in formulating the Company's overall remuneration policy, and determining the forms of remuneration for directors (including independent directors) and managers. The committee uses the performance feedback mechanism of the operating strategy committee, as well as the company's revenue and profit as indicators. It also incorporates ESG evaluation indicators into the general manager's performance evaluation, accounting for 10% of the evaluation criteria, and establishes an effective link with variable remuneration based on the above evaluation criteria.

4. Implementation status:

The Company's 2022 earnings distribution proposal Year approved by the Board of Directors on March 13, 2023. The Company proposed to distribute NT\$6 per share in cash dividends. The Chairperson has been authorized to determine the dividend base date and distribution matters.

The 2022 earnings allocation shall be as follows:

Zhen Ding Technology Holding Limited

Earning Distribution for 2022

Unit: NT\$

Item	2022
	Amount
Net income after tax	\$ 14,197,039,917
Add: Unappropriated earnings adjustments for the current year (Note 2)	21,383,385
Adjusted net profit after tax (Note 3)	\$ 14,218,423,302
Less: 10% general reserve (Note 3)	1,421,842,330
Add: Reversal of special reserve (Note 4)	1,965,860,183
Add: Undistributed earnings in previous years	26,479,687,233
Retained earnings available for distribution for this year	\$ 41,242,128,388
Distribution items: Cash dividends (NT\$ 6.00 per share)	5,682,294,966
Accumulated undistributed earnings at the end of the period	\$ 35,559,833,422

Note:

1. As of December 31, 2022, the Company's outstanding shares were 947,049,161 shares.
2. The actuarial gains and losses of defined benefit plans are recognized in other comprehensive income (net), and is an adjustment for distributable earnings for the current year.
3. Using the "total amount of after-tax net income for the period and other profit items adjusted to the current year's undistributed earnings other than after-tax net income for the period" as the basis for allocating statutory surplus reserve, and the statutory surplus reserve in previous years does not need to be adjusted retrospectively. (Reference to Letter No. 10802432410 issued by the Ministry of Economic Affairs in January 9, 2020)
4. Pursuant to the Order No. Financial-Supervisory-Securities-Corporate-1090150022 of the Financial Supervisory Commission's Securities and Futures Commission, a special surplus reserve of the same amount should be included for the net amount of other shareholders' equity deducted for the current year. Later when the other shareholders' equity deductions have been reversed, the reversal in surplus will be distributed.
5. The amount of NT\$ is converted according to the balance of US\$, the functional currency.
6. The cash dividends shall be calculated in NT\$ (allocated to NT\$1) in accordance with distribution ratio, and below NT\$1 will be rounded down.

Chairman:
Chang-Fang Shen

President:
Ting-Chuan Lee

Head of Accounting: Yuan-Shen Wang

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

(VIII) Employees' and directors' remuneration

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

Upon the final settlement of the Company's accounts, if there is "surplus profit" (as defined below), the Company shall set aside zero point five per cent (0.5%) to twenty per cent (20%) as compensation to employees ("Employees' Compensations") and Employees' Compensations may be distributed to employees of the Company and its Subsidiaries, who meet certain qualifications. The Company may set aside no more

than half percent (0.5%) of the aforementioned profit in the current year as remuneration for directors (Article 13.5 of the Articles of Incorporation).

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

- (1) The Company's 2022 earnings distribution proposal was passed by the Board of Directors which proposed the distribution of NT\$85,418,173 in remuneration for directors and cash remuneration of NT\$513,268,411 for employees.
- (2) For cash compensation and stock distributed to employees and remuneration for directors, if there is any discrepancy between an amount and estimated amount of recognized expenses for the current fiscal year, the amount, causes and treatment of such discrepancy shall be disclosed:

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

- (3) The proposed employee stock remuneration allocation as a ratio of the net income for the period and the total employee remuneration: Not applicable.
- (4) Earnings per share after the proposed compensation/remuneration for employees and directors: NT\$15.02.

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

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

(IX) Buyback of the Company's stock: None.

II. Issuance of Corporate Bonds

(I) Domestic corporate bonds: None.

(II) Overseas corporate bonds

Type of corporate bond	Third foreign non-guaranteed convertible corporate bond
Date of issue (handling)	June 30, 2020
Denomination	The denomination of each bond is USD200,000 or its integer multiples.
Issuance and trading location	Singapore Exchange Limited
Issued Price	Issued at 100% of the denomination
Total value	USD400,000,000
Coupon rate	0%
Term	5 years. Maturity date: June 30, 2025
Guarantee agency	N/A
Trustee	Citigroup International Limited
Underwriting agency	Lead domestic underwriter: Grand Fortune Securities Co., Ltd. Lead foreign underwriter: Credit Suisse (Hong Kong) Limited and Citigroup Global Markets Limited

Certifying lawyer		Lee and Li Attorneys at Law
Certifying CPA		PricewaterhouseCoopers, Taiwan Yung-Chien Hsu, CPA and Min-Chuan Feng, CPA
Repayment method		Conversion into ordinary shares according to Article 13 of the Conversion Method or exercise the call option according to Article 11 and exercise the early redemption option according to Article 12 of the Conversion Method
Outstanding principal		USD400,000,000
Terms for redemption or early settlement		<p>(I) After 3 years of issuance, if the closing price for 20 consecutive trading days of the issuing company's ordinary stock on the Taiwan Stock Exchange (for ex-rights or ex-dividends, the closing price will be used between the ex-rights or ex-dividend trading date to the ex-rights or ex-dividend base date, and the price before ex-rights or ex-dividends should be calculated first) is 125% of the early redemption price multiplied by the current conversion price then divided by the Company's bond value, the issuing company may redeem all or part of the company's bonds at the early redemption price (defined in Article 12(4) of the Regulations).</p> <p>(II) When more than 90% of the Company's bonds have been redeemed, repurchased and retired, or converted by the bondholders, the issuing company may redeem the bonds in full at the early redemption price.</p> <p>(III) When the tax laws of the Republic of China or the British Cayman Islands are changed, causing the tax burden, additional interest expenses, or cost of the issuing company to increase due to the Company's bonds after the issuance date, the issuing company may redeem the bonds in full at the early redemption price.</p> <p>(IV) When an event related to the Company's bonds occurs, the early redemption price is calculated by the issuing company based on the face value of the Company's bonds plus an annual interest rate of 0% from the date of issuance to the day when the event related to the Company's bonds occurred.</p>
Restrictive Terms		The corporate bonds may not be directly offered, sold, or delivered in the Republic of China
Credit rating agency name, rating date, company debt rating results		N/A
With other rights	Converted amount of common shares as of the date of publication of the Annual Report	None
	Issuance and Conversion Method	As stated in the Appendix
Effects of the issuance and conversion, exchange, or		If all overseas unsecured convertible bonds issued this time are converted to ordinary shares at the price at issuance, the

subscription methods and issuance conditions on possible dilution of shares and equity of current shareholders	maximum dilution ratio for the original shareholders' equity will be approximately 8.62%.
Entrusted custodian of the exchange target	N/A

(III) Information on Converted Corporate Bonds:

Type of corporate bond		Third issuance of unsecured overseas convertible corporate bond (Singapore)		
Year		2021	2022	As of Mar 31, 2023
Item				
Converted corporate bond market price	Highest	109.378	101.463	99.522
	Lowest	98.263	95.540	97.449
	Average	102.478	98.772	98.840
Conversion price		NT\$144.94 <small>(Note)</small>	NT\$138.45 <small>(Note)</small>	NT\$138.45
Date of issue (handling) and conversion price at the time of issuance		Date of issue (handling): June 30, 2020 Conversion price at the time of issuance: NT\$157.45		
Method of fulfilling the conversion obligation		Issue new shares		
Maturity date		June 30, 2025		

Note: Conversion price adjusted due to ex-dividend.

Appendix: Regulations for the Third Issuance of Unsecured Overseas Convertible Corporate Bonds

I. Issuance company name

Zhen Ding Technology Holding Limited (hereinafter referred to "Zhen Ding", "issuer", or "the Company").

II. Issuance purpose: Replenish operating funds and repay bank loans.

III. Total issuance amount: Total issued amount of US\$400 million.

IV. Issuance method

The unsecured overseas convertible bonds (hereinafter referred to as "the corporate bonds") shall be issued outside the territory of the Republic of China and they shall be issued in accordance with the laws and regulations of the country of issuance and customary practices on international markets. All corporate bonds shall be open to subscription to external sources.

V. Corporate bond type, face value, and issuance price

The corporate bonds are registered unsecured convertible bonds. The face value of each bond is US\$200,000 or its integer multiples when more than US\$200,000, and bonds shall be issued based on 100% of the face value.

VI. Issuance date: June 30, 2020

VII. Maturity date: June 30, 2025

VIII. Exchange listing: Listed on the Singapore Exchange Limited.

IX. Coupon rate: The coupon rate of the corporate bonds is an annual interest rate of 0%.

X. Repayment upon maturity

The issuer has direct and unconditional obligations for payment for the corporate bonds. Except where the corporate bonds are redeemed early, repurchased and subsequently canceled or where the bondholder exercises conversion rights, the issuer shall repay all corporate bonds in USD on the maturity date in the amount based on the face value of the corporate bond plus an annual interest rate of 0% as yield (calculated once every six months). The redemption amount at maturity is 100% of the face value of the bond, and the actual yield is 0%.

XI. Bondholder's put rights

(I) The bondholders may not request the issuer to redeem all or parts of the corporate bonds they hold before the maturity date except for the following occurrences.

1. In addition to early redemption or repurchase and subsequent cancellation of the corporate bonds or where the bondholder exercises conversion rights, the bondholder may request the issuer to redeem all or parts of the corporate bonds based on the face value plus interest compensation calculated based on an annual interest rate of 0% (i.e. 100% of the face value) (hereinafter referred to as the "early redemption price").
2. Once the ordinary shares of the issuer are removed from listing on Taiwan Stock Exchange, the bondholder may request the issuer to redeem all or parts of the corporate bonds based on early redemption price (defined in Article 12 (4) of the Rules).
3. In the event of changes to controlling rights of the issuer as defined in the trust agreement for the corporate bonds (hereinafter referred to as "trust agreement"), the bondholder may request the issuer to redeem all or parts of the corporate bonds based on early redemption price.

(II) The bondholder's exercise of the aforementioned put right and the issuer's acceptance of bondholders' requests for redemption shall be processed in accordance with procedures specified in the trust agreement. The payment for the early sale or redemption of the Company's bonds (whichever is applicable) will be made by the Company in cash on the payment date as specified in the trust agreement.

XII. Issuer's right to early redemption

The issuer may redeem the corporate bonds earlier under the following conditions:

- (I) After 3 years of issuance, if the closing price for 20 consecutive trading days of the issuing company's ordinary stock on the Taiwan Stock Exchange (for ex-rights or ex-dividends, the closing price will be used between the ex-rights or ex-dividend trading date to the ex-rights or ex-dividend base date, and the price before ex-rights or ex-dividends should be calculated first) is 125% of the early redemption price multiplied by the current conversion price then divided by the Company's bond value, the issuing company may redeem all or part of the company's bonds at the early redemption price (defined in Article 12(4) of the Regulations).
- (II) When more than 90% of the corporate bonds are redeemed or repurchased and subsequently canceled or where the bondholder exercises conversion rights, the issuer may redeem all or parts of the corporate bonds early based on the early

redemption price;

- (III) When the tax laws of the Republic of China or the British Cayman Islands are changed, causing the tax burden, additional interest expenses, or cost of the issuing company to increase due to the Company's bonds after the issuance date, the issuing company may redeem the bonds in full at the early redemption price.
- (IV) When an event related to the Company's bonds occurs, the early redemption price is calculated by the issuing company based on the face value of the Company's bonds plus an annual interest rate of 0% from the date of issuance to the day when the event related to the Company's bonds occurred.

XIII. Conversion

(I) Conversion of subjects

The bondholder may apply for conversion of the corporate bonds into newly-issued ordinary shares of the issuer within the conversion period (defined below) based on the conversion price.

(II) Conversion procedures

When requesting a conversion, the bondholder shall provide the conversion notice provided in the trust agreement and other related documents or certificates required by the laws of the Republic of China or Cayman Islands to the conversion agency outside the territory of the Republic of China which shall apply for the conversion with the issuer.

According to the current regulations of the Republic of China, when the bondholder applies for the conversion of corporate bonds into the issuer's newly-shared ordinary shares, the issuer shall, within five trading days of receiving the conversion notification, deliver new shares through the account in the Taiwan Depository and Clearing Corporation to the bondholder who exercised the conversion option. If the bondholder who requested the conversion has not opened an overseas corporate bonds conversion depository account, the issuer shall deliver the new shares through account transfer after the bondholder completes related account opening procedures. In the event of changes to regulations on conversion in the Republic of China, the conversion shall be processed based on the amended regulations.

The trading day specified in the preceding paragraph refers to trading days of Taiwan Stock Exchange.

(III) Conversion period

In addition to early redemption or repurchase and subsequent cancellation of the corporate bonds or where the bondholder exercises conversion rights, regulatory requirements, and suspension of transactions as required in the trust agreement, the bondholder may request the issuer to convert the corporate bonds into newly-issued ordinary shares of the issuer from the day following the 150th day of the issuance of corporate bonds to (1) ten days before the maturity date or (2) the fifth business day before the date the bondholder exercises put options or the date the issuer exercises redemption options (excluding the maturity date).

The account transfer suspension period under current laws is as follows:

- (a) 60 days prior to a general shareholders meeting, 30 days prior to an extraordinary shareholders' meeting, or five days prior to the baseline date for the issuer's distribution of dividends, bonuses, or other interests.

- (b) From the issuer's first book closure date for stock dividends, first book closure date for cash dividends, or 15 business days prior to the first book closure date for cash capital increase till the distribution baseline date of the aforementioned rights.
- (c) If the issuer implements capital reduction, it shall be from the issuer's capital reduction baseline date to the day before the transaction date of conversion of the capital reduction to stocks.
- (d) If the issuer carries out face value change of the stock, the period will be from the day when the issuer suspends the conversion (subscription) of stocks until the day before the start of trading of the new shares to be issued.
- (e) Other account transfer suspension periods required by the laws and regulations of the Republic of China, Taiwan Stock Exchange, or Cayman Islands.

In the event of changes to regulations on account transfer suspension periods in the Republic of China, the conversion shall be processed based on the amended regulations.

(IV) Conversion price

The conversion price for corporate bonds is NT\$157.45 per share. The conversion price is 117.5% of the reference price (defined below). The conversion price shall be rounded to the nearest cent. The reference price shall be the simple arithmetic average of the closing price of the Company's ordinary shares on TWSE on the fixing date.

(V) Number of converted ordinary shares

The number of converted ordinary shares shall be calculated based on the face value of the corporate bonds at issuance multiplied by the fixed exchange rate of NT\$29.5930 to US\$1 and divided by the conversion price at the time of the request. Amounts less than one share shall be paid in cash to NTD and rounded to the nearest NTD.

(VI) Conversion price adjustment

After the issuance of the corporate bonds, the conversion price shall be adjusted in accordance with the anti-dilution provision described below and related anti-dilution provisions in the trust agreement:

- (a) After the issuance of corporate bonds, except for the issuance of new shares through ordinary shares with conversion or subscription rights for the conversion of various securities into ordinary shares and new shares issued for employee remuneration, in the event of increase in the Company's ordinary shares outstanding or placement (including but not limited to cash capital increase, conversion of earnings to capital, conversion of capital reserve to capital increase, division of stocks, recipient of capital increase from other companies, consolidated capital increase and cash capital increase in subscription for global depositary receipts) where the subscription price or issuance price is lower than the current price of each share (the current price of each share shall be defined in accordance with the trust agreement), the conversion price shall be adjusted (downward adjustment; no upward adjustments shall be provided; rounded to the nearest cent) in accordance with the following formula. It shall also be adjusted on the ex-rights baseline date (Note 1) for the issuance of new shares. However, the adjustments shall be implemented on the day of full payment for shares

if actual payments are required.

If the issuance price for new shares is changed after the ex-rights baseline date, the updated issuance price for new shares shall be adjusted in accordance with the following formula. If the adjusted conversion price is lower than the conversion price announced and adjusted prior to the original ex-rights baseline date, it shall be announced again.

Conversion price after adjustment =

conversion price before adjustment \times $[\text{ENS} + (\text{NNS} \times \text{PNI}) / \text{P}] / [\text{ENS} + \text{NNS}]$

ENS = number of issued shares (Note 2)

NNS = new shares

PNI = price of new shares (Note 3)

P = share price on baseline date (defined in the trust agreement)

Note 1: For merger capital increases, the adjustment will be made on the merger reference date. For the increase of capital by acquiring the shares of another company, the adjustment will be made on the acquisition reference date. For private placement of common shares, the adjustment will be made on the date of delivery of the private securities. If the cash capital increase is implemented via private placement sales or with the issuance of GDRs, as there is no ex-rights baseline date, it shall be adjusted on the day the issuance is completed.

Note 2: The number of issued shares refers to the total number of ordinary shares issued and obtained through private placement minus the number of treasury shares repurchased by the Company that have not been canceled or transferred.

Note 3: The price of new shares shall be zero if they are share dividends or stock splits. For capital increase due to a merger or transfer of shares from other companies, the price of new shares shall be: (1) The closing price of the dissolved company on the day of the resolution of the shareholders' meeting that determines the share exchange ratio (if the dissolved company is a listed company) or (2) the fair price of the shares of the dissolved company (if the dissolved company is a listed company) based on the opinions of independent experts multiplied by the share exchange ratio.

- (b) After the issuance of the corporate bonds, where the conversion or subscription price in the issuer's issuance or private placement of various securities with ordinary share conversion rights or subscription rights is lower than the current price per share (the current price per share shall be defined in accordance with the trust agreement), the conversion price shall be adjusted based on the following formula (rounded to the nearest NTD cent for downward adjustments; no upward adjustments shall be implemented) and the adjustments shall be implemented on the delivery date of the issuance of securities, subscription rights, or private placement:

Conversion
price after
adjustment =

$$\text{conversion price before adjustment} \times \frac{\text{issued shares (Note 1 and Note 2)} + \frac{\text{Price at which a new or private placement of securities or options may be converted or subscribed} \times \text{Number of shares for which a new or private placement of securities or options may be converted or subscribed}}{\text{Current market price per share}}}{\text{Issued shares + number of shares for which a new or private placement of securities or options may be converted or subscribed}}$$

Note 1: The number of issued shares shall include the total number of ordinary shares issued and obtained through private placement minus the number of treasury shares repurchased by the issuer that have not been canceled or transferred.

Note 2: If reissued or private placement securities with common stock conversion rights or subscription rights are funded by treasury shares, the number of new (or private placement) shares that may be converted or subscribed shall be deducted for adjusting the number of issued shares in the formula.

- (c) If the issuer implements capital reduction with treasury stock, the conversion price shall not be adjusted.

If the number of ordinary shares is reduced due to the capital reduction conducted through means other than the Company's cancellation of treasury stock after the issuance of corporate bonds, the conversion price (rounded to closest NT\$ cents) shall be calculated based on the following formula and adjusted on the capital reduction baseline date:

Compensation for losses by capital reduction:

$$\text{Conversion price after adjustment} = \frac{\text{conversion price before adjustment} \times \text{number of issued and outstanding ordinary shares before capital reduction}}{\text{number of issued and outstanding ordinary shares after capital reduction}}$$

1. Capital reduction by cash:

$$\text{Conversion price after adjustment} = \frac{(\text{conversion price before adjustment} - \text{cash refunded per share}) \times \text{number of issued and outstanding ordinary shares before capital reduction}}{\text{number of issued and outstanding ordinary shares after capital reduction}}$$

- (d) When the issuer increases or decreases its common stock shares due to a change in the face value, the adjusted conversion price should be calculated according to the following formula (rounded to the nearest cent, and adjusted downward if the common stock shares increase due to the change in stock par value, without upward adjustment), and it should be adjusted on the new stock issuance base date:

$$\text{After adjustment Conversion price} = \frac{\text{conversion price before adjustment} \times \text{number of issued common shares before the change of stock face value}}{\text{Number of issued common shares after the change of stock face value}}$$

- (e) When the issuer distributes cash dividends or other forms of cash to shareholders after the issuance of the corporate bonds, the conversion price

shall be adjusted based on the following formula (downward adjustment; no upward adjustments shall be provided; rounded to the nearest cent) in accordance with the regulations in the trust agreement (adjustments for the conversion price shall be provided in detail in the trust agreement):

$$\text{Conversion price after reduction} = \text{conversion price before reduction} \times (1 - \text{distribution of cash dividends for ordinary shares as a ratio of the current price per share})$$

The stock price per share shall be defined in accordance with the terms of the trust agreement.

(VII) Ownership of related dividends and bonuses in the conversion year

The bondholder shall not enjoy the Company's stock dividends or bonuses prior to the conversion. It shall be entitled to the distribution of dividends and bonuses attributable to holders of the Company's ordinary shares in accordance with laws after the conversion when bondholder's rights shall enjoy the same rights as other shareholders of the Company's ordinary shares.

(a) Cash Dividend

1. Where the bondholder applies for the conversion to the Company's common shares from the date 15 business days prior to the first ex-dividend date (exclusive), the common shares shall be entitled to the cash dividends to be issued.
2. The conversion of the corporate bonds shall be suspended from the date 15 business days prior to the first ex-dividend date (inclusive) for the distribution of the Company's cash dividends till the ex-dividend date.

(b) Stock dividends

1. Where the bondholder applies for the conversion to the Company's common shares from the date 15 business days prior to the ex-dividend date for dividend distribution (exclusive), the ordinary shares shall be entitled to the share dividends to be issued.
2. The conversion of the corporate bonds shall be suspended from the date 15 business days prior to the first ex-rights date (inclusive) for the distribution of the Company's stock dividends till the ex-rights date.

(VIII) Restrictions on qualifications for conversion

According to current laws and regulations of the Republic of China, if the holder of corporate bonds is a Chinese investor, it must be a qualified domestic institutional investor (QDII) approved by the competent authority for securities in China (within the limit regulated by related competent authorities) or a Chinese investor approved by the Investment Commission of the Ministry of Economic Affairs to exercise conversion rights. In the event of changes to regulations on securities investment in Taiwan by Mainland area investors, the conversion shall be processed based on the amended regulations.

XIV. Cancellation of bonds

If the convertible bond is purchased (including purchased from the secondary market), early redeemed, or repaid at maturity by the Company, or if the convertible bond is converted into ordinary shares or redeemed by the bondholder, the bond is to be retired and will not be reissued.

XV. Sales restrictions

The corporate bonds may not be directly offered, sold, or delivered in the Republic of China.

XVI. Taxes

- (I) Securities transaction tax: According to current laws and regulations of the Republic of China, shareholders must pay 0.3% of the transaction amount as securities transaction tax when selling their shares.
- (II) If there are changes in related taxation laws of the Republic of China or Cayman Islands, the taxes shall be processed in accordance with current regulations.

XVII. Governing laws

The issuance, management and disposal of the corporate bonds shall be processed in accordance with the laws and regulations of a foreign country based on the agreement between the issuer and the foreign underwriter. However, the approval for issuance and exercise of conversion rights of the corporate bonds shall be implemented in accordance with the laws of the Republic of China and governed by the laws of the Republic of China.

XVIII. Amendments of issuance clauses

The Regulations may be amended by agreements between the issuer and the underwriter based on changes in market conditions in accordance with related regulations.

XIX. List of underwriters and other related agencies

Overseas underwriters: Credit Suisse (Hong Kong) Limited and Citigroup Global Markets Limited

Lead domestic underwriter: Grand Fortune Securities Co., Ltd.

Trustee: Citicorp International Limited

Payment and conversion agency: Citibank, N.A., London Branch

III. Issuance of preferred shares

None.

IV. Issuance of Overseas Depository Receipts

None.

V. Issuance of Employee Stock Options

None.

VI. Issuance of New Restricted Employee Shares

None.

VII. Issuance of New Shares for Merger or Acquisition

None.

VIII. Implementation of Capital Utilization Plans

- (I) As of the quarter preceding the publish date of the annual report, the fund utilization plan of previous offerings or private placements of securities has not been completed, or the fund utilization plan over the past three years has been completed but the expected benefits haven't been realized: None.
- (II) As of the quarter preceding the publish date of the annual report, the fund utilization plan of previous offerings of securities has been completed by the Company.

CHAPTER 5. Operational Highlights

I. Business activities

(I) Business scope

1. Major business activities:

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

2. Operating proportion:

Unit: NT\$ thousands; %

Products	2021		2022	
	Amount	% of Total Revenue	Amount	% of Total Revenue
Various PCBs	155,022,197	100%	171,356,495	100%
Total	155,022,197	100%	171,356,495	100%

3. Current products and services:

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

4. Plans for new product development:

- ◆ Development and industrialization of fine pitch solutions for camera modules
- ◆ Research and development of low power wear and high density flexible circuit board technology
- ◆ Research and introduction of next generation high frequency transmission cable materials
- ◆ Development of high-reliability flexible circuit boards for automotive use
- ◆ Development of packaging technology for virtual reality wearable devices

- ◆ Research and development of laser u-trench technology and products
- ◆ Development of high-precision laser alignment and high-density interconnectivity board technology
- ◆ Development of technologies for multi-layered core combination products.
- ◆ Development of high reflectivity LPI products for automotive BLUs
- ◆ Research and development of non-broken edge BLU products
- ◆ Research and development of micro LED module fine pitch products
- ◆ Research and development of Gap Waveguide products and technology
- ◆ Development of ladder golden finger product technology
- ◆ Establishment of a Dk/Df measurement system for hard materials
- ◆ Development of in-vehicle central control unit products.
- ◆ Industrialization research of automotive mid-range radar control units
- ◆ Research and development of next generation communication products
- ◆ Development of new blind via hole cooling structure design and technology
- ◆ Development of high-speed optical module structure design
- ◆ Research and development of ENEPIG application technology in SLP
- ◆ Development of high-frequency antenna composite circuit boards
- ◆ Development of 3-nanometer embedded circuit substrate for mobile phone chips
- ◆ Research and development of ultra-micro aperture forming technology
- ◆ Development of ultra-thin core boards for mobile phone chips
- ◆ Development of ultra-multilayer substrates for 5G RF chips
- ◆ Development of ultra-multilayer substrates for 5G base station chips
- ◆ Development of embedded substrates for new high-end chips
- ◆ Development of ultra-thin substrates for wearable devices

(II) Industry overview

1. Current state and development of the industry

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

(1) Current status and development of the PCB industry

A printed circuit board (PCB or PWB for printed wire board) is a board manufactured on general materials based on a predetermined design that forms connections between points and embedded with printed components. Its main function is to connect various electronic components to form connections between predetermined circuits and provide transmission functions. PCBs are key components in the assembly of electronic components. They provide electrical connections for electronic components and are responsible for the transmission of digital and analog signals, power supply, and sending and receiving radio frequency and microwave signals for electronic devices. They are necessary equipment for most electronic devices and products and they are therefore referred to as the "mother of electronic products".

5G, Internet of Things, Internet of Vehicles, Industrial Internet of Things, and Artificial Intelligence are leading current trends and development for electronic products, while the development of PCBs is advancing toward properties of light-weight, thin, short, small, high-frequency, high speed, low pollution, low loss,

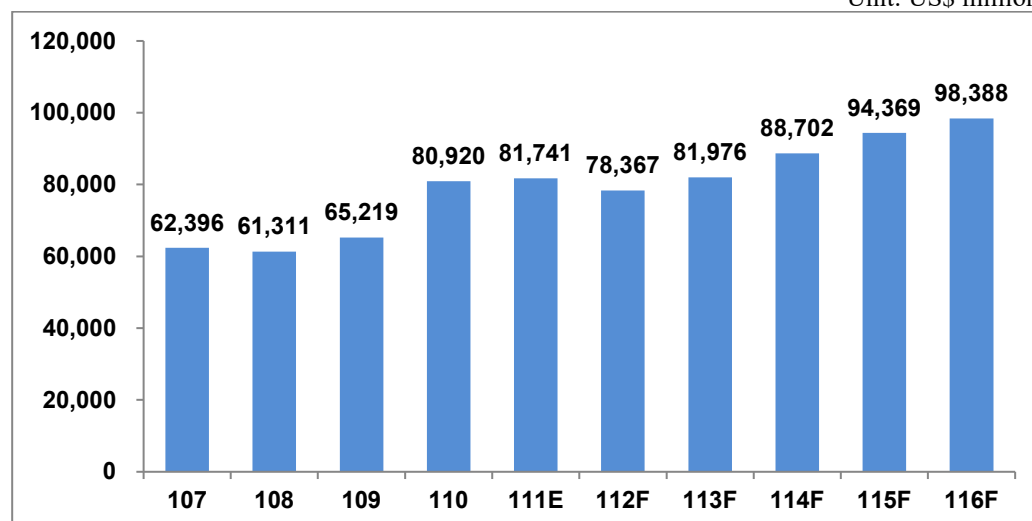
low power consumption, multi-functional, precision, aesthetics, refinement, and intelligence. Product applications include but not limited to consumer electronics such as smartphones, smart watches, communication electronics, tablet computers, new energy vehicles, base stations, cloud servers, wireless communications, and smart home and smart city hardware products.

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

According to Prismark's analysis, the global PCB production value is expected to grow slightly by 1.0% to US\$81.74 billion in 2022. However, in 2023, the production value may decline by 4.1% to US\$78.37 billion due to the global economic slowdown and customers reducing inventory. Prismark predicts that the PCB industry value will grow by a compound annual rate of 3.8% between 2022 to 2027, reaching US\$98.39 billion.

Global PCB Market Revenue from 2018 to 2027

Unit: US\$ million



Source: Prismark (February, 2023) [Note]: Shipments for 2023 to 2027 are estimates

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

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

Downstream industries that use PCBs consist of applications and products for end users and are thus susceptible to changes in the macroeconomic environment, market, and purchasing power. In addition, different PCB products have different applications and varying levels of price sensitivity. For consumer electronics

products with short product life cycles, the prices of new products begin their downward adjustments as soon as they are launched. PCBs therefore have weaker price bargaining power. However, PCBs for certain special applications, such as medical, industrial, or aerospace applications are less sensitive to price. PCBs are widely used for mobile phones, mobile communications base stations, tablet computers, personal computers, industrial computers, servers/storage devices, digital cameras, TVs, wearable devices, game consoles, home appliances, automotive electronics, medical equipment, robots, aerospace equipment, defense, military, etc.

Taiwan occupies an important position in the global PCB industry. According to Prismark data, in 2022, China, Japan, America, and Europe's production scale were 53.3%, 8.9%, 4.1%, and 2.3% of the global total, respectively. Other regions in Asia accounted for 31.4% of the market, with Taiwan, South Korea, and South East Asia as the main manufacturing areas. Currently, over 80% of PCBs worldwide are produced in Asia. In recent years, due to geopolitical influences, the industry chain has started to diversify production bases, and the proportion of PCB production in other regions of Asia has been increasing year by year.

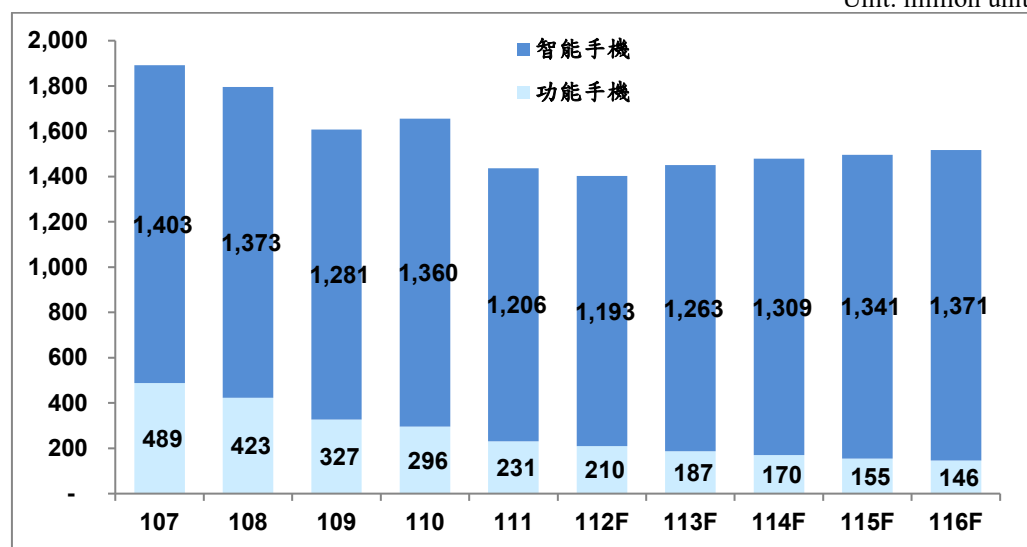
(2) Industrial development trends of main products

A. Mobile phone industry

The mobile phone industry consists of smartphones and feature phones. Compared to feature phones, smartphones have far superior computing power and functions. Smartphones have diverse functions such as data transmission, wireless Internet access, digital camera, voice assistant, audio and video playback, and biometrics which have become the mainstream trends in the development of mobile phone products. According to IDC research, global smart phone shipment reached 1.21 billion units in 2022. Global smart phone shipment is projected to reach 1.37 billion units by 2027, growing at a compound annual rate of 2.6%. Feature phone sales will continue to decline, with estimated drop from 230 million units in 2022 to 150 million units in 2027, mainly due to replacement by low-end smartphones.

Global Mobile Phone Shipment

Unit: million units



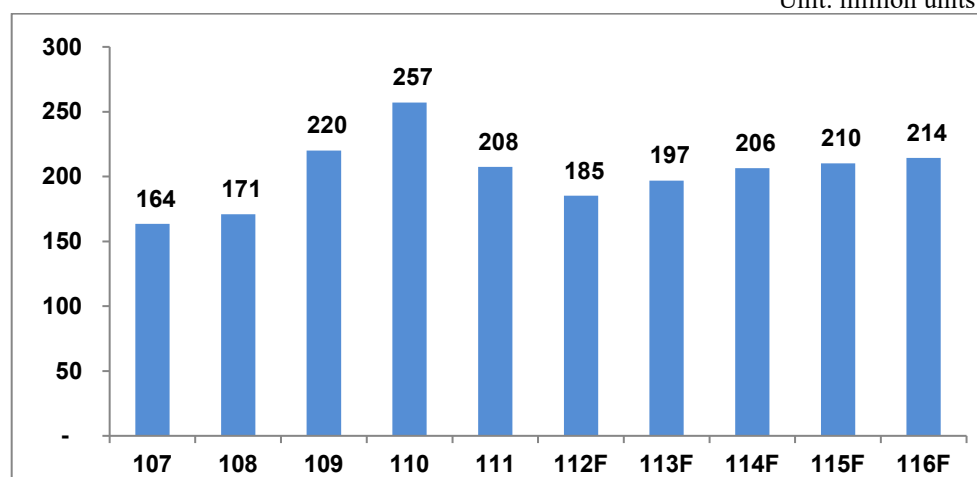
Source: IDC (2023/3) [Note]: Shipments for 2023 to 2027 are estimates

B. Notebook computer related industries

Due to the stable demands for business and educational needs, notebook computers have maintained an annual sales volume of 160 to 170 million units in recent years. The global COVID-19 pandemic from 2020 to 2021 has driven the demands for working from home, online learning, and home entertainment. Sales volume for notebook computers has increased to 250 million units, which has indirectly driven the significant increase in output for related components, such as PCB and substrates. With the lifting of pandemic lockdowns, the demand generated by the stay-at-home economy has declined. According to IDC's survey, global notebook computer shipments fell to 210 million units in 2022. Due to economic slowdown and inventory digestion, notebook computer shipments are expected to continue to decline by 10.8% to 190 million units in 2023. However, once inventories are depleted and demand stabilizes, the market is expected to resume growth. It is projected that the market size will return to around 210 million units by 2027.

Global Notebook Computer Shipment Estimates

Unit: million units



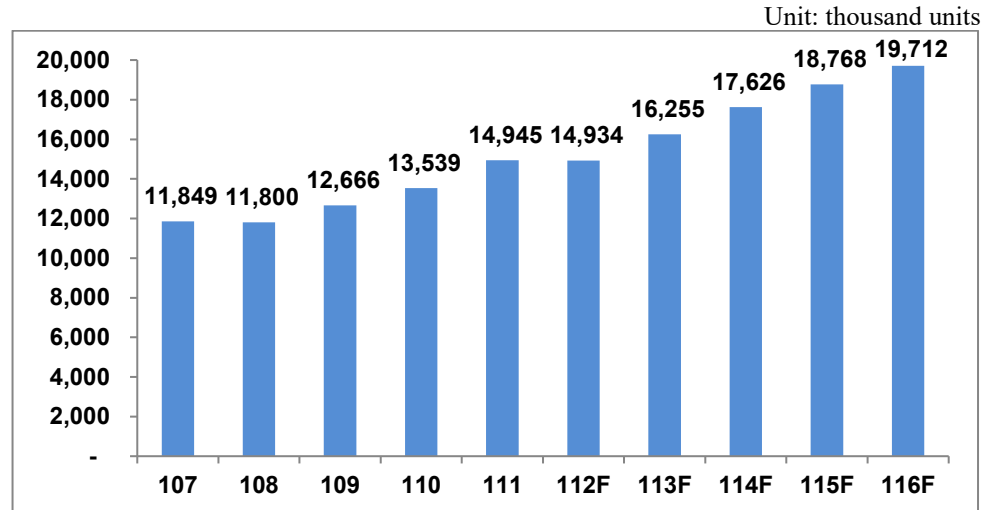
Source: IDC(2023/3)

[Note]: Shipments for 2023 to 2027 are estimates

C. Server and related industries

The emergence of AI, IoT, 5G, and other new applications increased demand for data storage and computing, contributing to continuous growth in the output of servers, storage devices, and other data center related equipment. According to IDC research, global server shipments reached 14.95 million units in 2022, increasing by 10.4% compared to 2021. Global server shipments are projected to reach 19.71 million units by 2027, at a compound annual growth rate of 5.7%.

Global Server Shipment

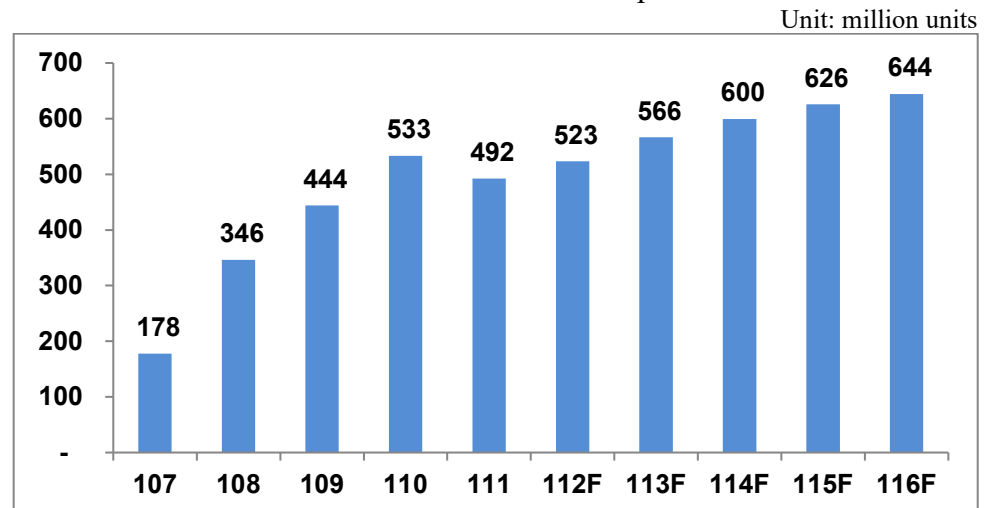


Source: IDC(2023/3) [Note]: Shipments for 2023 to 2027 are estimates

D. Wearable devices industry

As the development of wearable devices intensifies, the application markets gradually expanded. It started out from smart wristbands and now includes smart watches, smart clothing, head-mounted devices, earpieces, and various other products. The growth in sports and leisure wearable devices is the most significant while the potential for applications in the future healthcare sector is also highly anticipated. According to IDC data, the shipment of global smart wearable devices in 2022 reached 490 million units, a 7.7% decrease from the 530 million units in 2021. However, positive growth is expected to resume in 2023, resulting a 6.3% increase to 520 million units. It is expected to grow at a compound annual growth rate of 5.5% to 640 million units from 2022 to 2027.

Global Wearable Devices Shipments



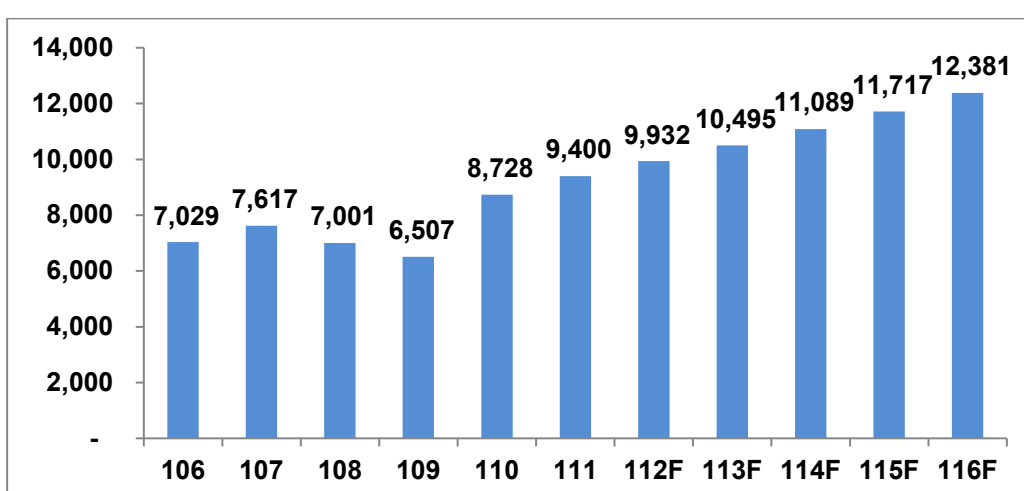
Source: IDC (2023/3) [Note]: Shipments for 2023 to 2027 are estimates

E. Automotive electronics industry

The advancement of the global automotive industry from new-energy vehicles to autonomous vehicles has promoted the continuous growth of automotive PCBs as multiple PCB operators vied to invest in technologies to gain a share of the market. Although the application involves human safety and thus incurs long product certification schedules and high entry barriers, the products would generate stable growth in the Company's revenue once they are certified and shipped. According to the latest Prismark statistics, the revenue of global automotive PCBs in 2022 amounted to US\$9.4 billion and it is expected to grow at a compound annual growth rate of 5.7% from 2022 to 2027. It is set to reach US\$12.38 billion in terms of market revenue by 2027.

Global PCB Market Revenue

Unit: US\$ million



Source: Prismark (2023/3) [Note]: Shipments for 2023 to 2027 are estimates

(3) Competition

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

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

The Company focuses on a market with high levels of competition and change. It is particularly susceptible to the impact of rapid technological changes,

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

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

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

(III) Overview of Technology and R&D

1. Technology level and R&D for operations

The Company upholds rigorous production management, basic scientific research, and high-quality technical services to provide high reliability, high performance, and high output for products that satisfy the demands of first-rate international companies.

Meanwhile, the Company is committed to providing comprehensive printed circuit boards and semiconductor-related products and services for industry-leading customers. With the advancement of digital technologies such as artificial intelligence, big data, cloud computing, blockchain, and the global consensus on "carbon peak in 2030 and carbon neutrality from 2050 to 2060", the scope of related product areas has expanded. From traditional communication electronic products, consumer electronics, and computer products to today's popular new energy vehicles, servers, wearable devices, AR/VR devices, and other products, ZDT has successfully opened up a new blue ocean for the PCB industry. However, in response to the customized requirements of different end products for PCBs and semiconductors, ZDT will provide One ZDT one-stop solutions for customers, which include product design, research and development, manufacturing, and after-sales services. In addition to the strong ability to provide comprehensive PCB products and services for different customers, the Company is also recognized by world-class manufacturers for our advanced process technology and excellent quality service.

The Company's R&D team not only has extensive practical experience in PCB and semiconductor technology, but also has expertise in 5G communication, AI, and other related fields. We are able to develop high-end products that meet both customer needs

and market trends, such as Flexible Printed Circuit Board (FPC), High-Density Interconnect (HDI), Rigid Printed Circuit Board (R-PCB), Substrate-like PCB (SLP), Rigid-Flex PCB, MiniLED, modules, and other semiconductor-related products. At the same time, we are actively working towards technological innovation and R&D, regularly collaborating with leading customers in the industry to develop new applications that meet mainstream market trends and customer needs. We are focused on planning our technology roadmap to enhance our equipment and process capabilities, creating unique products and leading technology to further improve customer satisfaction and strengthen our market competitiveness.

2. R&D expenses in the most recent year and as of the date of this annual report

The Company's R&D expense amounted to NT\$8,279,766 thousand in 2022, equivalent to 4.83% of revenue. R&D expenses as of March 31, 2023: NT\$ 1,938,580 thousand, accounting for 6.15% of revenue.

3. Specific results of technology and R&D

- (1) Development of high-precision and high-density component packaging technology for system-level packaging
- (2) Development of embedded resistor technology for TWS
- (3) Technical development of electromagnetic sensor soldering
- (4) Development of new co-planar waveguide structures for high-frequency transmission
- (5) Development of flexible circuit boards with ultra-small pitch for 5G mobile phone screens
- (6) Development of FPC technology for image sensor stabilization
- (7) Development of a new vertical packaging technology
- (8) Development of dynamic bending high-frequency transmission technology
- (9) Development of thin circuit, high-speed digital signal transmission technology
- (10) Development of copper pillar structural board interconnectivity technology
- (11) Development of high-reliability automotive flexible circuit boards
- (12) Development of embedded flexible circuit board technology
- (13) Development of coreless communication module technology
- (14) Development of dual-stacked architecture instead of triple-stacked for smartphones
- (15) Development of HDI technology with high precision and fine circuitry with a line width of 35um
- (16) Development of HDI ladder golden finger technology
- (17) Introduction of 5G antenna high frequency, low wear materials
- (18) Development of a transparent PCB board for a head-up display containing fiber glass
- (19) Development of PCB processes for ultra-thin miniLED backlight modules with thickness less than 0.2mm
- (20) Development of ultra-high density self-luminous RGB anti-welding process.
- (21) Development of micro LED RGB module COB fine circuit process technology.
- (22) Research and development of bendable laminate products and technology
- (23) Research and development of cavity technology for radar technologies
- (24) Development of rubber embedding product technology
- (25) Industrialization of next generation high speed servers
- (26) Industrialization of high-density interconnectivity boards for automotive domain control units.
- (27) Industrialization of high-density interconnectivity board for automotive short-range radar controllers.

- (28) Development of high-density interconnectivity board for automotive mid-range radar controller.
- (29) Development of high-density mixed-pressure connectivity structure for communication.
- (30) Development of high layer count and large-size SLP products.
- (31) Development of SLP camera modules
- (32) Development of anti-solder mask ink pads with anti-spill tins
- (33) Development of noise reduction structures in circuit boards
- (34) Development of liquid photoresistant image transfer technology
- (35) Development of mass production of 4-nanometer embedded circuit substrate for mobile phone chips
- (36) Development of mass production of multilayer substrates for 5G RF chips
- (37) Development of mass production of 5G high-end new surface treatment substrate technology

(IV) Long and short-term development strategies and plans

1. Short-term development strategies and plans

(1) R&D strategies and plans

The Company's mission is "developing technology, benefiting humanity, protecting the environment, and making the world a better place". We uphold the core values of "integrity, responsibility, innovation, and benefiting all", and continuously develop advanced process technologies and high-performance multifunctional product technologies that meet product development trends. At the same time, we are expanding the business scope of our diversified product lines, enhancing our competitive advantages, and leading the industry.

With the continuous deployment of 5G base stations and the growth of data center and server demand, the Company's short-term R&D plan will focus on the development of relevant technologies for high-growth markets. This includes high-frequency and high-flexure folding techniques and pressure sensing technology for metaverse products, micro motherboards and high-density carrier board technology for 5G terminals, millimeter-wave antennas and high-frequency transmission technology for 5G communications, AI servers for cloud supercomputing, HPC board-level application technology, new display and high-density integrated packaging module technology, and multidimensional process product simulation for mechanical RF thermal management applications. At the same time, the Company is also actively deploying and developing technologies in future markets with potential, such as smart car radar and domain control board technologies.

(2) Production strategies and plans

The Company shall continue to expand production capacity in all plants based on customer requirements and the plants shall also focus on the product types and customers established in the plans. Product development and production strategies shall be established for each plant based on the Company's annual sales strategy. We shall focus on both purchasing high-end production equipment in response to product upgrade and expanding new capacity based on customer demand and orders. We added investment plans for Shenzhen, Huai'an, and Qinhuaogdao plants in China and parks in Kaohsiung, Taiwan and Chennai, India and the investments shall be executed in accordance with the plans as well as market and order status in the next quarter.

- (3) Operation and finance strategies and plans
 - A. Maintain suitable short-term liquidity funding levels to meet business requirements and secure company operations.
 - B. Due to fluctuations in exchange rates, the Company adopts financial products according to market information to avoid the risk of exchange rate fluctuations and reduce the impact of uncertainty.
 - C. Adopt unified price negotiation and centralized procurement for equipment, construction, raw materials, and consumables of each plant to effectively reduce overall operating costs
- 2. Long-term development strategies and plans
 - (1) R&D strategies and plans

Continuous innovation is the driving force for a company's growth. Through close collaboration with third parties, it will help the Company to comprehensively improve in new products, new technologies, new materials, new processes, and new equipment, and establish a forward-looking common technology to provide customers with new products that have new features and new applications that are green and environmentally friendly. In addition, the Company has established a development platform for cooperation between industry, government, academia, and research, as well as a technology research and development center. We actively collaborate with well-known universities and research institutes in the two sides of the strait and three regions to jointly research and create forward-looking technologies with "new models". We hope to integrate existing technologies with the upstream, midstream, and downstream industries while expanding the depth and breadth of existing technologies, in order to achieve the goal of independent development of key technologies. As of the end of 2022, the Company has partnered with 26 well-known schools, including the Industrial Technology Research Institute, National Taiwan University, Tsinghua University, Chiao Tung University, Cheng Kung University, Chung Hsing University, National Taiwan University of Science and Technology, Chung Yuan Christian University, Feng Chia University, Beijing Tsinghua University, City University of Hong Kong, Tungnan University, Hebei University of Technology, Shenzhen University, and Guangdong University of Technology. The Company also places great emphasis on long-term cooperation with customers. In order to meet their long-term needs, the Company has established a dedicated unit that is committed to investing and executing technology, while strengthening the Company's key core technologies. This creates a win-win for both the Company and our customers.
 - (2) Production strategies and plans
 - A. Maintain long-term partnerships with strategic partners and jointly develop new materials, new equipment, and new technologies. Proceed with joint development of process with special functions and strengthen the development automation equipment to lower production cost and develop high-quality and high-functionality products.
 - B. Select long-term strategic partners for non-core processes and leverage the capacity of partners for single specialized processes to increase production efficiency, lower cost, improve yield, and enhance overall competitiveness.

- C. Establish two R&D centers in Taiwan and China and continue to improve the capacity for developing new technologies and maintain leading advantages in high-end products and technologies.
- (3) Future Research and Development (R&D) Plans and the R&D expenses expected to be invested:

"Leading industry technology and surpassing customer expectations" has always been the vision behind ZDT's technology research and development. The Company will continue to expand our R&D resources and invest in leading innovative technologies to provide customers with industry-leading products. We aim to lead our customers in developing future products and establish long-term partnerships with them. Through a concentrated competitive leadership strategy, we established unique core technologies that can lead the trends, thereby developing next-generation high-end products with potential. Furthermore, the Company will continue to cooperate with industry, government, academia, and research institutions, actively integrate internal and external resources, reserve and strengthen research and development capabilities, and enable the Company to have long-term competitive advantages.

Future development projects include:

In the future development plan for PCB and semiconductor related products, the Company will continue to follow the strategy of the 12 point principle and develop high-end technologies with "four highs and four transformations", and introduce them in forward-looking fields, including smart phones, tablets, wearables, communications, networks, automotive electronics, servers, base stations, and medical devices.

- 12 point approach: Light (light-weight), thin (thin design), short (short procedures), small (small footprint), high (high frequency/high speed/high heat dissipation), low (low pollution/low cost/low power consumption), multiple (multi-functional and multi-layer), fast (fast development and production), precision (low tolerance), beauty (aesthetically appealing), refined (refined circuits), and smart (intelligence).
- Four highs and four transformations: High reliability, high density, high frequency and speed, and high heat dissipation and functionalization, thickness reduction, integration, and low carbonization.

The Company's expected R&D expense accounting for 4% of revenue. in 2023.

- (4) Operation and finance strategies and plans
- A. Uphold a people-oriented corporate philosophy and core values for integrity, responsibility, and excellence to build world-class business management capabilities, recruit talents, and achieve world-class performance in R&D, production, markets, marketing, and operation management.
 - B. Strengthen environmental protection and industrial safety risk management and implement services and corporate ideals for speed, equal quality, technology, efficiency, cost, and added value.
 - C. Develop the Company's comprehensive PCB industrial platform and jointly develop new products, new technologies, new equipment, new materials, and new processes with the Company's partners in production technology, equipment, and raw materials as well as professional research institutions. Provide brand companies and professional electronics OEM companies with

high-quality and cost-effective PCB design, development, manufacturing, and sales services.

- D. Plan long-term fundraising activities, repay matured long-term debts, and implement suitable adjustments to long-term liability ratios.
- E. Control suitable financial leverages based on the Company's operations and growth while retaining sufficient cash reserves to respond to future growth needs.

II. Market, Production and Sales Overview

(I) Market analysis

1. Sales regions for major products

Unit: NT\$ thousands

Sales Regions	2021		2022	
	Amount	Percentage	Amount	Percentage
U.S.A.	111,063,476	71.64%	129,325,689	75.47%
China	26,208,170	16.91%	24,818,374	14.49%
Taiwan	8,246,550	5.32%	8,350,137	4.87%
Others	9,504,001	6.13%	8,862,295	5.17%
Total	155,022,197	100.00%	171,356,495	100.00%

Note: Geographical information on the Group's revenue is shown based on the countries of customers.

2. Market share

Based on the revenue rankings of global PCB companies in 2022, since 2017, the Company is now the world's largest PCB plant. However, our market share is still only 6.8%, which demonstrates the high level of competition in this market. The Company has an exceedingly high demand for product process technology and a wide range of applications. We have leveraged our technical advantages and explored sectors such as mobile phones, tablets, notebook computers, wearable devices, game consoles, servers/storage devices, Internet communications, and automotive electronics.

3. Future market supply/demand and growth

In terms of the concentration of the industry, there are more than 2,000 PCB manufacturers across the world with close to 1,000 in China where the overall output in the circuit board industry is rapidly increasing. As environmental protection legislation in all countries grow stricter and the demand for circuits grows increasingly refined, it has become apparent that there are fewer large-scale companies with the capacity for providing high-tech and high-quality products while meeting requirements in environmental protection legislation. According to Prismark statistics, the top 30 PCB companies accounted for 50.9% of the revenue in the industry in 2011. The proportion reached 68.2% in 2022, demonstrating a visible trend toward consolidation and survival of the largest companies.

As global economy gains steady growth, consumers' purchasing power for electronics products also strengthened and emerging countries' demand for electronics products also increased. Coupled with development in applications for new technologies, the scale of the PCB market is expected to continue growth. According to Prismark's forecast in February 2023, the global PCB market scale will grow at a compound annual growth rate of 3.8% from 2022 to 2027 and will reach US\$98.39 billion in 2026. The outlook of the PCB industry remains optimistic in the next few years.

4. Competitive edge

The industry is a basic industry in the electronics sector and it provides key components for all electronics systems and products. The industry provides functions for mounting and connecting electronics components that ensure the operations of system products. The Company's competitive niches include the following:

- A. Establishment of a one-stop supply platform for brand companies with entire product lines for various PCBs.

The Company designs, develops, manufactures, and sell PCBs with different materials, electrical components, and functional designs. We have distinct production processes and mass production management methods. The Company has accumulated years of patents, technologies, and professional know-how to fully understand and satisfy customer demands and to provide specific customers with rapid design, development, sample production, and ramp-up services within a short time. We assist customers in shortening product launch schedule and take the initiative on the market. We help customers by building a successful operation model of Time to Market + Time to Volume + Time to Money / Market share.

The Company has invested massive amounts of resources in various PCB engineering R&D and process development. We can therefore cooperate with companies and provide system brands companies with up-to-date and high-quality products. We shall continue to expand based on our past records. Most popular electronics products on the market in a given year use products provided by the Company to our customers. We help system brand companies achieve success with their products on the global market. We take the lead in industry trends and significantly reduce product launch time. The Company also plans to use our advantage of the proximity of our plants to customers and develop specific new technologies, materials, and equipment for specific customers in order to expand product portfolio and satisfy customer demands for one-stop procurement. We believe that, compared to competitors, we are a professional global company with product design, development, manufacturing, and sales expertise and our comprehensive product capacity will help maintain solid and long-term strategic partnerships with system brand companies.

- B. Maintain solid and close business partnerships with leading global brand customers and electronics OEMs.

The Company's main customers are all well-known international companies, electronics OEMs, and innovators in advanced technologies. By cooperating with customers in joint product research and development, the Company continues to strengthen and refine our technology platform. We also leverage the Company's expertise in R&D and focus on developing technologies and enhancing engineering services to satisfy customer demands and gain knowledge of market trends and business opportunities for new products.

- C. Direct purchase orders and participation in design and development of brand customers (JDVM/JDSM)

The Company's main orders are issued directly by major electronics system brands or main electronics OEM companies across the world. The Company participates in the Early Involvement phase for product design and ensure that all mass production after products is launched to satisfy customer demands. We thus form close partnerships with major electronics system brands or main electronics OEM companies across the world and establish lasting and stable business alliances. With regard to competitors, most companies either lack the capacity for

providing independent OEM services to global brand customers or leading OEM companies or they may have insufficient engineering service capacity or lack the flexibility or production capacity that customers need. Therefore, many companies obtain orders from agents and only position themselves as production plants. The customer relations and prices in this business model are controlled by the agent. The manufacturers are only the production plants which have no significant added value and are highly replaceable. Order cancellations and bankruptcy are common issues.

D. Experienced operations and management team with capacity for consecutive years of high-speed growth

Our management team has extensive experience in the industry and the executives of main product business units have practical management experience. An operations and management team with capacity for implementation is the Company's key to success. After the holding company was established in 2006, we successfully focused on the main customers and assisted the customers in promoting its products across the world in 2007. The operations and management team then formulated strategies to expand operations and product development and to establish new plants. They led the Company's rapid expansion while improving core engineering and technology capacity. We later became the main supplier of various PCBs used by global leading mobile phones, laptop computers, tablet computers, game consoles, digital cameras, and digital books. Under the professional leadership of the operations and management team, the Company's revenue surpassed NT\$100 billion for the first time in 2017 and we became the world's largest PCB supplier.

Since the establishment of the Company, we have recruited many engineers with good academic backgrounds and extensive experience in the industry. We organized diverse operations and management teams and grew from a medium-sized company to a large professional company with a full product line and comprehensive capacity that operates in plants in four provinces in China and conducts businesses across the world.

E. Cross-strait cooperation strengthens competitive advantages

As traditional products mature, the Company has concentrated on high-end products for new product development in recent years. We use automation to replace labor cost which has risen continuously in China. We also continue to optimize the product portfolio and use engineering development capacity as our core competency to provide customers with product designs and innovation to grasp business opportunities on the market. The Company actively uses high-quality human resources and engineering technology to develop high-end PCB products and focuses on the Company's technical development roadmap with the aim of helping customers maintain leading positions in technology and R&D capacity.

Our subsidiaries in China integrate engineering and R&D resources of the plants and focus on related technology that can be used for customers' future mass production to improve product performance as well as production efficiency and yield. Engineering units focus on improvements for process and replacement of raw materials/consumables in the production process of current products. They aim to reduce production cost, improve yield, and provide customers with more advantages in production in terms of cost and flexibility. The effective cross-strait cooperation model encompasses the technology development required for the

Company's development growth in all stages and effectively builds comprehensive product development capabilities.

5 Favorable and adverse factors for long-term growth and response strategy

A. Favorable factors

(A) Stable industrial development

The wide range of applications for PCBs, rapid expansion in smart devices in recent years, increase in the scale of online communication industries due to continuous growth in the cloud computing market, and applications for automotive electronics and IoT have contributed to forecasts of steady growth in the global consumer electronics product, computer, communications, automobile, and semiconductor industries. Industries related to these industries therefore maintained stable growth. According to Prismark's data, the global PCB industry is expected to experience a compound annual growth rate of 3.8% from 2022 to 2027, indicating stable growth in the market.

The Company's product strategy centers on providing high-quality and comprehensive PCB products and we adjust our product portfolio based on industrial development trends at all times. We also integrate R&D and order acceptance in Taiwan and allocate production capacity in China to facilitate flexible orders and production and maintain optimal competitive advantages.

(B) Comprehensive development in the industry with comprehensive production bases in key economic areas in China

Related operators in the PCB industry are concentrated in Taoyuan in Northern Taiwan and they have formed comprehensive supply chains in the Yangtze Delta in East China and Pearl River Delta in South China where upstream and downstream plants and various suppliers congregate and accumulate a significant amount of competitive strengths. Bohai Economic Rim recently became a highlight in economic growth in China. Industrial clusters quickly formed and the most prominent clusters included the "Five Points One Line" stretching from Beijing and Tianjin to Liaoning.

The Company has established large-scale production bases in key economic development areas in China including Pearl River Delta in South China, Yangtze Delta in East China, Beijing, Tianjin, and Hebei. Recently, we also incorporated a new manufacturing site in Guanyin and Kaohsiung, Taiwan, and India. We aim to closely meet the needs of our customers by providing, consistent high-speed, technically efficient, cost-effective, value-added, environmentally friendly, and industrial safety PCB design, development, manufacturing, and sales services. The Company differentiated itself from competitors by implementing comprehensive development in Taiwan, South China, East China, North China, and India economic regions to provide customers with convenient, diverse, flexible, and customized manufacturing services.

(C) Grasp opportunities based on optimistic outlook for the consumption market in China

The Chinese market is the world's most important, vibrant market with the most rapid growth. The high efficiency of the Chinese government, comprehensive infrastructure, and high-quality human resources make China a key target for global brands and give birth to Chinese brands. As the

Company is one of the few companies with product design, development, manufacturing, and sales capacity, it naturally became an important partner for Chinese mobile phone brands. In addition, opportunities in the Chinese consumption market can also be found in the information and computer sector and telecommunications sector which help the Company's development.

(D) A sound management system

The Company's operations and management system have evolved over the years and we have formed a sound operation and management style that upholds strict management systems and cost control with the aim of achieving reasonable cost control, optimal resources allocation, and stable quality.

The Company obtains stable sources of raw material supply and price bargaining powers by integrating the Company's resources. Our management system and performance have received recognition from customers and we have established a good reputation in Taiwan and abroad to increase the Company's business expansion capacity. Business performance of top companies across the world relies on a foundation of corporate management skills in order to achieve sustainability. The Company's management teams adopted "Technological development for the benefit of mankind; "Protect the environment and make the Earth a better place" as the Company's motto.

B. Unfavorable factors and the response measures

(A) Rise of environmental protection awareness in China leads to increase in operators' green expenditures

In recent years, China's enhancement of environmental protection legislation and law enforcement shows high levels of focus on environmental protection issues and it also implements stricter penalties on violations of environmental protection regulations. At the same time, energy conservation and consumption reduction requirements have become mandatory targets for companies. The policy of integrating economic development with environmental protection will have profound impact on the PCB industry. Certain small and medium-sized manufacturers or plants that do not comply with environmental protection regulations will be forced to reduce production or cease operations.

Response measures

The Company actively introduced high-performance, low-pollution environmental protection equipment and advanced innovative green technology to improve wastewater recycling rate, reduce waste production, and promote green upgrade in process optimization. The departments have actively implemented Zhen Ding's Seven Greens KPI goals for green innovation, green procurement, green production, green operations, green services, green renewable resources, and green life. Our efforts not only meet global trends and Chinese environmental protection regulations but also fulfil our corporate social responsibilities. Sufficient waste water to supply production expansion shall be obtained from the new parks to ensure favorable conditions for the Company's sustainable growth.

(B) Homogeneous products and price wars threaten industry development

Domestic PCB manufacturers are affected by development trends in the upstream electronics industry and they have highly concentrated product applications on information and communication and consumer products. The industrial cluster effect also contributed to gradual reductions in production capacity and technical entry barriers, leading to an increase in the number of competitors in the industry. During periods of economic downturn or slowdown in growth, PCB operators face tightened profit margins and fall into the trap of price wars which cause difficulties in company operations and increase risks of operations.

Response measures

The Company rates and classifies target customers and allocates resources to main customers. We also actively pursue target customers and use high quality and outstanding services to replace price wars. In addition, we also enter markets for new applications and develop products with high margins. Despite the long learning curve, the relatively high technical entry barriers lead to fewer competitors, reduce downward pressure on prices, and maintain stable profits for companies.

The Company allocates production capacity, implements division of labor between plants, adjusts production capacity for different customers, and forms strategic alliances with suppliers and customers to diversify operations and disperse operational risks. The Company is a comprehensive PCB supplier and is thus able to implement flexible adjustments in our product portfolio strategy. In terms of high-end products, we cooperate with customers for joint development to understand development trends for future products and we leverage our advantages in mass production, technology, and abundant supply of materials to maintain strong and stable business relations with customers.

In addition, we strengthen strategic partnerships with upstream raw material suppliers to effectively reduce cost on raw materials and maintain product competitiveness. Measures such as enhancing automation of production equipment, improving employees' overall qualifications, and training workers with multiple skills help improve productivity per capita and maintain the Company's overall competitiveness.

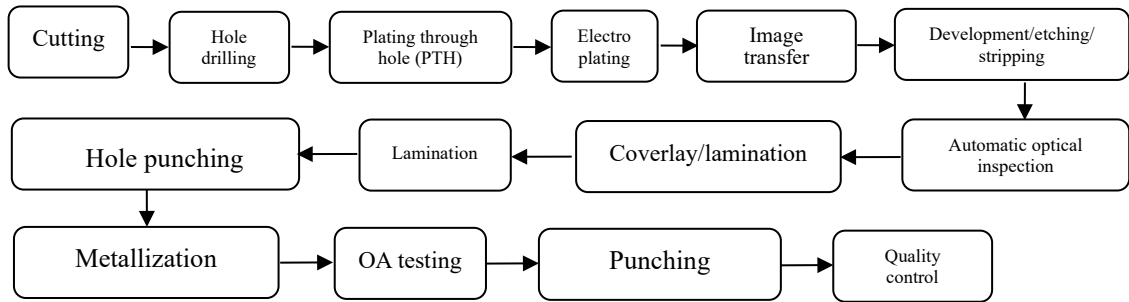
(II) Usage and Manufacturing Processes of Main Products

1. Major applications of main products

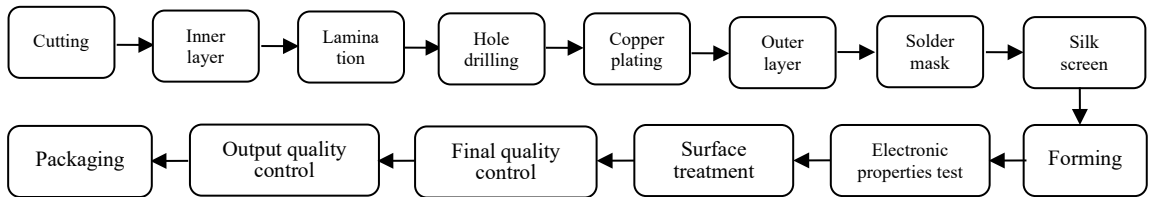
Main Products	Characteristics	Important Applications
Rigid PCBs	Inflexible, wide range of thickness, high-current capacity	Automotive electronics, servers/storage devices, desktop computers, laptop computers, monitors, hard drives, TVs, game consoles, etc.
Flexible PCBs	Flexible, bendable, light-weight, thin	Wearable devices, mobile phones, tablet computers, notebook computers, handheld game consoles, touch panels, camera lenses, etc.
High-density Interconnect PCB	Small, high-density circuit distribution, high transmission efficiency	Wearable devices, mobile phones, tablet computers, ultra-thin notebook computers, smart speakers, servers/storage, memory modules, etc.
IC Substrate	Lighter and more compact to mainly act as a carrier for IC.	Application processors, baseband chips, power management chips, NFC chips, RF chips, graphics chips, power amplifiers, flash memory, MEMS, etc.

2. PCB production process

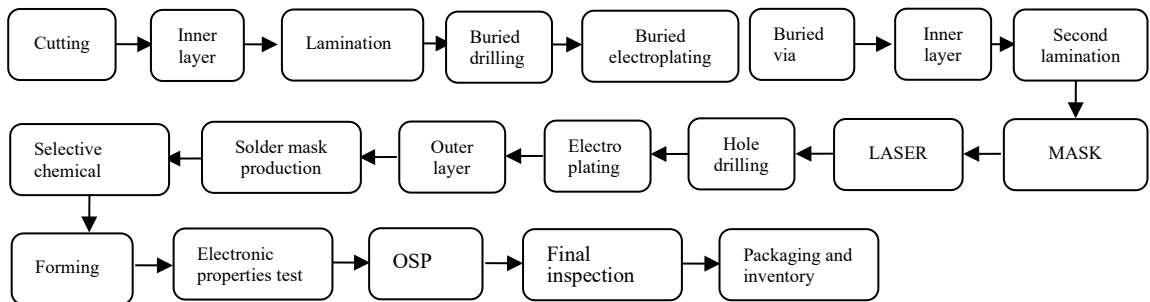
A. Flexible PCB production process



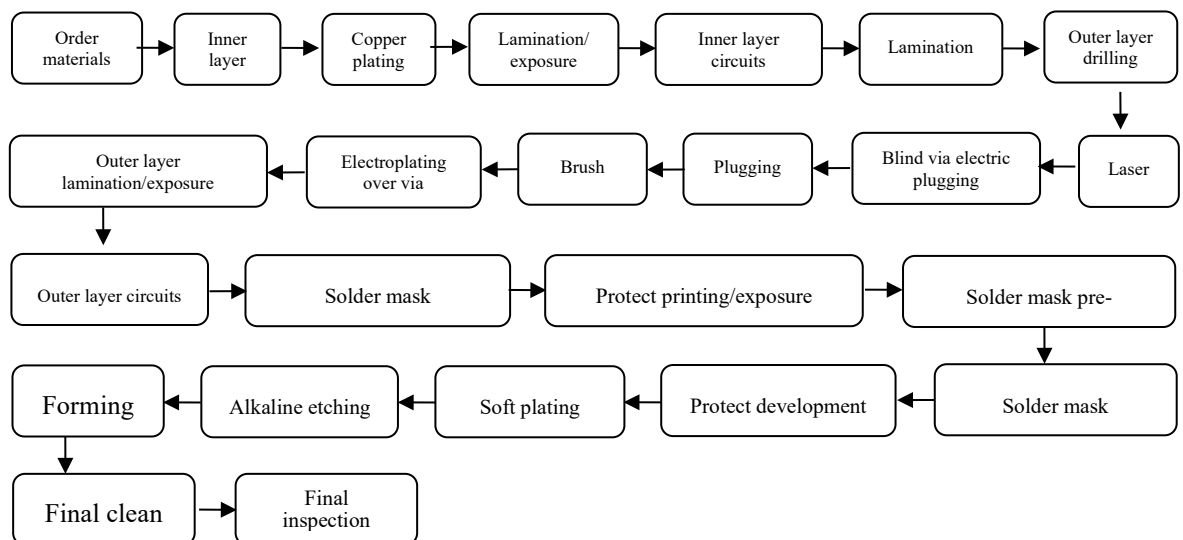
B. Rigid PCB production process



C. High-density interconnect PCB production process



D. IC Substrate production process



(III) Supply Status of Main Materials

Key raw materials	Major supplier	Supply status
Copper-clad laminates	Elite Material, DuPont, Nexflex, and SD	Good
Chemical Products	Atotech, Macdermid Enthone	Good
Electronics Components	Apple, QORVO	Good

(IV) Names of customers who accounted for more than 10% of the purchases (sales) in any of the last two years, and purchases/sales amount and percentage, with explanations of the increase/decrease of such purchases (sales).

- Names of suppliers who accounted for more than 10% of the purchases of the Company in the last two years, and the ratio to total purchases:

Unit: US\$

Item	2021				2022			
	Name	Amount	% of Total Annual Net Purchase	Relations hip with the Issuer	Name	Amount	% of Total Annual Net Purchase	Relations hip with the Issuer
1	Supplier H	481,768,223	15.6	None	Supplier H	454,357,638	16.1	None
2	Others	2,601,334,014	84.4	None	Others	2,368,584,406	83.9	None
	Net purchase	3,083,102,237	100.00	-	Net Purchase	2,822,942,044	100.00	-

Note: Where procurement acquired from a supplier exceed 10% of total procurement for the most recent two years, the name of the said supplier, procurement value, and proportion of the procurement shall be disclosed. However, contractual terms dictate that the name of such a supplier or trading partner cannot be disclosed if the said supplier or trading partner is an individual and unrelated party, and codes may be used to replace the names instead.

- Names of customers who accounted for more than 10% of the sales in the most recent two years, and sales as a percentage of total sales

Unit: NT\$ thousands

Item	2021				2022			
	Name	Amount	% of Total Net Sales	Relationsh ip with the Issuer	Name	Amount	% of Total Net Sales	Relations hip with the Issuer
1	Customer X	110,233,046	71.11	None	Customer X	127,642,549	74.49	None
2	Others	44,789,151	28.89	-	OTHER	43,713,946	25.51	-
	Net Sales	155,022,197	100.00	-	Net Sales	171,356,495	100.00	-

(V) Production Volume and Value in Most Recent Two Years:

Unit: Capacity/KSF; Volume/KPCS; NT\$ thousands

Production Quantity and Revenue Primary Products	Year	2021			2022		
		Production Capacity	Production volume (Note)	Production Value	Production Capacity	Production volume (Note)	Production Value
Various PCBs (KSF)		78,465	6,935,947	129,161,092	82,393	5,415,174	170,532,199
Total		78,465	6,935,947	129,161,092	82,393	5,415,174	170,532,199

Note: Units of production volume and sales volume are consistent.

(VI) Sales Volume and Value in Most Recent Two Years:

Unit: 1,000 pcs/NT\$ thousands

Sales Volume and Value Main Product	Year	2021				2022			
		Domestic Sales		Export Sales (Note)		Domestic Sales		Export Sales (Note)	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Various PCBs		4,376,453	26,208,170	2,571,499	128,814,027	3,783,950	34,706,656	1,790,203	136,649,839
Total		4,376,453	26,208,170	2,571,499	128,814,027	3,783,950	34,706,656	1,790,203	136,649,839

Note: As the Company's main place of operations is Mainland China, export refers to sales to regions other than China.

III. Number of Employees in the Most Recent Two Years as of the Publication Date of the Annual Report

Unit: People; Year; Age

Year		December 31, 2021	December 31, 2022	March 31, 2023
Number of Employees	Direct Labor	26,397	23,170	19,010
	Indirect Labor	16,423	16,771	16,116
	Total	42,820	39,941	35,126
Average Age		30.7	31.8	32.4
Average Years of Services		3.3	4.0	4.6
Education Background Distribution	Doctorate	21	19	19
	Master	429	430	444
	Bachelor	6,654	6,633	6,438
	College	10,174	10,582	9,488
	Senior High School and Below	25,542	22,277	18,737

Note: Numbers above represent the number of in-service employees.

IV. Expenditure on Environmental Protection

- (I) **The Company's losses and total fines as a result of pollution to the environment (including reparation) within the previous year up to the publication date of the Annual Report. Disclose future response measures and possible expenditures (including estimated losses, fines, and compensation if response measures are not taken; if the amount cannot be reasonably estimated, please state reason for not being able to make a reasonable estimate):** None.

The Company's plants in China, Taiwan, and overseas are operated legally and comply with regulations, with no fines due to environmental pollution.

(II) Response measures

The rise in environmental awareness in recent years has promoted members of the society to scrutinize corporates' environmental efforts. China has implemented increasingly strict control over the emission of pollutants. Therefore, we are actively developing energy saving, chemically treated water reducing, emission reducing, and water recycling technologies. Please refer to the Company's past environmental protection investments and expenditures.

There have been no disputes regarding environmental pollution in the most recent year and as of the publication date of the Annual Report. The environmental protection measures are as follows:

1. Focus on environmental protection laws and international standards

The Company strictly adheres to regulatory requirements for environmental assessment applications and related environmental protection facilities our investments. We obtained emissions licenses after qualifying in acceptance inspections performed by environmental protection authorities. All operations meet requirements in environmental protection regulations. In addition, we have introduced and executed ISO14001 environmental management systems for all plants. We strictly abide by the laws, regulations, directives, and requirements of customers related to hazardous material reduction in the environment in our management to provide products that meet environmental protection regulations. In addition, we established the "Supplier (Contractor) Management System", "Supplier Corporate Social Responsibility Management Regulations", and "Supplier Conflict Minerals Management Regulations" to extend our environmental protection ideals to the supply chain and establish partnerships with suppliers for joint management. We require companies to abide and commit to such regulations and ensure all operations meet related environmental protection laws and international regulations.

The Company conducted annual auditing of quality and hazardous substance on 132 suppliers in 2022. Among them, 130 suppliers passed conditionally and the aspects they need to improve include failure to follow the required on-site management procedures, unclear material area divisions, and imperfect supply chain management mechanisms. The two failed suppliers need to improve their quality system and on-site management. The Company has provided guidance for the improvement items of the failed suppliers, and improvements have been completed in the same year. They eventually passed the reassessment.

Laws and regulations related to hazardous materials: The number of substances added to the 28th SVHC candidate list in Reach regulations reached 233 substances, 18 in new customer regulations, and 32 substances were revised. We exchange opinions on and communicate the appropriateness of what we require from our customers. If a technology is feasible, we implement control using the strictest standard and keep our hazardous substance control documents up-to-date. If there are technical limitations, we will assess the standards and offer reasonable suggestions to our customers.

Conflict minerals refer to minerals mined in areas of armed conflict or under conditions that violate human rights, specifically precious metal minerals mined by the Democratic Republic of the Congo and adjoining countries. Conflict minerals include gold (Au), tin (Sn), tantalum (Ta), and tungsten (Wu) (collectively referred to as 3TG) and are mainly used in electronic parts. In response to global control measures for conflict minerals, the Company has incorporated conflict minerals into its supplier management policies, and proposed policies, objectives and management practices to meet international trends and customer requirements.

Conflict Mineral Management Policy	Conflict Mineral Management Objectives
<ul style="list-style-type: none"> • The Company promises that the smelters from which it purchases 3TG, cobalt, and mica are RMI's smelters or customer-approved smelters. • The Company promises to follow the OECD due diligence guidelines to conduct due diligence on its supply chain. • The Company promises to not directly or indirectly purchase conflict minerals that directly or indirectly finance armed conflict groups. • The Company shall not purchase qualified 3TG from the Democratic Republic of the Congo and adjoining countries. • Suppliers shall impose the same conflict mineral management requirements on their upstream suppliers. 	<p>The Company continues to promote supply chain improvement as required by laws and customers in order to eliminate the use of conflict minerals in its supply chain.</p>
<p>Conflict Mineral Management Practices</p> <ul style="list-style-type: none"> • Conduct investigation to trace conflict minerals in gold salts, electronic parts, tri-tin, and all products and materials in PCB that mainly contain gold, tantalum, tin, tungsten, cobalt, and mica. When applicable, we conduct investigations on special minerals requested by customers, such as nickel and zinc. • Use the list of conformant smelters provided on the RBA website. If a smelter is not on the list, request for a response plan from the supplier. • Require suppliers to impose the same conflict mineral management on their upstream suppliers. • Require suppliers to sign a Declaration of Conflict-Free Minerals. 	

2. Develop independent pollution prevention and resource recycling technologies

As our production process consumes large amounts of water, electricity, and chemicals, the wastewater we produce in the process have complicated characteristics and our waste resources can be recycled and reused. The Company thus established a department to take charge of environmental protection and to manage and develop our own energy conservation, emissions reduction, pollution prevention, and resource recycling technologies and management systems. Wastewater is divided into 25 categories of sources based on their characteristics and difference in concentration. The Company also planned and designed wastewater treatment and recycling systems. The investee companies' current wastewater effluent standards far exceed government regulations for emissions. We recycled 9,703 million tons of water in 2022.

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

	2021	2022
Total Water Consumption	13,882 million liters	13,612 million liters
Water Intensity	0.0829 million liters/million NTD	0.0794 million liters/million NTD
Decrease in water intensity percentage	37%	40%
Amount of recycled water	10,118 million liters	9,703 million liters
Water recycling rate	50.5%	50.5%
Water Recycling Target	48%	50%

Note:

1. Water recycling rate = Water recycled for reuse ÷ (Water recycled for reuse + Total wastewater discharge).
2. Water intensity = Total water consumption ÷ The Company's consolidated revenue. Reduction percentage is based on water intensity of 191.4 tons/million NTD in 2013, 0.1314 million liters/million NTD as the basis.

In terms of waste recycling, we categorized waste into more than 65 categories based on the source and product type. We established a dedicated R&D team to develop new resource recycling technologies to increase the value of resources. In 2022, the total weight of waste removed from the sites was 80,309 tons, and the percentage of waste recycled was 91%, fulfilling the target (note). The waste is sorted by type. Hazardous industrial waste totaled 52,907 tons and general industrial waste totaled 27,402 tons.

Note: The target for the proportion of waste recycled in 2022 is 90%.

The statistics on the weights of hazardous industrial waste and general industrial waste in the most recent 2 years are as follows:

	2021	2022
Total weight of corporate waste removed	94,640 tons	80,309 tons
Weight of hazardous corporate waste	62,545 tons	52,907 tons
Weight of general corporate waste	32,095 tons	27,402 tons
Percentage of recycled waste	93%	91%

Note:

1. The total weight of waste refers to the total weight of corporate waste removed, including hazardous and general corporate waste categorized according to legal planning requirements.
2. Percentage of recycled waste = weight of non-incinerated waste/total weight of waste * 100%.
3. The main reason for the decrease in percentage of recycling in 2022 is: The increase in in-house waste reuse or optimized disposal in 2022 resulted in a decrease in the weight of waste that can be recycled through outsourcing, leading to a decrease in the percentage of recycling.

3. Create the "Zhen Ding Seven Greens" platform and let green culture take root

Corporate development is centered around "people". We actively implemented the aforementioned environmental protection and energy conservation measures and we have always been focused on educating employees and cultivating their environmental protection awareness and habits. Therefore, the Company organizes an environmental protection and energy conservation month promotion event with participation from all employees from April 22 to June 5 each year. We also interact with the government, communities, schools, and other companies in the industrial parks of our subsidiaries and share our environmental protection and energy conservation experience and achievements.

In addition, the Company proposed the "Zhen Ding Seven Greens" concept in 2008 and established a platform to guide employees in all aspects of production and life to

achieve green innovation, green procurement, green production, green operations, green services, green renewable resources, and green life. We carefully analyzed and examined methods and practices for improving energy conservation, carbon emissions reduction, efficiency, consumption reduction, greenery, and recycling and implemented in our daily lives and work. We aim to cultivate habits in hopes of creating a unique green corporate culture for the Company and plant the seeds for the most valuable intangible assets.

4. Respond to global climate change and actively promote energy conservation and carbon emissions reduction

Since 2007, the Company has been conducting regular ISO14064 greenhouse gas inventories and obtaining verification certificates from external auditing organizations to monitor our carbon emissions at all times. In 2022, all production plants of the Company have obtained ISO14064-1 greenhouse gas emissions certification. The carbon intensity of Scope 1 & 2 emissions in 2022 was 6.34 tons of CO₂e/NT\$ million, representing a 35% decrease compared to 2013 (including BoardTek's Scope 1&2 emissions in 2022).

Note: Carbon reduction goals: Decrease Scope 1 & 2 carbon intensity by 40% by 2025 compared to 2013.

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

Item	2021	2022
Inventory Period	From January 1, 2021 to December 31, 2021	From January 1, 2022 to December 31, 2022
Scope of Inventory	Shenzhen, Qinhuangdao Industrial Park, Huai'an First Park, Huai'an Second Park, and BoardTek.	
Greenhouse Gas Inventory	Direct: 53,131 Tonnes of CO ₂ Equivalents Indirect: 1,041,369 Tonnes of CO ₂ Equivalents Other Indirect Emissions: 28,476 Tonnes of CO ₂ Equivalents	Direct: 83,252 Tonnes of CO ₂ Equivalents Indirect: 1,002,774 Tonnes of CO ₂ Equivalents Other Indirect Emissions: 47,610 Tonnes of CO ₂ Equivalents
6 types of Greenhouse Gas Inventory	CO ₂ : 1,104,409 tons CH ₄ : 3,305 tons N ₂ O: 158 tons HFC: 3,565 tons PFC _s : 11,538 tons SF ₆ : 270 tons NF ₃ : 0 tons	CO ₂ : 1,063,136 tons CH ₄ : 4,448 tons N ₂ O: 21,648 tons HFC: 36,892 tons PFC _s : 7,386 tons SF ₆ : 127 tons NF ₃ : 0 tons
Carbon emission intensity	7.06 tCO ₂ e/million NTD	6.34 tCO ₂ e/million NTD

Note:

1. Our greenhouse gas emissions have passed third-party SGS verification in accordance with ISO-14064-1.
2. Carbon emission intensity = Scope 1 and 2 carbon emissions/Revenue.
3. In 2022, due to changes in greenhouse gas calculation methods and changes in global warming potential (GWP), the emissions of CH₄, N₂O, and HFC have increased.

Starting from 2010, our subsidiaries simultaneously began voluntary clean production reviews and converted the Company environmental protection ideals from traditional governance at the end-points to energy conservation and carbon emissions reduction at the source. The Company has completed ISO 50001 Energy Management Certification in all plants as early as 2017, and all plants continue to pass ISO50001 Energy Management System reviews and certification. In the future, we will continue to improve our energy management methodology and standards.

In 2022, we promoted a number of energy-saving and emission-reduction technological transformation projects, including measures such as the introduction of magnetic levitation ice machines, energy saving transformations for heat dryers, the optimization and improvement of the operating frequency of exhaust tower fans, the introduction of photovoltaic power generation, and the construction of water/air source heat pumps. Carbon reduction amounted to 25,000 tons of CO₂. The Company also actively participates in the Carbon Disclosure Project (CDP) as we continue to learn from advanced carbon management initiatives from foreign countries. We also use this platform to share our experience in reducing carbon emissions. The Company's CDPclimate questionnaire score in 2022 was B-, which was higher than the average score in Asia and the industry.

To effectively manage the impact of climate change, we carried out management and information disclosure in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

5. Major energy saving plan for 2022 and performance

Major Energy Saving Plan	Description	Environmental Performance
Introduction of magnetic levitation ice machine	The magnetic levitation ice machine does not produce friction, so it produces less noise and vibrations. It has a long lifespan (at least 25 years), which is a big advantage. Compared to other similar products, magnetic levitation can save more than 30% of energy use compared to centrifugal models. SZ First Park has introduced 3 magnetic levitation ice machines to replace old ice machines. Through comparative testing, it can achieve energy savings of 1,835 kWh/day-unit.	By using magnetic levitation ice machines, a total of 1,820 MWh of electricity can be saved. The carbon dioxide emission reduction = $1,820,000\text{kWh} \times 0.5271/1000 = 958 \text{ tCO}_2\text{e/year}$
Water source heat pump project	Through the water source heat pump, the heat can be recycled from the air compressor and ice machine, replacing the heat needed to create steam for the production water intake and air conditioning unit. The heat recycling can reduce the natural gas use of the boilers and carbon emissions.	Saved about 2.29 million cubic meters of natural gas, reducing carbon emissions by about 5,000 tons.
Solar photovoltaic power generation	The first phase of solar photovoltaic in Huaian First Park has installed approximately 4799 square meters of solar panels with a capacity of 1MW. The solar photovoltaic project in Huaian Second Park has installed approximately 10,300 square meters of solar panels with a capacity of 1.96MW, which are for self-use.	A total of 3,370 MWh of electricity can be saved. The carbon dioxide emission reduction = $3,370,000\text{kWh} \times 0.7035/1000 = 2,371 \text{ tCO}_2\text{e/year}$

Major Energy Saving Plan	Description	Environmental Performance
Processing optimization	Improving filling to enhance production efficiency and reduce process water/electricity consumption.	A total of 15,270 MWh of electricity can be saved. The carbon dioxide emission reduction = $15,270,000\text{kWh} \times 0.7/1000 = 10,690$ tCO ₂ e/year

Note: Annual carbon reduction = electricity consumption * carbon emission factor. The carbon emission factors are the emission factors for the location of each project.

In addition, the Company also actively participates in the Shenzhen carbon emission trading system and cooperates with carbon emission trading surveys in Hebei and Jiangsu Provinces in China. We continue to enhance carbon asset management and operations through cooperation with the government.

6. Fulfill corporate social responsibilities and purchase environmental liability insurance

The Company is committed to innovation and improvements in energy conservation and carbon emissions reduction technologies to improve environmental protection and provide additional commitments and protection of the environment and related parties. Our subsidiaries have purchased independent environmental liability insurance policies since 2013 and the Company's insurance amount in 2022 was NT\$80 MNTD to ensure the independent insurance of each plant and to increase the overall liability insurance of the Group, as we sought to fulfill corporate social responsibilities.

(III) Current pollution prevention and material capital expenditure on environmental protection anticipated for the next year:

1. Current pollution prevention

All plants have retained legal and comprehensive reviews and emissions permits and certificates for environmental protection operations in the most recent year and as of the publication date of the Annual Report. All environmental protection tasks have been effectively implemented in a stable manner without any material environmental protection. Therefore, there has been no negative impact on the Company's earnings, competitive position and capital spending.

China has implemented increasingly rigid controls on pollutant emissions and companies would face difficulties in obtaining necessary permit for total pollutant emissions in the future. Therefore, the Company continues to improve environmental protection measures and actively develops energy conservation, carbon emissions reduction, wastewater recycling, and waste reduction technologies to reduce the Company's emissions and waste and to provide greater room for development in the Company's future expansion.

The Company has won the trust and support of various local governments and customers based on our outstanding performance in environmental protection tasks and active participation in government policies and green activities. We have also obtained green awards issued by the government and customers and created more favorable foundations for additional environmental resources for the future and corporate sustainable development.

Awards at Each Sites for Environmental Protection and Energy Conservation over the Past Two Years

Year	Award	Manufacturing Sites
2022	Green manufacturing and excellent environmental protection company	Shenzhen First Park
	2022 Shenzhen First Environmental Protection Credit Rating - Green Enterprise	
	China Environmental Social Responsibility Company awarded by the Ministry of Ecology and Environment (China Environment News) of the People's Republic of China in 2022	
	Industry standard "Leader" certification	
	Qinhuangdao City 2022 Corporate Credit Rating A Corporation	Qinhuangdao Park
	Corporate leader in green developments	Huai'an First Park
	Excellent Environmentally Friendly Enterprise in Huai'an Economic and Technological Development Zone	
	Model Environmental Protection Enterprise of Huai'an City in 2022	
	Corporate leader in green developments	Huai'an Second Park
	Excellent Environmentally Friendly Enterprise in Huai'an Economic and Technological Development Zone	
	Model Environmental Protection Enterprise of Huai'an City in 2022	
2021	Shenzhen 2021 Waste-Free City-Green Enterprise	Shenzhen First Park
	"Dual hundred" model corporation for the Shenzhen City Hazardous Waste Management and Environmental Safety Standardized Management	
	China Environmental Social Responsibility Company awarded by the Ministry of Ecology and Environment (China Environment News) of the People's Republic of China in 2020	
	2020 Guangdong Year Circuit Association PCB "Green Environmental Protection Excellent Enterprise"	
	China Ministry of Industry and Information Technology Green Supply Chain Management for green manufacturing companies in 2021	Qinhuangdao Park
	Qinhuangdao City 2021 Corporate Credit Rating A Corporation	
	2020 Provincial Water-Saving Enterprise	
	Jiangsu Province Green Factory	Huai'an First Park
	UL Platinum Certification for zero-landfill in waste processing	
	Green design products	
	Rated Green in the 2020 Environment Protection Credit Rating by the Department of Ecology and Environment of Jiangsu Province	
	Huai'an City Bureau of Industry and Information Technology 2020 Municipal Green Factory	Huai'an Second Park
	Green Enterprise in Huai'an Economic and Technological Development Zone	
	Rated Green in the 2020 Environment Protection Credit Rating by the Department of Ecology and Environment of Jiangsu Province	
	UL Platinum Certification for zero-landfill in waste processing	
	Corporate leader in green developments	

2. Material capital expenditure on environmental protection anticipated for the next year:

Material capital expenditure on environmental protection anticipated in the next year consists mainly of construction conducted in response to future expansion of production in plants, stricter environmental protection regulations, and production capacity expansion. They also include capital expenditures for continuous improvements such as recycling various wastewater and waste resources and energy conservation and carbon emissions reduction. Material capital expenditure on environmental protection anticipated for the next year:

Unit: NT\$ thousands

Subsidiaries and their locations	Capital Expenditure Item	2023	2024	2025
Avary (Shenzhen)	Pollution prevention equipment and construction	5,552	-	-
	Energy conservation improvement equipment and construction	-	-	-
Leading Technology	Pollution prevention equipment and construction	117,680	118,808	113,764
	Energy conservation improvement equipment and construction	-	-	-
Hong Heng Sheng (Huai'an Comprehensive Bonded Zone)	Pollution prevention equipment and construction	106,699	-	-
	Energy conservation improvement equipment and construction	-	-	-
Qing Ding and Yu Ding (Huai'an Industrial Park)	Pollution prevention equipment and construction	7,678	49,766	181,332
	Energy conservation improvement equipment and construction	-	-	-
Hong Qi Sheng and Qi Ding (Qinhuangdao)	Pollution prevention equipment and construction	33,188	-	-
	Energy conservation improvement equipment and construction	-	-	-
Garuda Technology (Kaohsiung)	Pollution prevention equipment and construction	-	-	-
	Energy conservation improvement equipment and construction	-	-	-
Zhen Ding Technology (Taoyuan, BoardTek)	Pollution prevention equipment and construction	-	257,250	-
	Energy conservation improvement equipment and construction	-	-	-
Total		270,798	168,573	295,097

V. Labor-management relations

(I) List various employee benefit plans, continuing education, training, retirement systems, and the state of implementation as well as various employee–employer agreements and measures for protecting employee rights and the interests of the Company:

1. Employee Benefits

The employee welfare measures for the Company's employees in Taiwan include the National Health Insurance, Labor Insurance, and labor pension systems required by the Labor Standards Act of the Republic of China. We also provide employees with group insurance to protect their related benefits. The Company's group insurance in Taiwan includes a certain amount of term life insurance, accident insurance, hospitalization and medical insurance, cancer insurance, accident injury medical insurance, and occupational hazards insurance. In addition, employees' family members can also purchase the Company's group insurance with lower insurance premiums. Employees in China are required by law to contribute to social insurance (including pension, medical care, work injury, maternity, and unemployment insurance) and housing provident fund. In addition, the Company provides group commercial insurance for employees of grade 4 or above, including life insurance, accident insurance, major illness insurance, outpatient and inpatient insurance, hospitalization allowance, etc. Family members of key personnel can also join the Company's group insurance at a lower premium, and the Company provides annual health examinations for employees.

Employees are entitled to various benefits, in addition to special leave (statutory holidays, paid annual leave, marriage leave, bereavement leave, maternity leave, and paternity leave), retirement benefits, labor insurance, health insurance, and employee insurance (including endowment, medical care, work-related injury, maternity, and unemployment insurance) and housing provident fund according to relevant labor laws and regulations in each operating location. The Company also provides promotion and salary adjustment opportunities annually to reward outstanding performance of employees and issues production incentives, year-end bonuses, and other bonuses based on the company's operational performance. We also offer other relevant welfare measures to ensure the well-being of our employees and protect their rights and interests in the workplace.

2. Employees' education and training status

The Company believes that matching talent with suitable positions can enable employees to assist the Company in creating higher value. Therefore, we are committed to the two aspects of learning and talent development, allowing employees in management or technical positions to receive good development according to their individual characteristics and expertise. At each stage of development, employees can find corresponding training courses to meet their growth needs. To enhance the managerial capabilities of our various levels of supervisors, we have introduced a large number of courses corresponding to different levels. We encourage employees to engage in self-directed learning and to grow together with the Company.

Talent is the most precious asset of the Company, and the growth of the Company is dependent on the learning and development of employees. Therefore, the Company's training system is centered around the company's strategic development, with the goal of becoming a learning organization. We actively promote self-learning and on-the-job training for our employees in their professional development. Internal training courses are as follows: Propose annual training needs survey -> Fill out needs surveys

-> Formulate the annual education and training plan -> Submit for approval -> Formulate the monthly education and training plan -> Implement education and training -> Student participation -> Effectiveness review.

- Encourage multi-skilled workers and establish a talent training system

In response to the rapid changes in the global environment and to satisfy the different needs of manufacturing units and customers, the Company established a talent training system and designed education and training contents for corresponding job levels and departments to effectively integrate internal resources while systematically fostering all types of professionals required for organizational operations and development.

To this end, in 2022, the Company formulated educational plans for employees to encourage employees to choose different learning resources and learning methods according to their own needs, and introduced various management courses to improve the core competencies of managers at different levels. ZDT aims to provide solid and systematic support for managers at all levels and training for different management functions. The average student satisfaction score exceeded 96 points.

- Respect gender equality and provide equality education and training

In terms of gender equality in training, we follow the principle of gender equality and provide specialized training for all levels and job functions. The total number of employees who received the required training in 2022 was 64,592, with 22,587 female employees trained, accounting for 35%. Courses related to other professional fields and quality management, such as AI applications and quality control, are open to all employees, and participation in training is based on individual needs.

In 2022, the average learning hours per employee was 60 hours [total learning hours / average annual workforce (average number of employees at the end of each month)], and the total annual training expenses exceeded NT\$31.92 million.

- Promote self-learning and the E-Learning platform

Because of the Covid-19 pandemic, the Company introduced the online learning platform, Ding Sheng E-Learning College, in August 2020 and officially began a new chapter in digitized learning. However, due to the continuous spread and uncertainties of the pandemic, the Company comprehensively strengthened the promotion and use of Ding Sheng E-Learning College in 2022, and planned various learning and development projects in accordance with organizational needs. Through the use and promotion of the internal learning platform, and the hybrid teaching method that combines the online and offline, ZDT encourages employees to use their spare time to study. The Company also adopts the method of promoting learning through examinations to strengthen employees' learning efficiency and cultivate independent study habits.

At the same time, to encourage participation by employees, we welcome employees to share their knowledge and upload their lesson work. In 2022, the internal course development rate was nearly 78.4%. So far, many employees are incorporating the use of Ding Sheng E-Learning College in their daily habits. In 2022, a total of 6,778 internally developed courses were made available on the platform for employees. In 2022, the usage rate of the platform was 98.8%, and the learning rate reached 85.6%.

3. Succession plan for important management

The Company adopts a rotating CEO system to train its successors. Executive meetings with the Chairman of the board, the president, and various department heads are held regularly to discuss and select teams of potential successors from top-level management, plan the paths of development, and review schedules. Training methods include courses and online training course for improving leadership and business combat ability. The training model is divided into management ability, professional ability, overseas engagement, CMBA, language learning, and personal development plan. Key talents are assigned important tasks and rotated to other job roles to increase their training experience and accelerate their personal development. These people are given priority to fill relevant job vacancies.

Since the launch of the key talent development program, members including the chairman, president, and vice presidents of the Group attend weekly meetings to provide resolutions on management talent recruitment, job promotions, overseas business trips, and career development plans and confirm whether such resolutions are executed. The president of the Company and various excellent-performing vice presidents of the Group are also included for consideration as the potential successor of members of the Board of Directors.

The Company advances the successor training program and remains committed to improving the internal work environment. We provide reasonable remuneration and promotion system to strengthen the connection between the performance of senior management and the Company and reduce the risks of turnover of senior managerial officers and other important employees.

4. Retirement system and the status of implementation

To take care of employees' post-retirement lives and to enhance the spirit of service during their employment, the Company has established employee retirement programs according to the Labor Standards Act and Labor Pension Act to ensure employees in Taiwan receive a fixed pension fund.

For employees under the old labor retirement system, the Company has established retirement and pension management regulations in accordance with the Labor Standards Act. The Company also established the Supervisory Committee of the Labor Retirement Reserve in accordance with regulations. The labor retirement reserve fund is appropriated each month in accordance with the "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds" to the Committee's dedicated account in the Central Trust of China and managed by the Committee. Since July 1, 2005, in conjunction with the implementation of the "new system" stipulated in the Labor Pension Act, for employees who were covered by the Labor Standards Act and opt for the new system or employees who commence their job after the new system is implemented, their seniority shall be calculated by the defined contribution plan. The Company shall pay pension by allocating 6% of the employee's monthly salary to the personal labor pension account established for each employee. Employees can choose to allocate 0% to 6% of their monthly salary to their personal retirement account. When employees reach the government-mandated retirement age, they can apply to the government to receive monthly retirement benefits or a lump-sum retirement payment.

The Company's subsidiaries in China set aside pension insurance based on the mandatory ratio in accordance with the retirement and pension system required by the government of the People's Republic of China. All pension funds of current and retired employees are organized and managed by local governments.

5. Protection measures for agreements between the employer and employees and all employee rights

The successful fulfillment of the Company's operation targets relies on employees' dedication and contributions. Therefore, the Company has always focused on cultivating a harmonious relationship between labor and management. The Company upholds the ideals of creating mutual prosperity to take care of employees and we designed salary, benefit, and training policies for employees' interest and providing personal work satisfaction and a good work environment. Both labor and management work hard to pursue growth for the Company.

The Company's internal control system and management regulations clarified the duties and interest of employees on all levels in all departments. We also specified Work Rules in the Employee Handbook to protect their rights and interests. We established the Employee Welfare Committee to organize various employee activities. We also provide incentives in the form of rewards, salary adjustments, bonuses, and promotions based on performance evaluations.

The Company's subsidiaries in Taiwan established labor meeting systems in accordance with laws and they convene labor-management meetings each quarter to facilitate bidirectional communication and coordination on the Company's recent and future policies and form consensus. Employees can also use the Company's employee opinion box, digital platform, and other grievance channels to propose recommendations and feedback to the Human Resources Department or senior managers to maintain good relations and protect employees' legal rights.

The Company's main sites for operations are provided with social welfare funds that correspond to the social security and welfare system required for each site to protect employees' rights and interests in work.

6. Human Rights and Employee Policy, and Employee Code of Conduct

(1) Human Rights and Employee Policy

The Company believes that “talent” is the key to corporate development. Therefore, the Company always insists on upholding the core values of “Integrity, Responsibility, Innovation, Excellence, and Altruism” and actively develops a tolerant, diverse, and inclusive workplace and a system for cultivating, hiring, and retaining talents. From cooperative education to the development of various expertise, general knowledge, management, and talents, we offer a comprehensive range of training and fostering programs to make our employees competent enough to grow and develop together with the company.

As of the end of 2022, the total number of formal employees in the Company is 25,464 males and 13,901 females. The number of non-formal (contracted) employees is 154 males and 422 females. All employees of the Company are full-time employees. The Company has employed 204 persons with disabilities. The most common types of non-employee workers in the Company are construction workers and non-regular project contract workers, such as equipment maintenance, renovation projects, and some regular contract workers such as security guards, cleaners, restaurant and landscaping workers. The work of non-employee workers is planned and executed differently according to different projects. The Company estimates 10,883 person-years for 2022.

Note: The calculation of the number of non-employee workers is estimated based on the total work hours, expressed in person-years (assuming 250 working days and 8 work hours per day in 2022).

Category	Group	Male		Female		Subtotal of groups and the ratio	
		Number of people	Percentage (%)	Number of people	Percentage (%)	Total	Percentage (%)
Nationality	China	24,007	93.71	12,989	90.69	36,996	92.63
	Taiwan	1,362	5.32	935	6.53	2,297	5.75
	India	212	0.83	367	2.56	579	1.44
	Phillippines	18	0.07	21	0.15	39	0.10
	Vietnam	10	0.04	5	0.03	15	0.04
	Others	9	0.03	6	0.04	15	0.04
Total		25,618	100	14,323	100	39,941	100

(2) Employee Code of Conduct

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

- A. New employee guide: The guide allows new employees to quickly learn about the Company's environment and operations of related attendance systems after reporting for duties.
- B. Employee Handbook: The Work Rules are specified in the Employee Handbook as well as the Ding Sheng e-learning platform for employees' reference and compliance to protect their rights and interests. The main chapters contain the following items:

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

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

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

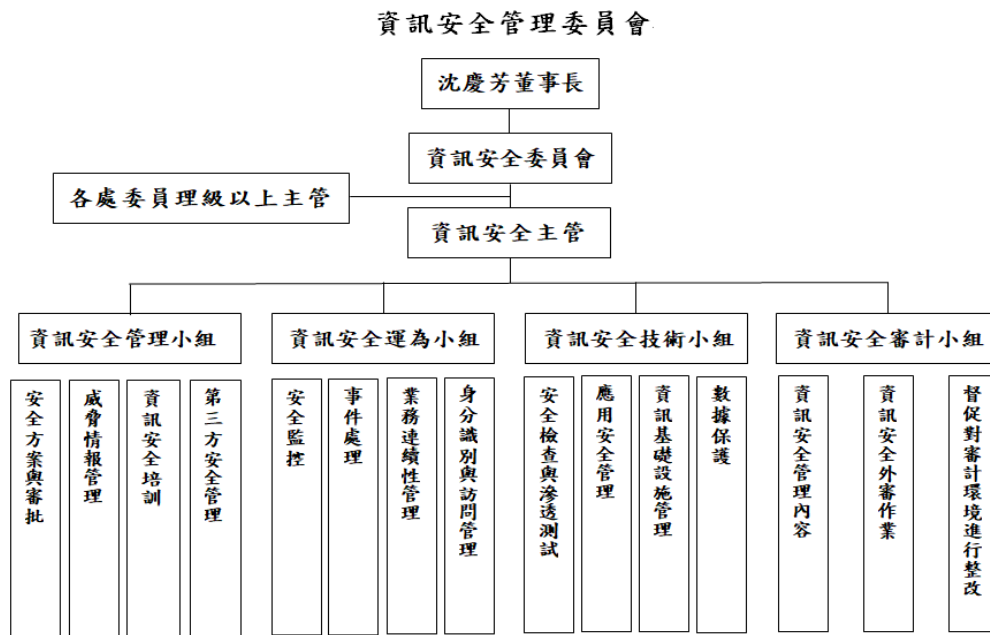
- (II) List the losses suffered due to labor disputes in the most recent fiscal year up to the publication date of the Annual Report, and disclose the estimated amount for current and possible future occurrences, and response measures. If the amount cannot be reasonably estimated, clarify the reason: The Company has always enjoyed a harmonious relationship between labor and management and there are no labor disputes or losses in the most recent year and up to the publication date of the Annual Report.

VI. Cyber security management

- (I) Status of resources for information security risk management structure, information security policies, specific management solutions, and resources invested in information security management:

1. Information security risk management framework

The Company has established an Information Security Management Committee, which is chaired by the committee chairman and responsible for overseeing information security management. The heads of various departments serve as members of the committee and regularly hold meetings to establish and review information security management labor relations goals, policies, and processes. To effectively promote the implementation of information security management policies, the Company has established an information security manager, Information Security Work Group and an Information Security Internal Audit Group. Both groups are composed of dedicated personnel from the Information Security Department to promote the continuous and steady operations of the Company.



2. Information security policy

Our information security strategy is focused on three dimensions of information security governance, compliance, and technology to provide comprehensive protection of information security at the institutional to technical level and individual to organizational level. To strengthen information security management, the Company not only plans network frameworks by using the most rigorous IT requirements, but also establishes an information security policy, which states: “When maintaining the confidentiality, integrity and availability of the Company's information to avoid situations in which human negligence and deliberate sabotage lead to improper use, leakage, tampering, damage, and loss of assets, or situations in which assets are unavailable due to natural disasters, thereby affecting the business continuity and compromising the company's interests.” The Company controls the likelihood of information security incidents by employing information security strategies, contingency mechanisms, and soft/hardware facilities.

Information security for product design and manufacturing. The Company manufactures PCBs and not end products, therefore it is not applicable.

3. Information security risk management

The Company actively plans and deploys information security measures and constantly improves the information security environment to reduce information security risks. In terms of management, the Company develops management regulations covering the aspects of policy development, organizational responsibilities, personnel safety, document control, asset management, communications and operational management, interview control, physical environment, system development and maintenance, business continuity management, information security event management, and compliance. In terms of technology, the Company has installed firewalls, intrusion detection system, email security system, operating system automatic detection and update, anti-virus systems, network access control system, security monitoring system, and vulnerability scanning system. At the end of every year, the Information Security Committee conducts reviews on the status of information security operations, risk control, and event corrections and uses the results to control and reduce information security risks. The Company organizes internal reviews and management reviews at least once a year, but not more than 12 months apart, to check the presence or absence of information security risks and to adopt

corrective and preventive measures in a timely manner to ensure the continuous operation of its businesses. The matters are periodically reported to the Board of Directors.

4. Employee information security training

Personnel training is focused on educating new employees on the importance of information security. Information security education and training has been established in the knowledge management system and new employees must complete the courses within the specified time Regularly conduct social engineering drills throughout the Company to improve information security awareness among employees. Promotional videos are shown on the company's large electronic billboards. The plants also posted information security promotional posters, and the company's monthly publication included information security knowledge. The Company aims to use diversified methods to convey the company's information security regulations and concepts. In order to strengthen the information security response capabilities and establish a comprehensive defense consisting of all staff, The Company has formulated security incident management procedures. Employees can follow these procedures to report incidents, accelerating the early warning, monitoring, and notification of information security incidents, and improve the information security incident response capabilities. Clearly stipulate information security rewards and penalties system in the Employee Handbook.

204,317 hours of information security training courses were provided in 2022 to a total of 468,582 people. In order to prevent cyberattacks and collect network postures, an average of 58,000 cyberattacks and 97,000 malicious emails are blocked each month to prevent malicious behavior from causing company losses.

5. Impact of on the Company's finance and specific management measures

Information security management type	Related operations
System accessibility	Monitoring system and network availability The remote data recovery system ensures the complete restoration of data Regularly rehearse the data recovery process for disasters Data interruption response measures
External threats	Malicious virus and software attack detection and data loss prevention Computer vulnerability detection and update
Access management	Settings management for personnel accounts and access Regularly review accounts and permissions for necessary operations Access management for important server rooms
Access control	Restrict data and file access Data access records Important data is encrypted according to the rules

- 4 information security management meeting was convened by the Company in 2022 to review the information security policies of each unit and the implementation status. No dangerous information security incidents occurred in the year. No information security incidents or customer information security violations leading to fines occurred in 2020 to 2022.

- 9 back up drills were organized this year where
 - 3 drills each in Shenzhen, Huai'an, and Qinhuangdao,
 - Including one main back up equipment switching, and 2 back up data recovery tests.
- The initial issue date for ISO27001 certification was May 8, 2020.
 - The re-review approval date for the Shenzhen plant certification was May 25, 2022.
 - Qinhuangdao - Re-approval date for Hong Qi Sheng was August 17, 2022
 - Qinhuangdao - Re-approval for Qi Ding was August 17, 2022
 - The re-approval date for Huaian was August 17, 2022

6. Information Equipment Security Management

The IT equipment carried by control personnel when entering server rooms, production lines, and restricted areas shall be controlled according to access permissions for the networks, computers, operating systems, and applications of different units in the Company. The Company has stipulated business continuity management procedures. We classify the different systems and established business continuity management mechanisms to ensure that operations are not interrupted. Back up recovery drills are conducted once every 6 months to ensure the quick restoration of operations during security incidents or disasters. This will reduce risk and minimize the losses caused by incidents and disasters.

7. Network and anti-virus management

In order to prevent cyberattacks and the collection of posture, the Company has established firewalls, defense systems, email filtering systems, and anti-virus protection systems. External information security experts were engaged to perform penetration testing, social engineering drills, and other information security assessments, in order to establish a safe work environment and ensure sustainable management. From 2020 to 2022, there were no violations of information security related laws and regulations and information security incidents. The Company did not report of any customer complaints as a result of privacy infringement or loss of customer information.

8. Confidential customer information protection

In 2021, the Information Security Management Committee was established, and it reports to the chairman and holds weekly exchange meetings between information security managers. It holds quarterly meetings to communicate information security management, review policies and directions to the whole company through the committee, and adjust information security policies and management. The chairman of the committee is responsible for supervising information security management. All levels of units elected members to publicize and implement information security policies. On May 8, 2020, they officially passed the BSI British Standards Institute certification and passed the annual review. On August 17, 2022, all units passed the annual review to establish a safe and reliable information operating environment and protect the Company's computer data, systems, equipment and network security, based on the three principles of information security "confidentiality, integrity In order to protect the non-repudiation, verification and accountability of the overall information assets.

In order to ensure the confidentiality of business secrets of the Company and customers, the data is managed by grades and categories, the information of products and customers is properly communicated, a special security area is set up for customer secrets, and access to the network, computers and personnel is controlled. ZDT specifies items to be managed for information security, including personnel training, information equipment security management, network and anti-virus management.

- (II) In the most recent year, and as of the printing date of the annual report, if the damages, possible effects, and response measures of major information security incidents cannot be reasonably estimated, the reason for being unable to provide a reasonable estimation should be explained:** The Company has not suffered any loss or impact due to information and communication security incidents.

VII. Important Contracts

No.	Nature of the Contract	Counterpart	Commencement Date/Expiration Date	Main Content	Restrictive Terms
1	Syndicated Loan Contract	Bank consortium including Mega International Commercial Bank and Taipei Fubon Commercial Bank	3 years from the signature date February 24, 2021 to the drawdown date (5 years if the credit extension period is renewed in accordance with the contract)	The Company signed a syndicated loan contract with a total credit extension amount of US\$250 million with a consortium of banks including Mega International Commercial Bank	Financial Standards
2	Sales	Company BE	From March 4, 2022	Framework Agreement	Confidentiality
3	Sales	Company BG	From January 10, 2022 to June 30, 2024	Framework Agreement	Confidentiality
4	Sales	Company BH	From March 29, 2022	Production capacity guarantee agreement	Confidentiality
5	Sales	Company BI	From April 1, 2022 to December 31, 2025	Production capacity guarantee agreement	Confidentiality
6	Sales	Company BJ	From April 1, 2022 to March 31, 2028	Production capacity guarantee agreement	Confidentiality
7	Sales	Company BK	From January 10, 2022	Framework Agreement	Confidentiality
8	Sales	Company BL	From April 8, 2022	Framework Agreement	Confidentiality
9	Sales	Company BM	From July 26, 2022	Framework Agreement	Confidentiality
10	Sales	Company BO	From September 29, 2022	Framework Agreement	Confidentiality

CHAPTER 6. FINANCIAL OVERVIEW

I. Condensed Balance Sheet and Condensed Consolidated Income Statement in the Most Recent Five Years

(I) Condensed balance sheet

Disclosure based on the revised International Financial Reporting Standards (IFRS) as endorsed by the Financial Supervisory Commission (FSC):

Unit: NT\$ thousands

Year		2018	2019	2020	2021	2022
Item						
Current assets		88,894,203	83,203,716	99,312,005	95,935,034	110,292,979
Property, plant and equipment		41,913,166	46,242,613	68,177,175	86,072,884	100,307,311
Intangible assets		185,615	360,370	2,165,029	2,079,308	2,138,586
Other assets		9,114,169	10,074,636	11,466,278	11,668,068	19,821,236
Total assets		140,107,153	139,881,335	181,120,487	195,755,294	232,560,112
Current liabilities	Before distribution	51,835,059	39,032,879	63,423,798	56,879,726	74,226,905
	After distribution	55,858,801	43,092,913	67,685,519	61,614,972	(Note 3)
Non-current liabilities		10,163,514	10,504,355	13,658,813	25,355,629	25,467,516
Total liabilities	Before distribution	61,998,573	49,537,234	77,082,611	82,235,355	99,694,421
	After distribution	66,022,315	53,597,268	81,344,332	86,970,601	(Note 3)
Equity attributable to owners of the parent company		56,055,207	67,159,702	78,417,230	84,361,152	96,893,638
Capital		8,047,484	9,022,299	9,470,492	9,470,492	9,470,492
Capital reserve		22,000,657	29,534,781	35,671,212	36,937,742	38,021,187
Retained earnings	Before distribution	28,955,372	33,617,319	37,663,331	43,058,708	52,541,885
	After distribution	24,931,630	29,557,285	33,401,610	38,323,462	(Note 3)
Other equity		(2,948,306)	(5,014,697)	(4,130,316)	(4,848,301)	(2,882,437)
Treasury stock		-	-	(257,489)	(257,489)	(257,489)
Non-controlling equity		22,053,373	23,184,399	25,620,646	29,158,787	35,972,053
Total equity	Before distribution	78,108,580	90,344,101	104,037,876	113,519,939	132,865,691
	After distribution	74,084,838	86,284,067	99,776,155	108,784,693	(Note 3)

Note 1: CPA-audited consolidated financial report for 2018 to 2022.

Note 2: Financial data from the 2023 up to the publication date of the Annual Report has not been reviewed by CPAs.

Note 3: Distribution of earnings for 2022 is subject to approval of the shareholders' meeting.

(II) Condensed consolidated income statements

The condensed consolidated income statement is disclosed based on the revised IFRS as endorsed by the FSC:

Unit: NT\$ thousands

Item \ Year	2018	2019	2020	2021	2022
Operating revenue	117,912,881	120,067,508	131,278,537	155,022,197	171,356,495
Gross profit	26,060,948	27,222,009	26,584,148	30,537,486	39,888,082
Operating profit	14,845,618	14,800,808	14,140,216	15,781,456	22,446,761
Non-operating income and expenses	(179,056)	150,100	(346,226)	437,351	1,021,743
Net profit before tax	14,666,562	14,950,908	13,793,990	16,218,807	23,468,504
Net profit from continuing operations in the current period	11,536,495	12,401,617	11,508,290	13,694,368	20,535,312
Losses from discontinued operations	-	-	-	-	-
Net profit for the period	11,536,495	12,401,617	11,508,290	13,694,368	20,535,312
Net value of other comprehensive income after tax	(1,485,700)	(3,312,504)	1,194,101	(1,113,422)	2,584,986
Total comprehensive income	10,050,795	9,089,113	12,702,391	12,580,946	23,120,298
Net income attributable to owners of parent company	8,447,792	8,685,202	8,094,547	9,651,297	14,197,040
Net income attributable to non-controlling interests	3,088,703	3,716,415	3,413,743	4,043,071	6,338,272
Comprehensive income (loss) attributable to owners of parent company	7,217,484	6,619,298	8,990,427	8,939,113	16,184,287
Comprehensive income (loss) attributable to non-controlling interests	2,833,311	2,469,815	3,711,964	3,641,833	6,936,011
Earnings per share (Unit: NT\$)	10.50	9.93	8.90	10.21	15.02

Note 1: CPA-audited consolidated financial report for 2018 to 2022.

Note 2: Financial data from the 2023 up to the publication date of the Annual Report has not been reviewed by CPAs.

(III) Names of CPAs for the 5 most recent years and audit opinions

Year	Certifying CPA	Company Name	Audit Opinion	Reason for change of CPA
2018	Sheng-Chung Hsu, Yung-Chien Hsu	PricewaterhouseCoopers, Taiwan	Unqualified opinion	-
2019	Yung-Chien Hsu, Min-Chuan Feng	PricewaterhouseCoopers Taiwan	Unqualified opinion	Internal rotation adjustments
2020	Yung-Chien Hsu, Min-Chuan Feng	PricewaterhouseCoopers Taiwan	Unqualified opinion	-
2021	Yung-Chien Hsu, Min-Chuan Feng	PricewaterhouseCoopers Taiwan	Unqualified opinion	-
2022	Sheng-Chung Hsu and Chieh-Ju Hsu	PricewaterhouseCoopers Taiwan	Unqualified opinion	Internal rotation adjustments

II. Financial analysis for the last five years

Financial Analyses – Adoption of IFRSs

Analysis Item		Year	Financial Analysis for Each Year				
			2018	2019	2020	2021	2022
Financial Structure	Liability to asset ratio (%)		44.25	35.41	42.56	42.01	42.87
	Proportion of long-term capital in PP&E (%)		210.61	218.09	172.63	161.35	157.85
Solvency	Current ratio (%)		171.49	213.16	156.58	168.66	148.59
	Quick ratio (%)		144.95	183.50	128.55	130.03	118.13
	Interest coverage ratio (times)		16.83	22.76	30.77	31.88	27.02
Operating Ability	Receivables turnover (times)		4.29	4.66	4.30	4.34	5.06
	Average collection days		85	78	85	84	72
	Inventory turnover (times)		8.18	9.31	9.01	7.58	7.03
	Payables turnover (times)		4.45	5.71	5.47	5.67	7.11
	Average inventory turnover days		45	39	41	48	52
	Property, plant and equipment turnover rate (times)		3.00	2.72	2.29	2.01	1.84
	Total asset turnover (times)		0.89	0.86	0.82	0.82	0.80
Profitability	Return on assets (%)		9.30	9.27	7.41	7.50	9.96
	Return on equity (%)		17.30	14.72	11.84	12.59	16.67
	Ratio of pre-tax income to paid-in capital (%)		182.25	165.71	145.65	171.26	247.81
	Net profit margin (%)		9.78	10.33	8.77	8.83	11.98
	Earnings per share (NT\$)		10.50	9.93	8.90	10.21	15.02
Cash Flow	Cash flow ratio (%)		51.90	41.69	26.72	24.72	61.04
	Cash flow adequacy ratio (%)		94.03	82.80	69.52	59.49	82.79
	Cash reinvestment ratio (%)		20.07	8.98	8.00	5.13	18.60
Leverage	Operating leverage		1.76	1.84	1.88	1.94	1.78
	Financial leverage		1.07	1.05	1.03	1.03	1.04

Description of change in financial ratios over the past two years (deviation over 20%):

- (1) Increase in turnover of accounts payable: Mainly due to the increase in cost of goods sold and decrease in average accounts payable.
- (2) Increase in return on assets: Mainly due the increase in profit after tax.
- (3) Increase in the return on equity: Mainly due the increase in profit after tax.
- (4) Increase in the ratio of pre-tax income to paid-in capital: Mainly due the increase in profit before tax.
- (5) Increase in net profit margin: Mainly due the increase in profit after tax.
- (6) Increase in the cash flow ratio: Mainly due to the increase in cash flows from operating activities.
- (7) Increase in the cash flow adequacy ratio: Mainly due to the increase in cash flows from operating activities.
- (8) Increase in cash reinvestment ratio: Mainly due to the increase in cash flows from operating activities.

III. Audit Committee's Report on the Financial Statements in the Most Recent Year

please refer to Page 147 of the Annual Report for more information.

IV. Consolidated Financial Statements of the Most Recent Year Audited and Certified by the CPA

please see Pages 148 to 259.

V. Financial Difficulties Occurred to the Company and its Affiliated Enterprises in the Most Recent Year and as of the Publication Date of the Annual Report

None.

Zhen Ding Technology Holding Limited

Audit Committee's Audit Report

The Board of Directors has prepared and submitted the 2022 business report, consolidated financial statements, and earnings distribution proposal, of which the consolidated financial statements have been audited by the CPAs Sheng-Chung Hsu and Jie-Ru Hsu of PricewaterhouseCoopers, Taiwan and an Audit Report is submitted. The Audit Committee has reviewed the business report, consolidated financial statements, and the earnings distribution proposal and did not find any incompliance. According to the regulations in the Articles of Association, it is hereby submitted for your examination.

To:

2023 Shareholders' Annual General Meeting

Zhen Ding Technology Holding Limited
Audit Committee Convener

March 13, 2023

**ZHEN DING TECHNOLOGY HOLDING AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2022 AND 2021

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated balance sheets of Zhen Ding Technology Holding Limited and its subsidiaries (the “Group”) as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters on the Group's 2022 consolidated financial statements were as follows:

Cut-off of hub warehouse sales revenue

Description

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

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

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

How our audit addressed the matter

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

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

Estimation of allowance for inventory valuation losses

Description

Refer to Note 4(14) for accounting policies on inventory valuation, Note 5 for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(6) for details of inventory. As of December 31, 2022, the Group's inventory cost and allowance for valuation losses were NT\$18,571,481 thousand and NT\$846,637 thousand, respectively.

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

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

How our audit addressed the matter

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

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

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hsu, Sheng-Chung

Chieh-Ju, Hsu

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 13, 2023

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	8	\$ 55,243,562	24	\$ 33,789,530	17
1136	Current financial assets at amortised cost	6(3) and 8	1,907,751	1	1,389,177	1
1170	Accounts receivable, net	6(4)	26,932,980	11	35,002,337	18
1180	Accounts receivable due from related parties, net	6(4) and 7	3,071,665	1	2,531,004	1
1200	Other receivables	6(5)	523,996	-	1,135,584	1
130X	Inventories	6(6)	17,724,844	8	17,675,165	9
1410	Prepayments	6(5)	4,883,541	2	4,297,594	2
1470	Other current assets	8	4,640	-	114,643	-
11XX	Total current assets		110,292,979	47	95,935,034	49
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,640,432	1	1,114,588	1
1517	Non-current financial assets at fair value through other comprehensive income	6(7)	753,272	-	476,619	-
1535	Non-current financial assets at amortised cost	6(3) and 8	448,023	-	78,408	-
1550	Investments accounted for using equity method		32,978	-	23,430	-
1600	Property, plant and equipment	6(8)	100,307,311	43	86,072,884	44
1755	Right-of-use assets	6(9)	8,327,697	4	8,545,293	4
1760	Investment property, net	6(10)	4,506,853	2	-	-
1780	Intangible assets	6(11)	2,138,586	1	2,079,308	1
1840	Deferred income tax assets	6(30)	2,576,898	1	1,199,753	1
1990	Other non-current assets	6(12) and 8	1,535,083	1	229,977	-
15XX	Total non-current assets		122,267,133	53	99,820,260	51
1XXX	Total assets		\$ 232,560,112	100	\$ 195,755,294	100

(Continued)

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(13)	\$ 16,819,556	7	\$ 19,636,568	10
2170	Accounts payable		15,964,613	7	19,030,051	10
2180	Accounts payable to related parties	7	936,026	-	1,066,691	-
2200	Other payables	6(14)	20,181,766	9	14,820,927	8
2230	Current income tax liabilities		1,635,243	1	1,029,989	-
2280	Current lease liabilities		86,860	-	133,689	-
2320	Long-term liabilities, current portion	6(15)(16)	15,572,856	7	-	-
2399	Other current liabilities		3,029,985	1	1,161,811	1
21XX	Total current liabilities		74,226,905	32	56,879,726	29
Non-current liabilities						
2530	Bonds payable	6(15)	-	-	10,383,152	5
2540	Long-term borrowings	6(16)	12,966,168	6	7,599,023	4
2570	Deferred income tax liabilities	6(30)	3,647,057	1	2,750,027	2
2580	Non-current lease liabilities		336,799	-	383,627	-
2600	Other non-current liabilities		8,517,492	4	4,239,800	2
25XX	Total non-current liabilities		25,467,516	11	25,355,629	13
2XXX	Total liabilities		99,694,421	43	82,235,355	42
Equity						
Equity attributable to owners of parent						
	Share capital	6(19)				
3110	Ordinary share		9,470,492	4	9,470,492	5
	Capital surplus	6(20)				
3200	Capital surplus		38,021,187	16	36,937,742	19
	Retained earnings	6(21)				
3310	Legal reserve		6,995,473	3	6,029,763	3
3320	Special reserve		4,848,301	2	4,130,316	2
3350	Unappropriated retained earnings		40,698,111	18	32,898,629	17
	Other equity interest	6(22)				
3400	Other equity interest		(2,882,437)	(1)	(4,848,301)	(3)
3500	Treasury shares	6(19)	(257,489)	-	(257,489)	-
31XX	Equity attributable to owners of parent		96,893,638	42	84,361,152	43
36XX	Non-controlling interest	6(32)	35,972,053	15	29,158,787	15
3XXX	Total equity		132,865,691	57	113,519,939	58
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	Total liabilities and equity		\$ 232,560,112	100	\$ 195,755,294	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
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(22)(23), 7 and 14	\$ 171,356,495	100	\$ 155,022,197	100
5000	Operating costs	6(6) and 7	(131,468,413)	(77)	(124,484,711)	(80)
5950	Gross profit from operations		39,888,082	23	30,537,486	20
	Operating expenses	6(24)				
6100	Selling expenses		(1,959,988)	(1)	(1,646,890)	(1)
6200	Administrative expenses		(7,197,223)	(4)	(5,822,470)	(4)
6300	Research and development expenses		(8,279,766)	(5)	(7,302,208)	(5)
6450	(Expected credit loss) reversal of impairment loss in accordance with IFRS 9	12	(4,344)	-	15,538	-
6000	Total operating expenses		(17,441,321)	(10)	(14,756,030)	(10)
6900	Net operating income		22,446,761	13	15,781,456	10
	Non-operating income and expenses					
7100	Interest income	6(26)	767,556	1	298,959	-
7010	Other income	6(27)	773,019	-	961,883	1
7020	Other gains and losses	6(28)	374,110	-	(288,355)	-
7050	Finance costs	6(29)	(901,834)	-	(525,209)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method		8,892	-	(9,927)	-
7000	Total non-operating income and expenses		1,021,743	1	437,351	1
7900	Profit before income tax		23,468,504	14	16,218,807	11
7950	Income tax expense	6(30)	(2,933,192)	(2)	(2,524,439)	(2)
8200	Profit		\$ 20,535,312	12	\$ 13,694,368	9

(Continued)

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Actuarial gains on defined benefit plans	6(17)	\$ 26,729	-	\$ 7,252	-
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(7)(21)	(22,804)	-	47,630	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	(3,278)	-	(10,589)	-
8310	Other comprehensive income that will not be reclassified to profit or loss		647	-	44,293	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Exchange differences on translation of foreign financial statements	6(22)	2,584,339	1	(1,157,715)	(1)
8300	Other comprehensive income (loss)		\$ 2,584,986	1	(\$ 1,113,422)	(1)
8500	Total comprehensive income		\$ 23,120,298	13	\$ 12,580,946	8
Profit attributable to:						
8610	Owners of the parent		\$ 14,197,040	8	\$ 9,651,297	6
8620	Non-controlling interests		6,338,272	4	4,043,071	3
			\$ 20,535,312	12	\$ 13,694,368	9
Comprehensive income attributable to:						
8710	Owners of the parent		\$ 16,184,287	9	\$ 8,939,113	6
8720	Non-controlling interests		6,936,011	4	3,641,833	2
			\$ 23,120,298	13	\$ 12,580,946	8
Earnings per share (in dollars)						
9750	Basic earnings per share	6(31)	\$ 15.02		\$ 10.21	
9850	Diluted earnings per share	6(31)	\$ 13.92		\$ 9.58	

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
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
			Retained Earnings			Other Equity Interest						
		Capital surplus- additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interest	Total equity	
Notes	Ordinary shares											
Year ended December 31, 2021												
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 year	-	-	-	-	9,651,297	-	-	-	9,651,297	4,043,071	13,694,368	
Other comprehensive income (loss) for the year	6(22)	-	-	-	5,801	(749,427)	31,442	-	(712,184)	(401,238)	(1,113,422)	
Total comprehensive income (loss)	-	-	-	-	9,657,098	(749,427)	31,442	-	8,939,113	3,641,833	12,580,946	
Appropriations of 2020 earnings:												
Legal 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)	-	150,821	-	-	-	-	-	150,821	56,294	207,115	
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	9,420	-	-	-	-	-	-	9,420	-	9,420	
Difference between consideration and carrying amount of subsidiaries disposed	-	1,103,156	-	-	-	-	-	-	1,103,156	-	1,103,156	
Changes in non-controlling interests - acquisition of shares of the subsidiary	-	3,133	-	-	-	-	-	-	3,133	598,027	601,160	
Changes in non-controlling interests - distribution of retained earnings by subsidiaries	-	-	-	-	-	-	-	-	-	(1,343,549)	(1,343,549)	
Changes in non-controlling interests - disposal of the subsidiary	-	-	-	-	-	-	-	-	-	585,536	585,536	
Balance at December 31, 2021	\$ 9,470,492	\$ 36,937,742	\$ 6,029,763	\$ 4,130,316	\$ 32,898,629	(\$ 4,886,372)	\$ 38,071	(\$ 257,489)	\$ 84,361,152	\$ 29,158,787	\$ 113,519,939	
Year ended December 31, 2022												
Balance at January 1, 2022	\$ 9,470,492	\$ 36,937,742	\$ 6,029,763	\$ 4,130,316	\$ 32,898,629	(\$ 4,886,372)	\$ 38,071	(\$ 257,489)	\$ 84,361,152	\$ 29,158,787	\$ 113,519,939	
Profit for the year	-	-	-	-	14,197,040	-	-	-	14,197,040	6,338,272	20,535,312	
Other comprehensive income (loss) for the year	6(22)	-	-	-	21,383	1,986,380	(20,516)	-	1,987,247	597,739	2,584,986	
Total comprehensive income (loss)	-	-	-	-	14,218,423	1,986,380	(20,516)	-	16,184,287	6,936,011	23,120,298	
Appropriations of 2021 earnings:												
Legal reserve	-	-	965,710	-	(965,710)	-	-	-	-	-	-	
Special reserve	-	-	-	717,985	(717,985)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(4,735,246)	-	-	(4,735,246)	-	-	(4,735,246)	
Compensation cost of employee restricted stock	6(20)	-	174,675	-	-	-	-	-	174,675	57,115	231,790	
Adjustments of capital surplus for company's cash dividends received by subsidiaries	6(32)	-	10,467	-	-	-	-	-	10,467	-	10,467	
Difference between consideration and carrying amount of subsidiaries disposed	6(32)	-	755,262	-	-	-	-	-	755,262	547,116	1,302,378	
Changes in non-controlling interests - acquisition of shares of the subsidiary	6(32)	-	143,041	-	-	-	-	-	143,041	720,409	863,450	
Changes in non-controlling interests - distribution of retained earnings by subsidiaries	-	-	-	-	-	-	-	-	-	(1,447,385)	(1,447,385)	
Balance at December 31, 2022	\$ 9,470,492	\$ 38,021,187	\$ 6,995,473	\$ 4,848,301	\$ 40,698,111	(\$ 2,899,992)	\$ 17,555	(\$ 257,489)	\$ 96,893,638	\$ 35,972,053	\$ 132,865,691	

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 23,468,504	\$ 16,218,807
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	14,196,216	11,492,846
Amortisation	6(24)	441,835	382,067
Gain on financial assets or liabilities at fair value through profit or loss, net	6(2)	(57,338)	(228,392)
Share of (profit) loss of associates and joint ventures accounted for using equity method		(8,892)	9,927
Impairment losses	6(8)	960,690	91,499
Expected credit losses (gains)	12	4,344	(15,538)
Losses (gains) on disposal of property, plant and equipment	6(28)	16,711	(8,437)
Interest income	6(26)	(767,556)	(298,959)
Interest expense	6(29)	901,834	525,209
Gain from lease modification	6(9)	(2,032)	-
Share-based payment	6(18)	231,790	207,115
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(29,874)	25,239
Accounts receivable		10,851,993	(4,694,991)
Accounts receivable due from related parties		(352,904)	21,209
Other receivables		724,741	(16,070)
Inventories		257,100	(4,844,859)
Prepayments		(532,962)	428,433
Other current assets		91	536
Changes in operating liabilities			
Accounts payable		(3,352,090)	(3,549,162)
Accounts payable to related parties		(147,879)	91,174
Other payables		1,396,796	(202,076)
Other current liabilities		21,343	33,359
Cash inflow generated from operations		48,222,461	15,668,936
Income tax paid		(2,911,823)	(1,610,746)
Net cash flows from operating activities		45,310,638	14,058,190

(Continued)

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		(\$ 467,286)	(\$ 138,066)
(Increase) decrease in current financial assets at amortised cost		(786,300)	1,028,690
Acquisition of financial assets at fair value through other comprehensive income		(352,382)	-
Disposal of financial assets at fair value through other comprehensive income		66,595	-
Acquisition of property, plant and equipment	6(33)	(29,031,926)	(30,745,042)
Proceeds from disposal of property, plant and equipment		306,687	396,775
Acquisition of right-of-use assets		-	(403,532)
Increase in restricted assets		(103,007)	(101,026)
Increase in other non-current assets		(1,200,839)	(194,754)
Increase in other non-current liabilities		451,018	209,145
Collected income distribution	6(2)	13,745	-
Interest received		677,029	349,609
Net cash flows used in investing activities		(30,426,666)	(29,598,201)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings	6(33)	(2,988,098)	6,929,472
Decrease in short-term notes and bills payable	6(33)	-	(950,000)
Proceeds from long-term borrowings	6(33)	8,486,133	7,813,020
Repayments of long-term borrowings	6(33)	-	(8,694,000)
Increase in guarantee deposits received	6(33)	5,061,535	4,459,036
Cash dividends paid	6(21)	(4,735,246)	(4,261,721)
Payments of lease liabilities		(121,739)	(134,439)
Interest paid		(739,787)	(296,515)
Changes in non-controlling interests - distribution of retained earnings by subsidiaries		(1,447,385)	(1,343,549)
Changes in non-controlling interests - acquisition of shares of the subsidiary	6(32)	863,450	601,160
Changes in non-controlling interests - disposal of the subsidiary	6(32)	1,480,120	1,531,891
Net cash flows from financing activities		5,858,983	5,654,355
Effect of exchange rate changes on cash and cash equivalents		711,077	(547,701)
Net increase (decrease) in cash and cash equivalents		21,454,032	(10,433,357)
Cash and cash equivalents at beginning of year		33,789,530	44,222,887
Cash and cash equivalents at end of year		\$ 55,243,562	\$ 33,789,530

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
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 13, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission (the ‘FSC’) (collectively referred herein as the ‘IFRSs’)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	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.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments 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.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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’, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the ‘IFRSs’).

(2) Basis of preparation

- A. Except for the following items, the 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) Available-for-sale financial assets measured at fair value.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The items involving a higher degree of judgement or complexity, or items where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) The profit or loss and each component of other comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, and total comprehensive income shall also be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions (i.e. transactions with owners in their capacity as owners). It shall be recognised directly in equity and difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
The Company	Zhen Ding Technology Co., Ltd.	Trading company	100	100	
The Company	Monterey Park Finance Limited (B.V.I.)	Holding company	100	100	
The Company	Zhen Ding Technology Singapore Private Limited (Singapore)	Holding company	100	100	
The Company	Boardtek Electronics Corporation	Manufacturing company	100	100	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited (Cayman)	Holding company	100	100	
Monterey Park Finance Limited (B.V.I.)	Coppertone Enterprises Limited (B.V.I.)	Holding company	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
Monterey Park Finance Limited (B.V.I.)	Pacific Fair International Limited (Hongkong)	Holding company	100	100	
Monterey Park Finance Limited (B.V.I.)	Leading Interconnect International Limited (Formerly named: Henley International Limited (Hongkong))	Trading company	100	100	
Monterey Park Finance Limited (B.V.I.)	Huaian Jia Wei Industrial Development Co., Ltd	Trading company	100	100	
Monterey Park Finance Limited (B.V.I.)	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Manufacturing company	69.65	70.39	(a)
Coppertone Enterprises Limited (B.V.I.)	Mayco Industrial Limited (Hong Kong)	Holding company	100	100	
Mayco Industrial Limited (Hong Kong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	66.10	66.09	(b)
Pacific Fair International Limited (Hong Kong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	5.70	6.01	(b)
Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacturing company	100	100	
Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Manufacturing company	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	Manufacturing company	100	100	
Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Manufacturing company	100	100	
Avary Holding (Shenzhen) Co., Limited	Fu Bo Industry (Shenzhen) Co., Ltd.	Manufacturing company	100	100	
Avary Holding (Shenzhen) Co., Limited	Kui Sheng Technology (Shenzhen) Co., Ltd.	Trading company	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Holding Investment (Shenzhen) Co., Ltd.	Investment company	100	100	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited (Hongkong)	Trading company	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Singapore Private Limited (Singapore)	Holding company	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Logistics Services (Shenzhen) Co., Ltd.	Property management company	100	-	(c)
Garuda International Limited (Hongkong)	Garuda Technology Co., Ltd.	Trading company	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
Garuda International Limited (Hongkong)	Avary Japan Co., Ltd.(Japan)	Trading company	100	100	
Avary Singapore Private Limited (Singapore)	Avary Technology (India) Private Limited (India)	Manufacturing company	100	100	
Boardtek Electronics Corporation	Boardtek Investment Co., Ltd.	Investment company	100	100	
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Manufacturing company	100	100	
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Qi Ding Technology Qinhuangdao Co., Ltd.	Manufacturing company	100	100	
Zhen Ding Technology Singapore Private Limited (Singapore)	Zhen Ding Technology India Private Limited (India)	Manufacturing company	37.50	37.50	
Zhen Ding Technology Singapore Private Limited (Singapore)	Zhen Ding Developer India Private Limited (India)	Property management company	99.997	99.997	
FAT Holdings Limited (Cayman)	Zhen Ding Technology India Private Limited (India)	Manufacturing company	62.50	62.50	
FAT Holdings Limited (Cayman)	Zhen Ding Developer India Private Limited (India)	Property management company	0.003	0.003	

- (a) On September 4, 2020, the Group invested in Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. in Shenzhen, which has been included in the consolidated financial statements. It is mainly engaged in the manufacture of electronic products. In the first quarter of 2022 and 2021, Monterey Park Finance Limited did not participate in the cash capital increase of Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd., thus, the shareholding ratio became 69.65% and 70.39%, respectively.
- (b) On June 23, 2021, because Avary Holding (Shenzhen) Co., Limited issued restricted shares to employees, the shareholding ratio of Mayco Industrial Limited (Hongkong) and Pacific Fair International Limited (Hongkong) became 66.09% and 6.42%, respectively. In addition, on December 31, 2021 and March 31, 2022, as Pacific Fair International Limited (Hongkong) disposed some of its equity interest in Avary Holding (Shenzhen) Co., Limited, the shareholding ratio became 6.01% and 5.70%, respectively. On June 23, 2022, because Avary Holding (Shenzhen) Co., Limited cancelled 320,000 shares after repurchasing restricted shares, the shareholding ratio of Mayco Industrial Limited (Hongkong) and Pacific Fair International Limited (Hongkong) became 66.10% and 5.70%, respectively.
- (c) On January 25, 2022, the Group invested in Avary Logistics Services (Shenzhen) Co., Ltd. in Shenzhen, which has been included in the consolidated financial statements. It is mainly engaged in the property management business.
- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group:
- As of December 31, 2022 and 2021, the non-controlling interests of the Group amounted to \$35,972,053 and \$29,158,787, respectively. The information on non-controlling interests and their subsidiaries is as follows:

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

Name of subsidiary	Principal place of business	Non-controlling interest		Description
		December 31, 2021		
		Amount	Ownership (%)	
Avary Holding (Shenzhen) Co., Limited	China	\$ 28,511,717	27.90%	

Summary of the financial information of subsidiary:

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

	December 31, 2022	December 31, 2021
Current assets	\$ 81,746,914	\$ 70,532,575
Non-current assets	90,129,068	85,604,868
Current liabilities	(44,105,244)	(48,888,899)
Non-current liabilities	(4,530,438)	(3,938,671)
Total net assets	<u>\$ 123,240,300</u>	<u>\$ 103,309,873</u>

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

	Years ended December 31,	
	2022	2021
Revenue	\$ 160,712,886	\$ 144,525,372
Profit before income tax	25,320,619	16,840,037
Income tax expense	(2,711,220)	(2,162,341)
Profit	22,609,399	14,677,696
Other comprehensive loss, net of tax	(810,007)	(103,924)
Total comprehensive income	<u>\$ 21,799,392</u>	<u>\$ 14,573,772</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 6,081,049</u>	<u>\$ 3,618,123</u>

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

	Years ended December 31,	
	2022	2021
Net cash from operating activities	\$ 40,081,711	\$ 14,429,976
Net cash used in investing activities	(15,834,482)	(25,851,017)
Net cash (used in) from financing activities	(2,651,376)	682,007
Effect of exchange rate changes on cash and cash equivalents	<u>365,153</u>	<u>(274,744)</u>
Net increase (decrease) in cash and cash equivalents	<u>21,961,006</u>	<u>(11,013,778)</u>
Cash and cash equivalents at beginning of year	<u>13,783,793</u>	<u>24,797,571</u>
Cash and cash equivalents at end of year	<u>\$ 35,744,799</u>	<u>\$ 13,783,793</u>

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (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. 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 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 the 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 dollars, the average exchange rates were NT \$29.81 (in dollars) to US \$1 (in dollar) and NT \$28.01 (in dollars) to US \$1 (in dollar) for the years ended December 31, 2022 and 2021, respectively; the closing rates were NT \$30.71 (in dollars) to US \$1 (in dollar) and NT \$27.68 (in dollars) to US \$1 (in dollar) as of December 31, 2022 and 2021, respectively.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, 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.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-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.

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

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet both of the following conditions:
 - (a) The financial assets held within a business model whose objective is in order to collect contractual cash flows, and
 - (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) Leases (lessor)

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

(14) Inventories

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

(15) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are

accounted for using the equity method and are initially recognised at cost.

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

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5 ~ 54 years
Machinery and equipment	2 ~ 11 years
Leasehold improvements	5 years
Other equipment	3~ 16 years

(17) Leases (lessee)

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

(18) Investment property

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

(19) Intangible assets

A. Patents and technological expertise

Separately acquired patents and technological expertise are recognised at cost. Patents and technological expertise acquired in a business combination are recognised at fair value at the acquisition date. Patents and technological expertise with a finite useful life are amortised on the straight-line method over their estimated useful life of 5 years.

B. Computer software

Computer software shall be measured initially at cost and amortised on the straight-line method over its estimated useful life of 3 to 5 years.

C. Goodwill

Goodwill arose from a business combination accounted for by applying the acquisition method.

(20) Impairment of non-financial assets

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

(21) Borrowings

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

(22) Accounts payable

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

(23) Derecognition of financial liabilities

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

(24) Financial liabilities and equity instruments

Convertible corporate bonds issued by the Group are embedded with conversion options (that is, the bondholders have the right to convert the bonds into the Group's ordinary share 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 share issued due to the conversion shall be based on the remeasured carrying amount of the abovementioned liability component plus the carrying amount of the 'capital surplus-share options'.

(25) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions shall be recognised as pension expenses when they are due on an accrual basis. Prepaid contributions shall be recognised 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 recognises 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.

C. Employees' remuneration and directors' remuneration

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

(26) Employee share-based payment

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

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

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operate and generate 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, in addition to income tax that is estimated in accordance with the tax laws, an additional 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, in addition to 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 them shall be added to income tax payable. The aforementioned difference shall not be offset with investment tax credits under other laws and 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) Income taxes of companies that are registered in the Singapore, India and Japan are calculated in accordance with the local regulations for the current year.
- 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.

(28) Dividends

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

(29) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells PCB and related products. Sales are recognised when control of the products has transferred, being 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 PCB and related products are recognised as the amount of contract price, net of the estimated discounts credits and price concessions.

- (b) A 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 component

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

(30) Government grants

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

(31) 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’.

(32) 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 judgements 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 causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group took into consideration the economic impact of Covid-19 epidemic into the critical accounting estimates and will continue to evaluate the impact on financial position and financial performance. The related information is addressed below:

Critical accounting estimates and assumptions

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

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to 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. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2022, the carrying amount of inventories was \$17,724,844.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and petty cash	\$ 408	\$ 137
Checking accounts and demand deposits	30,697,545	16,326,795
Cash equivalents		
Time deposits	<u>24,545,609</u>	<u>17,462,598</u>
Cash and cash equivalents presented in the balance sheet	<u>\$ 55,243,562</u>	<u>\$ 33,789,530</u>

- A. As of December 31, 2022 and 2021, the Group's time deposits over three months which are recognised within 'current financial assets at amortised cost' are described in Note 6(3).
- B. The Group has no cash and cash equivalents pledged to others except for restricted demand deposits which are recognised within 'other current assets' and 'other non-current assets'. Refer to Note 8 for details.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Private fund	\$ 1,095,200	\$ 698,688
Unlisted partnership share	<u>516,398</u>	<u>402,029</u>
	1,611,598	1,100,717
Net exchange differences	<u>28,834</u>	<u>13,871</u>
	<u>\$ 1,640,432</u>	<u>\$ 1,114,588</u>

- A. The Group recognised net gain of \$57,338 and \$228,392 within 'financial assets at fair value through profit or loss held for trading' for the years ended December 31, 2022 and 2021, respectively.
- B. The distribution of income from private equity funds for the years ended December 31, 2022 and 2021 amounted to \$13,475 and \$0, respectively.
- C. As of December 31, 2022 and 2021, the Group has no unsettled forward foreign exchange transactions.
- D. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items		
Time deposits with maturity of over three months	\$ 1,907,751	\$ 558,777
Guaranteed income financial products	-	830,400
	<u>\$ 1,907,751</u>	<u>\$ 1,389,177</u>
Non-current items		
Time deposits with maturity of over three months	<u>\$ 448,023</u>	<u>\$ 78,408</u>

- A. Refer to Note 6(26) for interest income arising from financial assets at amortised cost recognised in profit or loss for the years ended December 31, 2022 and 2021.
- B. The Group's principal and income guaranteed financial product are income notes for receiving contracted cash flows. Under the contract, the principal will be redeemed on the maturity date with a fixed interest rate at 3.5%.
- C. The Group has no financial assets at amortised cost pledged to others as tariff guarantee and government subsidy collateral, except for time deposits with maturity of over three months which are recognised within 'other current assets' and time deposits with maturity of over one year which are recognised within 'other non-current assets'. Refer to Note 8 for details.
- D. Refer to Note 12(2) for the information on credit risk.

(4) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 29,697	\$ -
Accounts receivable	<u>26,993,667</u>	<u>35,088,596</u>
	27,023,364	35,088,596
Less: Allowance for bad debts	(<u>90,384</u>)	(<u>86,259</u>)
	<u>\$ 26,932,980</u>	<u>\$ 35,002,337</u>
Accounts receivable due from related parties	\$ 3,080,912	\$ 2,535,410
Less: Allowance for bad debts	(<u>9,247</u>)	(<u>4,406</u>)
	<u>\$ 3,071,665</u>	<u>\$ 2,531,004</u>

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

	December 31, 2022	December 31, 2021
Not past due	\$ 29,595,096	\$ 36,996,371
Between 1 and 90 days	491,345	601,247
Between 91 and 180 days	8,972	2,336
Over 180 days	<u>8,863</u>	<u>24,052</u>
	<u>\$ 30,104,276</u>	<u>\$ 37,624,006</u>

B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. In addition, as of January 1, 2021, the balance of receivables arising from contracts with customers amounted to \$33,848,614.

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

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

(5) Other receivables and prepayments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Other receivables</u>		
Interest income receivable	\$ 214,777	\$ 123,566
Business tax refundable	196,308	791,807
Receivables from disposal of investments	-	177,742
Others	112,911	42,469
	<u>\$ 523,996</u>	<u>\$ 1,135,584</u>
<u>Prepayments</u>		
Excess business tax paid	\$ 3,246,576	\$ 1,836,797
Prepaid expenses	1,636,965	2,460,797
	<u>\$ 4,883,541</u>	<u>\$ 4,297,594</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

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation losses</u>	<u>Carrying amount</u>
Raw materials	\$ 4,341,095	(\$ 127,077)	\$ 4,214,018
Work in process	5,733,766	(350,732)	5,383,034
Finished goods	8,496,620	(368,828)	8,127,792
	<u>\$ 18,571,481</u>	<u>(\$ 846,637)</u>	<u>\$ 17,724,844</u>

	December 31, 2021		
	Cost	Allowance for valuation losses	Carrying amount
Raw materials	\$ 4,279,701	(\$ 116,703)	\$ 4,162,998
Work in process	5,421,186	(337,134)	5,084,052
Finished goods	9,137,752	(709,637)	8,428,115
	<u>\$ 18,838,639</u>	<u>(\$ 1,163,474)</u>	<u>\$ 17,675,165</u>

Expenses and losses incurred on inventories for the years ended December 31, 2022 and 2021 are as follows:

	Years ended December 31,	
	2022	2021
Cost of goods sold	\$ 133,864,535	\$ 126,278,578
Impairment losses	3,549	60,445
(Reversal of) losses on valuation of inventory	(340,357)	145,752
Income from sale of scraps and wastes	(2,059,314)	(2,000,064)
	<u>\$ 131,468,413</u>	<u>\$ 124,484,711</u>

The Group reversed losses from a previous inventory write-down and recognised gain on reversal for the year ended December 31, 2022 as the Group sold some inventories with net realisable values lower than its costs.

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

	December 31, 2022	December 31, 2021
Equity instruments		
Listed stocks	\$ 70,927	\$ -
Emerging stocks	120,992	-
Unlisted stocks	502,269	409,954
Valuation adjustment	48,334	71,138
Net exchange differences	10,750	(4,473)
	<u>\$ 753,272</u>	<u>\$ 476,619</u>

A. The Group has elected to classify the stocks that are considered to be strategic investments 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:

	Years ended December 31,	
	2022	2021
Equity instruments	<u>(\$ 22,804)</u>	<u>\$ 47,630</u>

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

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Other facilities	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2022</u>						
Cost	\$ 2,338,433	\$ 27,766,519	\$ 67,804,287	\$ 29,653,914	\$ 13,434,452	\$ 140,997,605
Accumulated depreciation and impairment	-	(8,957,477)	(32,088,853)	(13,878,391)	-	(54,924,721)
	<u>\$ 2,338,433</u>	<u>\$ 18,809,042</u>	<u>\$ 35,715,434</u>	<u>\$ 15,775,523</u>	<u>\$ 13,434,452</u>	<u>\$ 86,072,884</u>
<u>2022</u>						
Opening net carrying amount	\$ 2,338,433	\$ 18,809,042	\$ 35,715,434	\$ 15,775,523	\$ 13,434,452	\$ 86,072,884
Additions (transfers)	-	10,612,988	7,331,855	8,679,483	5,937,891	32,562,217
Transferred to investment property	-	(4,503,788)	-	-	-	(4,503,788)
Disposals	-	(21,188)	(263,569)	(38,641)	-	(323,398)
Depreciation expense	-	(2,260,101)	(6,190,750)	(5,342,090)	-	(13,792,941)
Impairment losses	-	-	(724,291)	(236,399)	-	(960,690)
Net exchange differences	197,456	453,049	311,923	126,291	164,308	1,253,027
Closing net carrying amount	<u>\$ 2,535,889</u>	<u>\$ 23,090,002</u>	<u>\$ 36,180,602</u>	<u>\$ 18,964,167</u>	<u>\$ 19,536,651</u>	<u>\$ 100,307,311</u>
<u>At December 31, 2022</u>						
Cost	\$ 2,535,889	\$ 32,809,165	\$ 73,649,928	\$ 40,291,883	\$ 19,536,651	\$ 168,823,516
Accumulated depreciation and impairment	-	(9,719,163)	(37,469,326)	(21,327,716)	-	(68,516,205)
	<u>\$ 2,535,889</u>	<u>\$ 23,090,002</u>	<u>\$ 36,180,602</u>	<u>\$ 18,964,167</u>	<u>\$ 19,536,651</u>	<u>\$ 100,307,311</u>

	Land	Buildings and structures	Machinery and equipment	Other facilities	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2021</u>						
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)	-	2,870,370	13,351,222	8,711,421	5,066,650	29,999,663
Disposals	-	(7,522)	(268,414)	(146,897)	9,957	(412,876)
Depreciation expense	-	(1,510,022)	(5,257,706)	(4,320,793)	-	(11,088,521)
Impairment losses	-	-	(91,499)	-	-	(91,499)
Net exchange differences	(52,242)	(125,831)	(198,119)	(82,706)	(52,160)	(511,058)
Closing net carrying amount	<u>\$ 2,338,433</u>	<u>\$ 18,809,042</u>	<u>\$ 35,715,434</u>	<u>\$ 15,775,523</u>	<u>\$ 13,434,452</u>	<u>\$ 86,072,884</u>
<u>At December 31, 2021</u>						
Cost	\$ 2,338,433	\$ 27,766,519	\$ 67,804,287	\$ 29,653,914	\$ 13,434,452	\$ 140,997,605
Accumulated depreciation and impairment	-	(8,957,477)	(32,088,853)	(13,878,391)	-	(54,924,721)
	<u>\$ 2,338,433</u>	<u>\$ 18,809,042</u>	<u>\$ 35,715,434</u>	<u>\$ 15,775,523</u>	<u>\$ 13,434,452</u>	<u>\$ 86,072,884</u>

A. The significant parts of the Group's buildings and structures include main plants and auxiliary improvements, which are depreciated over 20~54 years and 3~10 years, respectively.

B. The Group assesses recoverable amount of assets at the end of the reporting period based on fair value less selling cost and value-in-use calculations at discount rate of 4.21% and 5.73% respectively. Additionally, the fair value using market approach valuation technique considering replacement cost belongs to Level 3. Based on the aforementioned assessment, the Group recognised impairment losses on property, plant and equipment of \$960,690 and \$91,499 for the years ended December 31, 2022 and 2021, respectively. The amounts recognised in 2022 were shown within ‘operating costs’ of \$3,549 and ‘other gains and losses’ of \$957,141, while the amounts recognised in 2021 were shown within ‘operating costs’ of \$60,445 and ‘other gains and losses’ of \$31,054. The impairment losses belong to PCB segments.

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Right-of-use land	\$ 8,233,364	\$ 8,375,406
Buildings	69,631	154,404
Transportation equipment (official vehicles)	17,355	10,986
Other facilities	7,347	4,497
	<u>\$ 8,327,697</u>	<u>\$ 8,545,293</u>
	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Right-of-use land	\$ 294,945	\$ 284,165
Buildings	69,447	107,554
Transportation equipment (official vehicles)	20,514	10,453
Other facilities	3,205	2,153
	<u>\$ 388,111</u>	<u>\$ 404,325</u>

The acquisition of the right-of-use assets for the years ended December 31, 2022 and 2021 amounted to \$62,433 and \$422,007, respectively.

- D. As of December 31, 2022, right-of-use land contracts of \$702,029 were in the process of registration between the subsidiaries of the Group and the local government.
- E. The Group recognised 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:

	Years ended December 31,	
	2022	2021
<u>Items affecting current profit or loss</u>		
Interest expense from lease liabilities	\$ 14,919	\$ 17,284
Rental expenses for short-term lease contracts	\$ 279,021	\$ 384,660
Gains from lease modification	\$ 2,032	\$ -

- F. The cash flows used in the lease payments of the Group for the years ended December 31, 2022 and 2021 were \$415,679 and \$939,915, respectively.

(10) Investment property

	December 31, 2022	
	<u>Buildings and structures</u>	
<u>2022</u>		
Opening net carrying amount	\$	-
Reclassifications		4,503,788
Depreciation expense	(	15,164)
Net exchange differences		18,229
Closing net carrying amount	\$	<u>4,506,853</u>
<u>At December 31, 2022</u>		
Cost	\$	4,522,079
Accumulated depreciation and impairment	(	15,226)
	\$	<u>4,506,853</u>

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

	<u>Year ended December 31, 2022</u>
Rental income from investment property	\$ <u>-</u>
Direct operating expenses arising from the investment property that generated rental income during the year	\$ <u>15,164</u>

- B. The fair value of the investment property held by the Group as at December 31, 2022 was \$9,126,606, which was revalued by independent appraisers. The valuation is based on income

approach which is categorized within Level 3 in the fair value hierarchy.

(11) Intangible assets

	Year ended December 31, 2022			
	Patents and technological expertise	Software	Goodwill	Total
<u>At January 1, 2022</u>				
Cost	\$ 400,522	\$ 1,400,642	\$ 1,203,863	\$ 3,005,027
Accumulated amortisation and impairment	(95,971)	(829,748)	-	(925,719)
	<u>\$ 304,551</u>	<u>\$ 570,894</u>	<u>\$ 1,203,863</u>	<u>\$ 2,079,308</u>
<u>2022</u>				
Opening net carrying amount	\$ 304,551	\$ 570,894	\$ 1,203,863	\$ 2,079,308
Additions	-	332,281	-	332,281
Amortisation expense	(83,882)	(357,953)	-	(441,835)
Net exchange differences	30,638	6,434	131,760	168,832
Closing net carrying amount	<u>\$ 251,307</u>	<u>\$ 551,656</u>	<u>\$ 1,335,623</u>	<u>\$ 2,138,586</u>
<u>At December 31, 2022</u>				
Cost	\$ 444,365	\$ 1,791,152	\$ 1,335,623	\$ 3,571,140
Accumulated amortisation and impairment	(193,058)	(1,239,496)	-	(1,432,554)
	<u>\$ 251,307</u>	<u>\$ 551,656</u>	<u>\$ 1,335,623</u>	<u>\$ 2,138,586</u>

	Year ended December 31, 2021			
	Patents and technological expertise	Software	Goodwill	Total
<u>At January 1, 2021</u>				
Cost	\$ 412,098	\$ 1,088,808	\$ 1,238,657	\$ 2,739,563
Accumulated amortisation and impairment	(13,459)	(561,075)	-	(574,534)
	<u>\$ 398,639</u>	<u>\$ 527,733</u>	<u>\$ 1,238,657</u>	<u>\$ 2,165,029</u>
<u>2021</u>				
Opening net carrying amount	\$ 398,639	\$ 527,733	\$ 1,238,657	\$ 2,165,029
Additions	-	341,197	-	341,197
Amortisation expense	(83,879)	(294,366)	-	(378,245)
Net exchange differences	(10,209)	(3,670)	(34,794)	(48,673)
Closing net carrying amount	<u>\$ 304,551</u>	<u>\$ 570,894</u>	<u>\$ 1,203,863</u>	<u>\$ 2,079,308</u>
<u>At December 31, 2021</u>				
Cost	\$ 400,522	\$ 1,400,642	\$ 1,203,863	\$ 3,005,027
Accumulated amortisation and impairment	(95,971)	(829,748)	-	(925,719)
	<u>\$ 304,551</u>	<u>\$ 570,894</u>	<u>\$ 1,203,863</u>	<u>\$ 2,079,308</u>

- A. The Group acquired 100% of the shares of Boardtek Electronics Corporation on November 4, 2020 and Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd. in 2008, and recognized goodwill as well as patents and technological expertise under the acquisition method.
- B. Goodwill is allocated to the Group's cash-generating units identified by operating segments. The recoverable amount has been determined based on value-in-use calculations with operating income rate, growth rate and discount rate. Management determined budgeted operating income rate based on its expectations of market development, the growth rates based on the expectations of industry, and the discount rates based on the weighted average capital cost. The discount rate was 4.21% and 5.73% for the years ended December 31, 2022 and 2021, respectively.

(12) Other non-current assets

	December 31, 2022	December 31, 2021
Prepayments for business facilities	\$ 891,956	\$ 16,549
Refundable deposits	229,363	103,179
Net defined benefit asset	82,309	47,408
Others	331,455	62,841
	<u>\$ 1,535,083</u>	<u>\$ 229,977</u>

Information about the other non-current assets that were pledged to others as tariff guarantee and

reserve accounts for long-term is described in Note 8.

(13) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Credit loans	<u>\$ 16,819,556</u>	1.25%~8.20%	None
	December 31, 2021	Interest rate range	Collateral
Credit loans	<u>\$ 19,636,568</u>	0.38%~6.40%	None

(14) Other payables

	December 31, 2022	December 31, 2021
Payable on machinery and equipment	\$ 9,870,079	\$ 6,255,970
Wages and bonuses payable	5,270,984	4,328,423
Repairs and maintenance fees payable	763,148	652,163
Payable on mold and jig	683,966	649,026
Tax payable	409,036	259,258
Power expenses payable	326,086	238,620
Others	<u>2,858,467</u>	<u>2,437,467</u>
	<u>\$ 20,181,766</u>	<u>\$ 14,820,927</u>

(15) Bonds payable

	December 31, 2022	December 31, 2021
3rd overseas unsecured convertible bonds:		
Bonds payable	\$ 12,284,000	\$ 11,072,000
Less: Discount on bonds payable	(545,895)	(688,848)
	\$ 11,738,105	\$ 10,383,152
Less: Current portion of bonds payable (within 'long-term liabilities, current portion')	(11,738,105)	-
Bonds payable	<u>\$ -</u>	<u>\$ 10,383,152</u>

A. Conditions for issuance of 3rd overseas unsecured convertible bonds are as follows:

- 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.
- The conversion price of the bonds is adjusted based on the pricing model in the terms of the bonds. As of December 31, 2022, no bonds have been converted into ordinary shares, and the conversion price was NTD 138.45 (exchange rate of NTD 29.593 (in dollars) to USD 1 (in dollar)).
- 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. Because of the above conditions, the Group transferred all convertible corporate bonds to current liabilities on December 31, 2022.

- (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, rights and obligations of newly issued shares after conversion are the same as other issued ordinary share.
 - (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. As of December 31, 2022, the Company's 3rd overseas unsecured corporate bonds in 2020 were recognised within "capital surplus - share options" of \$996,753.

(16) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	December 31, 2022
Syndicated loans	Borrowing period is from April 6, 2021 to April 6, 2024; principal is repayable semiannually from October 6, 2023 in two installments; 50% of principal has to be repaid for each installment.	\$ 7,677,500
Credit loans	Borrowing period is from March 24, 2022 to March 24, 2036; principal is repayable semiannually after four years since the first drawdown in twenty installments; 5% of principal has to be repaid respectively.	6,426,497
	Ten loans with borrowing period from January 25, 2021 to June 28, 2025 are payable on the due date.	2,704,919
		16,808,916
Less: Syndicated loan arrangement fees		(7,997)
Current portion of long-term borrowings (within 'long-term liabilities, current portion')		(3,834,751)
		<u>\$ 12,966,168</u>
Interest rate		<u>1.97%~4.73%</u>

Type of borrowings	Borrowing period and repayment term	December 31, 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 for each installment.	\$ 6,920,000
Credit loans	Borrowing period is from January 25, 2021 to July 25, 2024, it is repayable on the due date.	276,799
	Borrowing period is from March 18, 2021 to July 25, 2024, it is repayable on the due date.	138,400
	Borrowing period is from June 29, 2021 to July 25, 2024, it is repayable on the due date.	276,799
		7,611,998
Less: Syndicated loan arrangement fees		(12,975)
		\$ 7,599,023
Interest rate		1.01%~2.04%

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. As of December 31, 2022, the Company was in compliance with the terms of the syndicated loan agreement.

(17) Pensions

A. Defined benefit plans

	December 31, 2022	December 31, 2021
Present value of funded defined benefit obligations	(\$ 87,049)	(\$ 139,004)
Fair value of plan assets	169,358	186,412
Net defined benefit asset (within "other non-current assets")	\$ 82,309	\$ 47,408

- (a) The Group's subsidiaries in Taiwan, Zhen Ding Technology Co., Ltd. and Boardtek Electronics Corporation, have defined benefit pension plans in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Taiwan subsidiaries contribute

monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent Supervisory Committee of Labor Retirement Reserve Fund (the 'Fund'). Before the end of each year, the Taiwan subsidiaries assess the balance in the aforementioned Fund. If the balance in the Fund is insufficient to pay the retirement benefits of employees who are eligible for retirement in the following year by the aforementioned method, the Taiwan subsidiaries are required to fund the deficit in one appropriation before the end of next March.

(b) Movements in net defined benefit assets are as follows:

<u>Year ended December 31, 2022</u>	<u>Present value of defined benefit obligations</u>	<u>Fair value of of plan assets</u>	<u>Net defined benefit liability</u>
Balance at January 1, 2022	(\$ 139,004)	\$ 186,412	\$ 47,408
Current service cost	(526)	-	(526)
Interest (expense) income of net defined benefit asset	(925)	1,271	346
	(140,455)	187,683	47,228
Remeasurements:			
Return on plan assets (excluding aforementioned interest income or expense)	-	15,034	15,034
Change in demographic assumptions	(36)	-	(36)
Change in financial assumptions	6,422	-	6,422
Experience adjustments	5,309	-	5,309
	11,695	15,034	26,729
Pension fund contribution	-	15	15
Paid pension	41,711	(33,374)	8,337
Balance at December 31, 2022	(\$ 87,049)	\$ 169,358	\$ 82,309

<u>Year ended December 31, 2021</u>	<u>Present value of defined benefit obligations</u>	<u>Fair value of of plan assets</u>	<u>Net defined benefit liability</u>
Balance at January 1, 2021	(\$ 160,885)	\$ 201,623	\$ 40,738
Current service cost	(815)	-	(815)
Interest (expense) income of net defined benefit asset	(963)	1,181	218
	(162,663)	202,804	40,141
Remeasurements:			
Return on plan assets (excluding aforementioned interest income or expense)	-	2,616	2,616
Change in demographic assumptions	(1,936)	-	(1,936)
Change in financial assumptions	8,294	-	8,294
Experience adjustments	(1,722)	-	(1,722)
	4,636	2,616	7,252
Pension fund contribution	-	15	15
Paid pension	19,023	(19,023)	-
Balance at December 31, 2021	(\$ 139,004)	\$ 186,412	\$ 47,408

- (c) The Bank of Taiwan was commissioned to manage the plan assets of the Fund for the Taiwan subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the 'Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund' (Article 6: the scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the amounts accrued from the local bank interest rates of two-year time deposits. If the earnings are inadequate, government shall make payment for the deficit after being authorised by the Taiwan Competent Authority. The Taiwan subsidiaries have no right to participate in managing and operating the Fund and hence the Taiwan subsidiaries are unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. As of December 31, 2022 and 2021, the fair value of plan assets is given in the 'Utilization Status of the Labor Funds' announced by the local government.

(d) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2022	2021
Discount rate	<u>1.35%~1.45%</u>	<u>0.70%~0.80%</u>
Rate of future salary increase	<u>2.00%</u>	<u>2.00%</u>
Rate of employee turnover	<u>0.23%~1.21%</u>	<u>0.21%~1.20%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

The analysis of the present value of defined benefit obligation due to the main actuarial assumption changes was as follows:

	Discount rate		Rate of future salary increase		Rate of employee turnover	
	Increase	Decrease	Increase	Decrease	110% of expected rate	90% of expected rate
<u>December 31, 2022</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%~1%</u>	<u>0.25%~1%</u>		
Increase (decrease) in present value of defined benefit obligations	<u>(\$ 2,312)</u>	<u>\$ 2,398</u>	<u>\$ 2,377</u>	<u>(\$ 2,304)</u>	<u>(\$ 109)</u>	<u>\$ 109</u>
<u>December 31, 2021</u>						
Increase (decrease) in present value of defined benefit obligations	<u>(\$ 3,420)</u>	<u>\$ 3,549</u>	<u>\$ 3,494</u>	<u>(\$ 3,385)</u>	<u>(\$ 177)</u>	<u>\$ 179</u>

(e) Expected contributions to the defined benefit pension plans of the Group amount to \$39 for the year ending December 31, 2023.

(f) As of December 31, 2022, the weighted average duration of the pension plan is 10~14 years.

B. Defined contribution plan

(a) Effective July 1, 2005, the Taiwan subsidiaries of the Group have established a defined contribution pension plan (the 'New Plan') under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Taiwan subsidiaries of the Group contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The contribution plan accrued dividends from an employee's individual account is paid monthly or in lump sum upon retirement of an employee. The pension expenses recognised in accordance with the New Plan were \$79,793 and \$72,287 for the years ended December 31, 2022 and 2021, 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 \$1,533,521 and \$1,241,874 for the years ended December 31, 2022 and 2021, respectively.

(18) Share-based payment

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

Type of arrangements	Grant date	Quantity granted	Contract period	Vesting conditions
Restricted stocks to employees	2017.02.27	185,080 thousand shares	7 years	(a)(c)
Restricted stocks to employees	2021.06.15	10,045 thousand shares	6 years	(b)(c)(d)

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

	Years ended December 31,	
	2022	2021
Outstanding at January 1	109,917	146,618
Vested during the year	(36,639)	(36,654)
Returned during the year	(2,404)	(47)
Outstanding at December 31	<u>70,874</u>	<u>109,917</u>

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

	Years ended December 31,	
	2022	2021
Outstanding at January 1	9,760	-
Granted during the year	-	10,045
Vested during the year	(1,931)	-
Returned during the year	(605)	(285)
Outstanding at December 31	<u>7,224</u>	<u>9,760</u>

C. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31,	
	2022	2021
Expenses incurred on employee restricted stocks	<u>\$ 231,790</u>	<u>\$ 207,115</u>

(19) Share capital

- A. As of December 31, 2022, the Company's authorised capital was \$16,000,000, and the issued capital is \$9,470,492, consisting of 947,049 thousand shares of ordinary share with a par value of \$10 (in New Taiwan dollars) per share.
- B. As of December 31, 2022, the number of shares of the Company held by the Group's subsidiary, BoardTek Investment Co., Ltd., was 2,093 thousand shares and the acquisition cost amounted to \$257,489 within the 'treasury shares'. The treasury shares shall not be pledged to others, and the shareholders' rights shall not be enjoyed before transfer under the Securities and Exchange Act.

(20) Capital surplus

	Year ended December 31, 2022							
	Additional paid-in capital arising from ordinary share	Additional paid-in capital arising from bond conversion	Share options	Expired share options	Changes in ownership interests in subsidiaries	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactionss	Total
At January 1	\$ 10,754,926	\$ 13,624,555	\$ 996,753	\$ 59,426	\$10,389,506	\$ 1,103,156	\$ 9,420	\$ 36,937,742
Employee restricted stocks	-	-	-	-	174,675	-	-	174,675
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	-	-	-	-	-	10,467	10,467
Recognition of changes in ownership interests in subsidiaries	-	-	-	-	143,041	755,262	-	898,303
At December 31	<u>\$ 10,754,926</u>	<u>\$ 13,624,555</u>	<u>\$ 996,753</u>	<u>\$ 59,426</u>	<u>\$10,707,222</u>	<u>\$ 1,858,418</u>	<u>\$ 19,887</u>	<u>\$ 38,021,187</u>

Year ended December 31, 2021

	Additional paid-in capital arising from ordinary share	Additional paid-in capital arising from bond conversion	Share options	Expired share options	Changes in ownership interests in subsidiaries	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactionss	Total
At January 1	\$ 10,754,926	\$ 13,624,555	\$ 996,753	\$ 59,426	\$ 10,235,552	\$ -	\$ -	\$ 35,671,212
Employee restricted stocks	-	-	-	-	150,821	-	-	150,821
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	-	-	-	-	-	9,420	9,420
Recognition of changes in ownership interests in subsidiaries	-	-	-	-	3,133	1,103,156	-	1,106,289
At December 31	<u>\$ 10,754,926</u>	<u>\$ 13,624,555</u>	<u>\$ 996,753</u>	<u>\$ 59,426</u>	<u>\$ 10,389,506</u>	<u>\$ 1,103,156</u>	<u>\$ 9,420</u>	<u>\$ 36,937,742</u>

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

(21) Retained earnings

- A. In accordance with the Company's Articles of Incorporation, the Board of Directors shall set aside out of the current year's earnings sequentially as follows:
- (a) A reserve for payment of tax for the relevant financial year;
 - (b) An amount to offset losses incurred in previous years;
 - (c) Ten percent (10%) as a general reserve, and
 - (d) A special surplus reserve as required by the applicable securities authority under the applicable Public Company Rules or a reserve as determined by the Board of Directors.
- Dividends shall not be lower than 10% of the distributable amount, and the Board of Directors can determine to distribute in cash, in shares or to distribute in both ways. However, cash dividends shall not be lower than 50% of total dividends.
- In addition, cash dividends shall be distributed upon the approval of a majority of the directors present at a meeting attended by at least two-thirds or more of the total number of the directors. Share dividends can be distributed after obtaining approval from the shareholders in each accounting year.
- B. The appropriations of 2021 earnings had been resolved at the shareholders' meeting on May 31, 2022. Additionally, the appropriations of 2020 earnings had been resolved on June 15, 2021 via electronic voting platform for the shareholders' meeting. Details are summarised below:

	2021		2020	
	Amount	Dividends per share (in New Taiwan dollars)	Amount	Dividends per share (in New Taiwan dollars)
Legal reserve	\$ 965,710		\$ 810,605	
Special reserve	717,985		(884,381)	
Cash dividends	<u>4,735,246</u>	5.00	<u>4,261,721</u>	4.50
Total	<u>\$ 6,418,941</u>		<u>\$ 4,187,945</u>	

On March 13, 2023, the Board of Directors proposed for the distribution of cash dividends from 2022 earnings amounting to \$5,682,295 at \$6.00 in New Taiwan dollars per share.

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, 2022	\$ 38,071	(\$ 4,886,372)	(\$ 4,848,301)
Valuation adjustment	(20,516)	-	(20,516)
Currency translation differences:			
–Group	-	1,986,380	1,986,380
At December 31, 2022	<u>\$ 17,555</u>	<u>(\$ 2,899,992)</u>	<u>(\$ 2,882,437)</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, 2021	\$ 6,629	(\$ 4,136,945)	(\$ 4,130,316)
Valuation adjustment	31,442	-	31,442
Currency translation differences:			
–Group	-	(749,427)	(749,427)
At December 31, 2021	<u>\$ 38,071</u>	<u>(\$ 4,886,372)</u>	<u>(\$ 4,848,301)</u>

(23) Operating revenue

	Years ended December 31,	
	2022	2021
Revenue from contracts with customers	<u>\$ 171,356,495</u>	<u>\$ 155,022,197</u>

The Group derives revenue from the transfer of goods and services at a point in time. Refer to Note 14(5) for the Group's geographical revenue based on the countries where customers are located.

(24) Expenses by nature

	Years ended December 31,	
	2022	2021
Employee benefit expense	\$ 22,655,378	\$ 21,552,494
Depreciation expense	14,196,216	11,492,846
Amortisation expense	441,835	382,067
	<u>\$ 37,293,429</u>	<u>\$ 33,427,407</u>

The employee benefit expense includes pension gains of \$109 and \$53 which are shown within 'other gains and losses' for the years ended December 31, 2022 and 2021, respectively

(25) Employee benefit expense

	Years ended December 31,	
	2022	2021
Wages and salaries	\$ 17,797,392	\$ 17,229,497
Employees' remuneration	513,268	150,000
Labor and health insurance fees	982,442	915,883
Pension expenses	1,613,494	1,314,758
Other personnel expenses	1,748,782	1,942,356
	<u>\$ 22,655,378</u>	<u>\$ 21,552,494</u>

- A. In accordance with the Company's Articles of Incorporation, the Company shall distribute employees' 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. For the years ended December 31, 2022 and 2021, employees' compensation were accrued at \$513,268 and \$150,000, respectively; while directors' remunerations were accrued at \$85,418 and \$17,500, respectively.
- C. Employees' compensation and directors' remuneration as resolved by the Board of Directors for the years ended December 31, 2022 and 2021 were equal to the amounts recognised in the financial statements for the years ended December 31, 2022 and 2021.
- 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

	Years ended December 31,	
	2022	2021
Interest income from bank deposits	\$ 725,379	\$ 239,239
Interest income from financial assets at amortised cost	42,177	59,720
	<u>\$ 767,556</u>	<u>\$ 298,959</u>

(27) Other income

	Years ended December 31,	
	2022	2021
Government grant revenue	\$ 664,745	\$ 854,868
Others	108,274	107,015
	<u>\$ 773,019</u>	<u>\$ 961,883</u>

(28) Other gains and losses

	Years ended December 31,	
	2022	2021
Net currency exchange gains (losses)	\$ 1,407,731	(\$ 282,637)
Net gains on financial assets and liabilities at fair value through profit or loss	57,338	228,392
Net (losses) gains on disposal of property, plant and equipment	(16,711)	8,437
Impairment loss on property, plant and equipment	(957,141)	(31,054)
Others	(117,107)	(211,493)
	<u>\$ 374,110</u>	<u>(\$ 288,355)</u>

(29) Finance costs

	Years ended December 31,	
	2022	2021
Interest expense		
Bank borrowings	\$ 665,420	\$ 299,137
Amortisation of convertible bond discounts	215,190	199,160
Amortisation of syndicated loan arrangement fees	6,305	9,628
Interest expense from lease liabilities	14,919	17,284
	<u>\$ 901,834</u>	<u>\$ 525,209</u>

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2022	2021
Current tax:		
Tax payable arising from the current year	\$ 3,630,813	\$ 1,756,887
Adjustments in respect of prior years	(137,006)	(52,376)
Total current tax	<u>3,493,807</u>	<u>1,704,511</u>
Deferred tax:		
Origination and reversal of temporary differences	(560,615)	819,928
Total deferred tax	<u>(560,615)</u>	<u>819,928</u>
Income tax expense	<u>\$ 2,933,192</u>	<u>\$ 2,524,439</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2022	2021
Measured at fair value through other comprehensive income from changes in fair values	\$ 2,068	(\$ 9,138)
Remeasurement of defined benefit obligations	(5,346)	(1,451)
	<u>(\$ 3,278)</u>	<u>(\$ 10,589)</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 4,579,941	\$ 1,777,659
Effects from items unrecognised by tax regulations	(859,658)	106,329
Effects from adjustments in respect of prior years	(137,006)	(52,376)
Effects from re-evaluation of deferred tax assets	(650,085)	692,827
Income tax expense	<u>\$ 2,933,192</u>	<u>\$ 2,524,439</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

Year ended December 31, 2022					
	January 1	Recognised			December 31
		Recognised in profit or loss	in other comprehensive income	Net exchange differences	
Temporary differences:					
-Deferred tax assets:					
Allowance for inventory valuation loss	\$ 160,616	(\$ 39,005)	\$ -	\$ 3,135	\$ 124,746
Wages and bonuses payable	353,878	34,391	-	24,403	412,672
Impairment loss on property, plant and equipment	157,981	(76,869)	-	2,835	83,947
Unrealised profit from sales in respect of inventory	121,339	179,124	-	11,250	311,713
Remeasurement of defined benefit obligations	10,373	(941)	(5,346)	10	4,096
Taxable difference arising from property, plant and equipment	115,389	763,657		340	879,386
Others	280,177	484,984	2,068	(6,891)	760,338
	<u>1,199,753</u>	<u>1,345,341</u>	<u>(3,278)</u>	<u>35,082</u>	<u>2,576,898</u>
-Deferred tax liabilities:					
Taxable difference arising from property, plant and equipment	(1,391,535)	(424,994)	-	380,200	(1,436,329)
Others	(1,358,492)	(359,732)	-	(492,504)	(2,210,728)
	<u>(2,750,027)</u>	<u>(784,726)</u>	<u>-</u>	<u>(112,304)</u>	<u>(3,647,057)</u>
	<u>(\$ 1,550,274)</u>	<u>\$ 560,615</u>	<u>(\$ 3,278)</u>	<u>(\$ 77,222)</u>	<u>(\$ 1,070,159)</u>

Year ended December 31, 2021					
		Recognised			
	January 1	Recognised in profit or loss	in other comprehensive income	Net exchange differences	December 31
Temporary differences:					
-Deferred tax assets:					
Allowance for inventory valuation loss	\$ 142,911	\$ 18,903	\$ -	(\$ 1,198)	\$ 160,616
Wages and bonuses payable	311,148	43,678	-	(948)	353,878
Impairment loss on property, plant and equipment	85,210	73,240	-	(469)	157,981
Unrealised profit from sales in respect of inventory	118,082	4,424	-	(1,167)	121,339
Remeasurement of defined benefit obligations	13,315	(1,488)	(1,451)	(3)	10,373
Others	<u>614,373</u>	<u>(205,425)</u>	<u>(9,138)</u>	<u>(4,244)</u>	<u>395,566</u>
	<u>1,285,039</u>	<u>(66,668)</u>	<u>(10,589)</u>	<u>(8,029)</u>	<u>1,199,753</u>
-Deferred tax liabilities:					
Taxable difference arising from property, plant and equipment	(759,564)	(637,135)	-	5,164	(1,391,535)
Others	<u>(1,262,751)</u>	<u>(116,125)</u>	<u>-</u>	<u>20,384</u>	<u>(1,358,492)</u>
	<u>(2,022,315)</u>	<u>(753,260)</u>	<u>-</u>	<u>25,548</u>	<u>(2,750,027)</u>
	<u>(\$ 737,276)</u>	<u>(\$ 819,928)</u>	<u>(\$ 10,589)</u>	<u>\$ 17,519</u>	<u>(\$ 1,550,274)</u>

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	<u>\$ 5,736,857</u>	<u>\$ 6,029,511</u>
Tax effect	<u>\$ 1,304,665</u>	<u>\$ 1,403,112</u>

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

(31) Earnings per share

Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in New Taiwan dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 14,197,040</u>	<u>944,956</u>	<u>\$ 15.02</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 14,197,040	944,956	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds-overseas	215,190	85,498	
Employees' remuneration	<u>-</u>	<u>5,220</u>	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	<u>\$ 14,412,230</u>	<u>1,035,674</u>	<u>\$ 13.92</u>
Year ended December 31, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in New Taiwan dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 9,651,297</u>	<u>944,956</u>	<u>\$ 10.21</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 9,651,297	944,956	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds-overseas	199,160	81,670	
Employees' remuneration	<u>-</u>	<u>1,623</u>	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	<u>\$ 9,850,457</u>	<u>1,028,249</u>	<u>\$ 9.58</u>

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

(32) Transactions with non-controlling interest

A. The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary.

- (a) In the first quarter of 2022, the Group's subsidiary, Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd., has increased its capital by issuing new shares. As the Group did not acquire shares proportionately, the shareholding ratio decreased by 0.74%. Abovementioned transaction resulted in an increase in the non-controlling interest by \$720,409 and an increase in the equity attributable to owners of the parent by \$143,041.
- (b) On March 30, 2021, the Group's subsidiary, Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd., has increased its capital by issuing new shares. As the Group did not acquire shares proportionately, the shareholding ratio decreased by 29.61%. Abovementioned transaction resulted in an increase in the non-controlling interest by \$598,027 and an increase in the equity attributable to owners of the parent by \$3,133.
- (c) The effect of changes in interests in the Group on the equity attributable to owners of the parent for the year ended December 31, 2022 and 2021 is shown below:

	Years ended December 31,	
	2022	2021
Cash	\$ 863,450	\$ 601,160
Increase in the carrying amount of non-controlling interest	(720,409)	(598,027)
Capital surplus - recognition of changes in ownership interest in subsidiaries	\$ 143,041	\$ 3,133

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

- (a) In January 2022, the Group's subsidiary, Pacific Fair International Limited, disposed the share equity of Avary Holding (Shenzhen) Co., Limited which caused the Group's shareholding ratio to decrease to 0.31% in the amount of \$1,302,378. This transaction resulted in an increase in the non-controlling interest by \$547,116 and an increase in the equity attributable to owners of the parent by \$755,262.
- (b) In December 2021, the Group's subsidiary, Monterey Park Finance Limited, disposed the share equity of Qi Ding Technology Qinhuangdao Co., Ltd. to Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd., resulting to a decrease in the Group's shareholding ratio to 29.61% in the amount of \$785,935. The carrying amount of non-

controlling interest in the Group was \$769,802 at the disposal date. This transaction resulted in an increase in the non-controlling interest by \$25,333 and a decrease in the equity attributable to owners of the parent by \$25,333.

- (c) In December 2021, the Group's subsidiary, Pacific Fair International Limited, disposed the share equity of Avary Holding (Shenzhen) Co., Limited which caused the Group's shareholding ratio to decrease to 0.4% in the amount of \$1,709,633. As of December 31, 2021, the remaining amount of \$177,742 has not yet been collected which was accounted as other receivables. The carrying amount of non-controlling interest in the Group was \$583,847 at the disposal date. This transaction resulted in an increase in the non-controlling interest by \$583,847 and an increase in the equity attributable to owners of the parent by \$1,128,489.
- (d) The effect of changes in interests in the Group on the equity attributable to owners of the parent for the years ended December 31, 2022 and 2021 is shown below:

	Years ended December 31,	
	2022	2021
Carrying amount disposed to non-controlling interest	(\$ 535,112)	(\$ 1,353,649)
Consideration paid from non-controlling interest	1,302,378	2,495,568
Other equity interest (e.g., as financial statements translation differences of foreign operations)	(12,004)	(38,763)
Capital surplus - difference between consideration and carrying amount of subsidiaries acquired or disposed	<u>\$ 755,262</u>	<u>\$ 1,103,156</u>

(33) Additional information of cash flows

A. Investing activities with partial cash payments

	Years ended December 31,	
	2022	2021
Acquisition of property, plant and equipment	\$ 32,562,217	\$ 29,999,663
Add: Opening balance of payable on machinery and equipment (within 'other payables')	6,255,970	7,060,667
Less: Ending balance of payable on machinery and equipment (within 'other payables')	(9,870,079)	(6,255,970)
Net exchange differences	<u>83,818</u>	<u>(59,318)</u>
Cash paid during the year	<u>\$ 29,031,926</u>	<u>\$ 30,745,042</u>

	Years ended December 31,	
	2022	2021
Acquisition of right-of-use land (within 'right-of-use assets')	\$ -	\$ 403,532

B. Changes in liabilities from financing activities

	Year ended December 31, 2022						Total liabilities from financing activities
	Short-term borrowings	Lease liabilities	Bonds payable	Long-term borrowings	Guarantee deposits received		
At January 1	\$ 19,636,568	\$ 517,316	\$10,383,152	\$ 7,599,023	\$ 4,600,762		\$ 42,736,821
Changes in cash flow from financing activities	(2,988,098)	(136,658)	-	8,486,133	5,061,535		10,422,912
Changes in right-of-use assets	-	19,353	-	-	-		19,353
Gains from lease modification	-	(2,032)	-	-	-	(	( 2,032)
Amortisation on interest expense	-	14,919	215,190	6,305	-		236,414
Effect of exchange rate changes	171,086	10,761	1,139,763	709,459	500,616		2,531,685
At December 31	\$ 16,819,556	\$ 423,659	\$11,738,105	\$ 16,800,920	\$ 10,162,913		\$ 55,945,153

	Year ended December 31, 2021						Total liabilities from financing activities
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Bonds payable	Long-term borrowings	Guarantee deposits received	
At January 1	\$ 12,838,545	\$ 949,666	\$ 655,821	\$ 10,480,741	\$ 8,928,523	\$ 186,613	\$ 34,039,909
Changes in cash flow from financing activities	6,929,472	(950,000)	(151,723)	-	(880,980)	4,459,036	9,405,805
Changes in right-of-use assets	-	-	3,137	-	-	-	3,137
Amortisation on interest expense	-	-	17,284	199,160	9,629	-	226,073
Effect of exchange rate changes	(131,449)	334	(7,203)	(296,749)	(458,149)	(44,887)	(938,103)
At December 31	\$ 19,636,568	\$ -	\$ 517,316	\$ 10,383,152	\$ 7,599,023	\$ 4,600,762	\$ 42,736,821

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties and relationship</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 party
Ennoconn Corporation and its subsidiaries	Other related party
Foxconn Interconnect Technology Limited and its subsidiaries	Other related party
General Interface Solution Holding Limited and its subsidiaries	Other related party
Foxconn Technology Co., Ltd. and its subsidiaries	Other related party
Guangdong Zhanyang Intelligent Equipment Co., Limited	Associates
(Formerly named: Zhan Yang Automation (Dongguan) Co., Ltd.)	(Starting from September 15, 2021)

(2) Significant related party transactions and balances

A. Sales:

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Sales of goods:		
Entity with significant influence over the Company	\$ 6,583,580	\$ 6,530,640
Other related parties	3,083,916	2,459,790
	<u>\$ 9,667,496</u>	<u>\$ 8,990,430</u>

Unless there are similar transactions, the prices and terms were determined in accordance with mutual agreements. Otherwise, the sales prices and credit terms to related parties were similar to third parties. The normal credit term is around 1 to 4 months.

B. Purchases:

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Purchases of goods:		
Entity with significant influence over the Company	\$ 623,791	\$ 986,703
Other related parties	3,997,829	3,904,388
Associates	2,914	691
	<u>\$ 4,624,534</u>	<u>\$ 4,891,782</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.

C. Accounts receivable:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable - related parties:		
Entity with significant influence over the Company	\$ 2,076,812	\$ 1,719,990
Other related parties	<u>1,004,100</u>	<u>815,420</u>
	3,080,912	2,535,410
Less: Allowance for bad debts	(9,247)	(4,406)
	<u>\$ 3,071,665</u>	<u>\$ 2,531,004</u>

D. Notes and accounts payable:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable - related parties:		
Entity with significant influence over the Company	\$ 24,839	\$ 104,229
Other related parties	910,292	962,343
Associates	<u>895</u>	<u>119</u>
	<u>\$ 936,026</u>	<u>\$ 1,066,691</u>

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	<u>\$ 371,785</u>	<u>\$ 226,793</u>

8. PLEDGED ASSETS

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

<u>Pledged assets</u>	<u>Carrying amount</u>		<u>Pledged assets</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Other current assets			
- Time deposits with maturity of over three months	\$ 4,640	\$ 4,648	Tariff guarantee and governments subsidy guarantee
- Demand deposits	-	109,903	Standby letters of credit
Other non-current assets			
- Demand deposits	221,711	-	Reserve accounts for long-term loans
- Time deposits with maturity of over one year	27,839	27,891	Tariff guarantee
	<u>\$ 254,190</u>	<u>\$ 142,442</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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment	<u>\$ 35,412,514</u>	<u>\$ 17,239,436</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unused letters of credit	<u>\$ 3,743,437</u>	<u>\$ 3,542,469</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The appropriations of 2022 earnings were proposed by the Board of Directors on March 13, 2023. Refer to Note 6(21).

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to 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 capital structure.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at amortised cost	\$ 88,382,167	\$ 74,068,574
Financial assets at fair value through profit or loss	1,640,432	1,114,588
Financial assets at fair value through other comprehensive income	<u>753,272</u>	<u>476,619</u>
	<u>\$ 90,775,871</u>	<u>\$ 75,659,781</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	\$ 92,603,898	\$ 77,137,174
Lease liabilities	<u>423,659</u>	<u>517,316</u>
	<u>\$ 93,027,557</u>	<u>\$ 77,654,490</u>

Note: Financial assets at amortised cost including cash and cash equivalents, accounts receivable (including due from related parties), other receivables, other current assets, and other non-current assets-demand deposits and time deposits with maturity of over one year; financial liabilities at amortised cost including short-term borrowings, accounts payable (including to 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 the various kinds of financial risk 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 through internal controls or operational procedures. Therefore, the goal in managing each of these risks is to reduce them to zero.

- ii. As for market risk, the goal is to optimise its overall position through strict analysis, suggestion, execution and audit processes, and proper consideration of trends in the external economic/financial environment, internal operating conditions and the actual effects of market fluctuations.
- iii. The Group's overall risk management policy focuses on the unpredictable item of financial markets and seeks to reduce the potential adverse effects on the Group's financial position and financial performance.
- iv. The Group uses derivative financial instruments. Please refer to Note 6 for details.

(c) Management system:

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: USD; other certain subsidiaries' functional currency: RMB or NTD) so it is impacted by the exchange rate fluctuations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	December 31, 2022			Year ended December 31, 2022	
	Foreign currency amount	Exchange rate	Carrying amount (In thousands of NTD)	Sensitivity analysis	
	(In thousands)			Degree of variation	Effect on comprehensive income
<u>Financial assets</u>					
<u>Monetary items</u>					
USD: NTD	274,810	30.71	\$ 8,439,415	1%	\$ 84,394
USD: RMB	1,937,518	6.9646	59,501,172	1%	595,012
<u>Net effect in consolidated entities with foreign currency</u>					
USD: NTD	3,869,813	30.71	118,841,957	1%	1,188,420
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD: NTD	116,680	30.71	3,583,243	1%	35,832
USD: RMB	913,574	6.9646	28,055,851	1%	280,559
JPY: RMB	12,064,299	0.0524	2,785,280	1%	27,853

(Foreign currency: functional currency)	December 31, 2021			Year ended December 31, 2021	
	Foreign currency amount	Exchange rate	Carrying amount (In thousands of NTD)	Sensitivity analysis	
	(In thousands)			Degree of variation	Effect on comprehensive income
<u>Financial assets</u>					
<u>Monetary items</u>					
USD: NTD	228,874	27.68	\$ 6,335,232	1%	\$ 63,352
USD: RMB	1,504,326	6.3757	41,663,873	1%	416,639
<u>Net effect in consolidated entities with foreign currency</u>					
USD: NTD	3,569,976	27.68	98,816,936	1%	988,169
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD: NTD	143,791	27.68	3,980,135	1%	39,801
USD: RMB	1,186,143	6.3757	32,851,465	1%	328,515
JPY: RMB	8,849,113	0.0554	2,130,185	1%	21,302

- v. Refer to Note 6(28) for the total exchange gains (losses) including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021.

Interest rate risk for cash flow and fair value

The Group's interest rate risk 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 \$74,464 and \$68,089 for the years ended December 31, 2022 and 2021, 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 a 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) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

- iv. The default occurs when the contract payments are more than 90 days past due.
- v. The credit quality information of financial assets that are neither overdue nor impaired is as follows:

Cash and cash equivalents

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

Financial assets at amortised cost

The Group's investments in debt instruments classified as financial assets at amortised cost have 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 due 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 occurred to certain customers.
 2. Classify the other customers' accounts receivable based on the Group's credit rating standards and estimates the ECLs using the loss rate methodology or provision matrix.
 3. Adjust the loss rates derived 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 December 31, 2022 and 2021, 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>December 31, 2022</u>						
Expected loss rate		0.03%	0.07%	0.1%~1%	0.1%~5%	
Total carrying amount	\$ -	\$ 20,605,084	\$ 6,144,649	\$ 1,837,272	\$ 1,517,271	\$ 30,104,276
Loss allowance	\$ -	(\$ 6,182)	(\$ 4,301)	(\$ 18,373)	(\$ 70,775)	(\$ 99,631)
	Individual	Group 1	Group 2	Group 3	Group 4	Total
<u>December 31, 2021</u>						
Expected loss rate		0.03%	0.07%	0.1%~1%	1%~5%	
Total carrying amount	\$ -	\$ 26,473,187	\$ 7,404,212	\$ 1,155,112	\$ 2,591,495	\$ 37,624,006
Loss allowance	\$ -	(\$ 7,942)	(\$ 5,183)	(\$ 5,776)	(\$ 71,764)	(\$ 90,665)

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) are as follows:

	Years ended December 31,	
	2022	2021
Opening balance	\$ 90,665	\$ 107,459
Provision for (reversal of) impairment	4,567 (	15,538)
Net exchange differences	4,399 (	1,256)
Ending balance	<u>\$ 99,631</u>	<u>\$ 90,665</u>

Other receivables

The Group's subsidiaries incorporated in Mainland China are engaged in export sales. Under local regulations, the subsidiaries are entitled to tax benefits on VAT exemption, deduction and refund on the exports of goods. The subsidiaries calculate VAT refund and deductible amounts based on monthly sales by product types. The subsidiaries' counterparties and performing parties are mainly government organisations, so the possibility of default is remote. The Group's other accounts receivable of \$223 for the year ended December 31, 2022 was recognised as gain on reversal of expected credit loss.

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 entity in the Group 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 (Note 6) 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:

	December 31, 2022	December 31, 2021
Expiring within one year	\$ 41,104,713	\$ 48,705,892
Expiring over one year	10,342,382	6,359,990
	<u>\$ 51,447,095</u>	<u>\$ 55,065,882</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 nonderivative financial liabilities will attain maturity within one year:

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

<u>December 31, 2021</u>	<u>Within one year</u>	<u>Over one year</u>	<u>Total</u>
Bonds payable (Note 1)	\$ -	\$ 11,072,000	\$ 11,072,000
Long-term borrowings (Note 2)	83,844	7,690,534	7,774,378
Guarantee deposits received	1,020,495	3,580,267	4,600,762
Lease liabilities	153,535	421,134	574,669
	<u>\$ 1,257,874</u>	<u>\$ 22,763,935</u>	<u>\$ 24,021,809</u>

Note: 1. In accordance with the conditions of issuance, bondholders have the right to repurchase bonds on the day when three years have elapsed since issuance of the

bonds; therefore, the Group transferred all convertible corporate bonds to current liabilities on December 31, 2022; Please refer to Note 6(15) for the conditions of issuance of bonds payable.

2. Including imputed interest payable.

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

(d) Cash flow risk of changes from interest rate

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

(3) Information on fair value

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

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

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

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

B. Fair value information of investment property at cost is provided in Note 6(10).

C. Financial instruments not measured at fair value

(a) Except those listed in the following table, the carrying amounts of the Group's financial instruments not measured at fair value approximate to their fair values, including cash and cash equivalents, financial assets at amortised cost – time deposits with maturity of over 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 to related parties), other payables, lease liabilities, and long-term borrowings is a reasonable approximation of fair value:

December 31, 2022				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 11,738,105	\$ -	\$ 11,745,760	\$ -
Guarantee deposits received	10,162,913	-	10,141,616	-
Total	<u>\$ 21,901,018</u>	<u>\$ -</u>	<u>\$ 21,887,376</u>	<u>\$ -</u>
December 31, 2021				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 10,383,152	\$ -	\$ 10,726,468	\$ -
Guarantee deposits received	4,600,762	-	4,594,789	-
Total	<u>\$ 14,983,914</u>	<u>\$ -</u>	<u>\$ 15,321,257</u>	<u>\$ -</u>

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

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

D. Financial instruments measured at fair value

(a) The related information on 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>December 31, 2022</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	<u>\$ -</u>	<u>\$ 367,924</u>	<u>\$ 1,272,508</u>	<u>\$ 1,640,432</u>
Financial assets at fair value				
through other comprehensive				
income	<u>\$ 197,437</u>	<u>\$ -</u>	<u>\$ 555,835</u>	<u>\$ 753,272</u>

<u>December 31, 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	<u>\$ -</u>	<u>\$ 308,554</u>	<u>\$ 806,034</u>	<u>\$ 1,114,588</u>
Financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,619</u>	<u>\$ 476,619</u>

- (b) The methods and assumptions that the Group used to measure fair value are as follows:
- The instruments the Group used market quoted prices as their fair values (i.e., Level 1).
 - Except for 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.
 - 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.
 - 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.
 - 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.
 - The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. The movements on Level 3 for the years ended December 31, 2022 and 2021 are as follows:

	Years ended December 31,			
	2022		2021	
	Financial assets at fair value through profit or loss-debt securities	Financial assets at fair value through other comprehensive income-equity securities	Financial assets at fair value through profit or loss-debt securities	Financial assets at fair value through other comprehensive income-equity securities
Opening balance	\$ 806,034	\$ 476,619	\$ 753,522	\$ 431,266
Acquisition of financial assets	467,286	214,859	138,066	-
Income distribution	(13,745)	-	-	-
Unrealised gains (losses) from financial assets	3,931	(31,334)	112,382	47,630
Transfers out from level 3	-	(94,826)	(191,570)	-
Net exchange differences	9,002	(9,483)	(6,366)	(2,277)
Ending balance	<u>\$ 1,272,508</u>	<u>\$ 555,835</u>	<u>\$ 806,034</u>	<u>\$ 476,619</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 December 31, 2022	Valuation technique	Significant unobservable input	Range [weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted shares	\$ 144,884	Market comparable companies	Stock price volatility	48.11%	The higher the stock price volatility, the higher the fair value
Unlisted shares	24,258	Market comparable companies	Enterprise value to EBIT multiple Price to net value multiple	3.20~7.50 [3.66] 0.61~1.61 [1.09]	The higher the EBIT, the higher the fair value The higher the net value of stocks, the higher the fair value
Unlisted shares	143,991	Market comparable companies	Enterprise value to EBIT multiple	3.30~18.42 [7.75]	The higher the EBIT, the higher the fair value
Unlisted shares	27,235	The last transaction price	Not applicable	Not applicable	Not applicable
Unlisted shares	99,212	The last transaction price	Not applicable	Not applicable	Not applicable
Unlisted shares	57,477	The last transaction price	Not applicable	Not applicable	Not applicable
Unlisted shares	<u>58,778</u>	The last transaction price	Not applicable	Not applicable	Not applicable
	<u>\$ 555,835</u>				
Debt securities:					
Private fund	\$ 956,370	Net asset value	Not applicable	Not applicable	Not applicable
Private fund	156,521	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted partnership share	73,173	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted partnership share	<u>86,444</u>	The last transaction price	Not applicable	Not applicable	Not applicable
	<u>\$1,272,508</u>				

	Fair value as of December 31, 2021	Valuation technique	Significant unobservable input	Range [weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted shares	\$ 114,281	Market comparable companies	Enterprise value to EBIT multiple Price to net value multiple	7.86~30.44 [8.72] 2.37~7.23 [3.21]	The higher the EBIT, the higher the fair value The higher the net value of stocks, the higher the fair value
Unlisted shares	168,512	Market comparable companies	Stock price volatility	50.59%	The higher the stock price volatility, the higher the fair value
Unlisted shares	24,645	Market comparable companies	Enterprise value to EBIT multiple Price to net value multiple	3.27~15.14 [4.58] 0.90~1.88 [1.46]	The higher the EBIT, the higher the fair value The higher the net value of stocks, the higher the fair value
Unlisted shares	<u>169,181</u>	Market comparable companies	Enterprise value to EBIT multiple	2.62~20.88 [9.42]	The higher the EBIT, the higher the fair value
	<u>\$ 476,619</u>				
Debt securities:					
Private fund	\$ 618,538	Net asset value	Not applicable	Not applicable	Not applicable
Private fund	91,948	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted partnership share	73,828	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted partnership share	<u>21,720</u>	The last transaction price	Not applicable	Not applicable	Not applicable
	<u>\$ 806,034</u>				

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

			Year ended December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Debt instrument	Enterprise value to	±1%	\$ 12,725	(\$ 12,725)	\$ -	\$ -
Equity instrument	EBIT multiple, etc.	±1%	-	-	5,558	(5,558)
			<u>\$ 12,725</u>	<u>(\$ 12,725)</u>	<u>\$ 5,558</u>	<u>(\$ 5,558)</u>
			Year ended December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Debt instrument	Enterprise value to	±1%	\$ 8,060	(\$ 8,060)	\$ -	\$ -
Equity instrument	EBIT multiple, etc.	±1%	-	-	4,766	(4,766)
			<u>\$ 8,060</u>	<u>(\$ 8,060)</u>	<u>\$ 4,766</u>	<u>(\$ 4,766)</u>

- F. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.
- G. For the years ended December 31, 2022 and 2021, the fair value of debt instruments held by the Group has quoted market price, thus, the Group has transferred the fair value from Level 3 into Level 2.

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: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of securities at the end of the period (excluding the investment in subsidiaries, associates and joint ventures): Refer to table 3.
- D. Aggregate purchases or sales of the same securities reaching NT \$300 million or 20% of paid-in capital or more: Refer to table 4.
- E. Acquisition of real estate reaching NT \$300 million or 20% of paid-in capital or more: Refer to table 5.
- F. Disposal of real estate reaching NT \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT \$100 million or 20% of paid-in capital or more: Refer to table 6.
- H. Receivables from related parties reaching NT \$100 million or 20% of paid-in capital or more: Refer to table 7.
- I. Trading in derivative financial instruments: None.
- J. The business relationship and significant transactions between the parent company and the subsidiaries and between each subsidiary: Refer to table 8.

(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) : Refer to table 9.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 10.
- 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

Information on major shareholders information: Refer to table 11.

14. SEGMENT INFORMATION

(1) General information

The Group is engaged in the manufacturing of various types of PCB products. The chief operating decision-maker considered the business and operations from the product perspective. Currently, the Group only discloses one reportable segment as all operating segments meet the aggregation criteria. In allocating resources and assessing performance of the Group, the chief operating decision-maker uses operating segments' revenue and net income which reflects 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

Information on reportable segment provided to the chief operating decision maker is as follows:

	Years ended December 31,	
	2022	2021
Revenue from external customers	\$ 171,356,495	\$ 155,022,197
Inter-segment revenue	-	-
Segments' revenue	<u>\$ 171,356,495</u>	<u>\$ 155,022,197</u>
Measure of segment profit	<u>\$ 17,643,347</u>	<u>\$ 12,097,325</u>

(3) Reconciliation of reportable segment's revenue and measurement 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 year is as follows:

	Years ended December 31,	
	2022	2021
Reportable segment's revenue	<u>\$ 171,356,495</u>	<u>\$ 155,022,197</u>

	Years ended December 31,	
	2022	2021
Reportable segment's profit	\$ 17,643,347	\$ 12,097,325
Interest income and finance costs	(134,278)	(226,250)
Net foreign exchange gains (losses)	1,407,731	(282,637)
Net (losses) gains on disposal of property, plant and equipment	(16,711)	8,437
Net gains on financial assets and liabilities at fair value through profit or loss	57,338	228,392
Others	1,577,885	1,869,101
Profit	<u>\$ 20,535,312</u>	<u>\$ 13,694,368</u>

(4) Information on products and services

Revenues from external customers are primarily from the manufacturing of PCB products as follows:

	Years ended December 31,	
	2022	2021
Revenues from the manufacturing PCB products	<u>\$ 171,356,495</u>	<u>\$ 155,022,197</u>

(5) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Years ended December 31,			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
U.S.A	\$ 129,325,689	\$ -	\$ 111,063,476	\$ -
Mainland China	24,818,374	105,739,377	26,208,170	88,063,183
Taiwan	8,350,137	6,885,370	8,246,550	5,588,948
Singapore	1,502,884	-	2,202,953	-
Others	7,359,411	4,190,783	7,301,048	3,275,331
Total	<u>\$ 171,356,495</u>	<u>\$ 116,815,530</u>	<u>\$ 155,022,197</u>	<u>\$ 96,927,462</u>

The Group's geographical revenue is based on the countries where customers are located. Non-current assets are property, plant, equipment, right-of-use assets, investment property, intangible assets and other non-current assets.

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

Years ended December 31,			
2022		2021	
Revenue	Segment	Revenue	Segment
Company B	Manufacturing of		Manufacturing of
<u>\$ 127,642,549</u>	PCB products	<u>\$ 110,233,046</u>	PCB products

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

LOANS TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended December 31, 2022 (Note 3)	Balance at December 31, 2022 (Note 4)	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item Value		Limit on loans granted to a single party (Notes 1&2)	Limit on total lender's loans granted (Notes 1&2)	Footnote
1	Mayco Industrial Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	\$ 2,149,700	\$ 2,149,700	\$ 1,781,180	1.8116%~3.1717%	Short-term financing	\$ -	Operation requirements	\$ -	None	\$ -	\$ 455,033,466	\$ 637,046,853	
1	Mayco Industrial Limited	Leading Interconnect International Limited	Other receivables	Yes	921,300	921,300	61,420	1.0553%	Short-term financing	-	Operation requirements	-	None	-	455,033,466	637,046,853	
1	Mayco Industrial Limited	Zhen Ding Technology India Private Limited	Other receivables	Yes	1,535,500	1,535,500	-	-	Short-term financing	-	Operation requirements	-	None	-	455,033,466	637,046,853	
1	Mayco Industrial Limited	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	4,299,400	4,299,400	-	-	Short-term financing	-	Operation requirements	-	None	-	36,402,677	36,402,677	
1	Mayco Industrial Limited	BoardTek Electronics Corporation	Other receivables	Yes	2,456,800	2,456,800	1,228,400	1.0055%	Short-term financing	-	Operation requirements	-	None	-	36,402,677	36,402,677	
2	Pacific Fair International Limited	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	2,763,900	2,763,900	-	-	Short-term financing	-	Operation requirements	-	None	-	5,723,868	5,723,868	
2	Pacific Fair International Limited	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	921,300	921,300	921,300	1.8116%	Short-term financing	-	Operation requirements	-	None	-	71,548,351	100,167,692	

No.	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended December 31, 2022 (Note 3)	Balance at December 31, 2022 (Note 4)	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transactions with the borrower	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
													Item	Value			
3	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	\$ 661,416	\$ 661,416	\$ 661,416	3.65%	Short-term financing	\$ -	Operation requirements	-	None	-	\$ 1,628,944	\$ 1,628,944	
3	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	2,204,720	2,204,720	1,331,691	3.65%~3.70%	Short-term financing	-	Operation requirements	-	None	-	20,361,801	28,506,521	
4	Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	1,535,500	1,535,500	-	-	Short-term financing	-	Operation requirements	-	None	-	46,263,315	64,768,640	
4	Garuda International Limited	Avary Technology (India) Private Limited	Other receivables	Yes	2,456,800	2,456,800	-	-	Short-term financing	-	Operation requirements	-	None	-	46,263,315	64,768,640	
4	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	3,071,000	3,071,000	3,071,000	4.23%~4.73%	Short-term financing	-	Operation requirements	-	None	-	46,263,315	64,768,640	
5	Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Other receivables	Yes	4,409,440	4,409,440	220,472	3.65%	Short-term financing	-	Operation requirements	-	None	-	49,296,120	49,296,120	
5	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	15,433,040	15,433,040	8,560,928	3.65%~3.70%	Short-term financing	-	Operation requirements	-	None	-	49,296,120	49,296,120	
5	Avary Holding (Shenzhen) Co., Limited	Fu Bo Industrial (Shenzhen) Co., Ltd	Other receivables	Yes	88,189	88,189	-	-	Short-term financing	-	Operation requirements	-	None	-	49,296,120	49,296,120	

No.	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transactions with the borrower	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
					December 31, 2022 (Note 3)	December 31, 2022 (Note 4)							Item	Value			
5	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	\$ 6,614,160	\$ 6,614,160	\$ 4,387,393	3.65%~3.70%	Short-term financing	\$ -	Operation requirements	-	None	-	\$ 49,296,120	\$ 49,296,120	
5	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co.,Ltd.	Other receivables	Yes	881,888	881,888	299,842	3.65%~3.70%	Short-term financing	-	Operation requirements	-	None	-	49,296,120	49,296,120	

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

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

Note 2: limit on loans granted by a listed subsidiary to a single listed subsidiary of which the Company directly or indirectly holds 100% of its voting shares, or limit on loans to the Company granted by a listed foreign subsidiary which the Company directly or indirectly holds 100% of its voting share, are not restricted to the limit on loans of 40% of the Company's net assets.

In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", limit on total loans granted by a listed subsidiary to listed subsidiaries of which the Company directly or indirectly holds 100% of its voting shares, or limit on total loans to the Company granted by listed foreign subsidiaries which the Company directly or indirectly holds 100% of its voting share are 700% of the Company's net asset based on the latest audited or reviewed consolidated financial statements.

In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", limit on loans granted by a listed subsidiary to a single listed subsidiary of which the Company directly or indirectly holds 100% of its voting shares, or limit on loans to the Company granted by a listed foreign subsidiary which the Company directly or indirectly holds 100% of its voting share are 500% of the Company's net asset based on the latest audited or reviewed consolidated financial statements.

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

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
PROVISION OF ENDORSEMENTS AND GUARANTEES TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount for the year ended December 31, 2022 (Note 5)	Outstanding endorsement/ guarantee amount at December 31, 2022 (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
0	Zhen Ding Technology Holding Limited	BoardTek Electronics Corporation	2	\$ 9,689,364	\$ 7,500,000	\$ 7,500,000	\$ 5,600,000	\$ -	7.74%	\$ 96,893,638	Y	N	N	

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

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

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

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

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

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

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

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

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

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

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD (NOT INCLUDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

DECEMBER 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2022				Footnote (Note 4)
				Number of shares	Carrying amount (Note 3)	Ownership (%)	Fair value	
Zhen Ding Technology Co., Ltd.	Synpower Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,437,697	\$ 94,826	8.12%	\$ 94,826	
Avary Holding (Shenzhen) Co., Limited	Jiangsu Aisen Semiconductor Material Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,600,000	144,884	3.93%	144,884	
Avary Holding Investment (Shenzhen) Co., Ltd.	Sixpure Intelligenet Technology (Dongguan) Co., Ltd.	None	Financial assets at fair value through other comprehensive income	1,461,039	143,991	3.55%	143,991	
Avary Holding Investment (Shenzhen) Co., Ltd.	Sanying Precision Instruments Co.,Ltd.	None	Financial assets at fair value through other comprehensive income	1,212,009	102,611	3.70%	102,611	
Avary Holding Investment (Shenzhen) Co., Ltd.	Sanying Precision Instruments (Tianjin) Co.,Ltd.	None	Financial assets at fair value through other comprehensive income	540,580	27,235	5.18%	27,235	
Avary Holding Investment (Shenzhen) Co., Ltd.	Wuxi iData Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income	1,352,651	99,212	3.46%	99,212	
Avary Holding Investment (Shenzhen) Co., Ltd.	Hubei Omar Electronics Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,370,000	57,477	3.60%	57,477	
Avary Holding Investment (Shenzhen) Co., Ltd.	Shenzhen Hangsheng Electronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income	1,000,000	58,778	3.36%	58,778	
BoardTek Electronics Corporation	Chipboard Technology Corporation	None	Financial assets at fair value through other comprehensive income	1,337,068	24,258	15.60%	24,258	
					<u>\$ 753,272</u>			
Avary Holding (Shenzhen) Co., Limited	Jingning Dingqing Electronic Technology Limited Partnership	None	Financial assets at fair value through profit or loss	-	\$ 367,924	12.53%	367,924	
Avary Holding Investment (Shenzhen) Co., Ltd.	Beijing Chenyi M&A Fund	None	Financial assets at fair value through profit or loss	-	956,370	2.94%	956,370	
Avary Holding Investment (Shenzhen) Co., Ltd.	Zhuhai Hengqin New Area Leishi Tianhe Technology Industry Investment Partnership (Limited Partnership)	None	Financial assets at fair value through profit or loss	-	73,173	99.39%	73,173	
Avary Holding Investment (Shenzhen) Co., Ltd.	Primavera Jingzhi (Beijing) Equity Investment Fund L.P.	None	Financial assets at fair value through profit or loss	-	86,444	20.00%	86,444	
Zhen Ding Technology Co., Ltd.	Zoyi Capital Investment Fund II L.P	None	Financial assets at fair value through profit or loss	-	156,521	10.59%	156,521	
					<u>\$ 1,640,432</u>			

Note 1: In accordance with IAS 39, 'Financial instruments: recognition and measurement', marketable securities in the table refer to shares, bonds, beneficiary certificates and other related derivative securities.

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

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

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

ACQUISITION OR SALE OF THE SAME SECURITY WITH THE ACCUMULATED COST EXCEEDING \$300 MILLION OR 20% OF THE COMPANY'S PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2022		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2022		
					Number of shares	Amount (Note 5)	Number of shares	Amount	Number of shares	Selling price	Carrying amount (Note 5)	Gain (loss) on disposal (Note 4)	Number of shares	Amount (Note 5)
Pacific Fair International Limited	Shares of Avary Holding (Shenzhen) Co., Limited	Investments accounted for using equity method	Sold in active market	Non-related party	139,633,809	\$ 6,244,753	-	\$ -	7,231,034	1,302,378	\$ 547,116	\$ 755,262	132,402,775	\$ 7,139,933
Avary Holding Investment (Shenzhen) Co., Ltd.	Beijing Chenyi M&A Fund	Financial assets at fair value through profit or loss	Not applicable	Not applicable	-	618,538	-	311,778	-	-	-	-	-	956,370

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

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

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

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

Note 5: Including gain on investment.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
ACQUISITION OF REAL ESTATE REACHING NT\$300 MILLION OR 20% OF PAID-IN CAPITAL OR MORE
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:													
Real estate acquired by	Real estate	Date of occurrence	Transaction amount	Status of payment	Company	Relationship with the counterparty	Penultimate Owner	Relationship between the owner and the issuer	Date of transfer	Amount	Price determination and supporting reference materials	Purpose and use of acquisition	Other commitments
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Staff dorm	November 18, 2022	\$ 402,383	\$ 402,383	Huaian Tingyue Real Estate Development Co.,Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Based on market price	Operation requirements	None

Note 1: Fill in the appraisal result in the 'price determination and supporting reference materials' column if the real estate acquired shall be appraised in accordance with regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. If the shares issued by an issuer have no par value or a par value other than NT\$10 per share, the threshold transaction amount of 20% of paid-in capital shall be replaced attributable to owners of the parent as stated in the balance sheet.

Note 3: Date of occurrence referred to herein is the date of contract signing date, date of payment, date of consignment trade, date of transfer, date of boards of directors resolutions, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever date is earlier.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

PURCHASES OR SALES OF GOODS FROM OR TO RELATED PARTIES REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term					
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	An indirect wholly- owned subsidiary	Sales	\$ 59,556,978	86	60 days from the shipping date	Note 2	Note 2	\$ 17,531,327	89	
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect wholly- owned subsidiary	Sales	7,776,342	11	90 days from the shipping date	Note 2	Note 2	1,447,747	7	
Avary Holding (Shenzhen) Co., Limited	Avary Technology (India) Private Limited	An indirect wholly- owned subsidiary	Sales	252,614	-	90 days from the shipping date	Note 2	Note 2	152,272	1	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	An indirect wholly- owned subsidiary	Sales	38,084,882	86	90 days from the shipping date	Note 2	Note 2	9,118,622	85	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly- owned subsidiary	Sales	5,408,897	12	90 days from the shipping date	Note 2	Note 2	1,416,819	13	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect wholly- owned subsidiary	Sales	433,648	1	90 days from the shipping date	Note 2	Note 2	228,275	2	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly- owned subsidiary	Sales	5,009,999	67	60 days from the shipping date	Note 2	Note 2	1,331,309	70	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly- owned subsidiary	Sales	1,836,321	24	90 days from the shipping date	Note 2	Note 2	347,485	18	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	BoardTek Electronics Corporation	An indirect wholly- owned subsidiary	Sales	431,903	6	90 days from the shipping date	Note 2	Note 2	133,921	7	

							Differences in transaction terms compared to third party transactions				
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction						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)	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect wholly- owned subsidiary	Sales	\$ 223,481	3	30 days from the shipping date	Note 2	Note 2	\$ 87,793	5	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly- owned subsidiary	Sales	55,240,119	95	60 days from invoice date	Note 2	Note 2	15,303,461	95	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly- owned subsidiary	Sales	1,834,880	3	90 days from the shipping date	Note 2	Note 2	356,698	2	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Avary Technology (India) Private Limited	An indirect wholly- owned subsidiary	Sales	850,700	1	90 days from the shipping date	Note 2	Note 2	374,218	2	
Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	An indirect wholly- owned subsidiary	Sales	4,258,361	82	90 days from the shipping date	Note 2	Note 2	466,205	69	
Avary Technology (India) Private Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly- owned subsidiary	Sales	312,234	26	90 days from the shipping date	Note 2	Note 2	10,600	2	
Avary Technology (India) Private Limited	Garuda International Limited	An indirect wholly- owned subsidiary	Sales	599,289	50	90 days from the shipping date	Note 2	Note 2	439,822	94	
Kui Sheng Technology (Shenzhen) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect wholly- owned subsidiary	Sales	1,152,721	100	90 days from the shipping date	Note 2	Note 2	324,491	100	
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly- owned subsidiary	Sales	12,262,328	8	90 days from the first day of next month of shipping	Note 2	Note 2	2,299,077	8	

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)	
Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	\$ 684,915	-	90 days from the first day of next month of shipping	Note 2	Note 2	\$ 60,293	-	
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	5,817,093	4	90 days from the first day of next month of shipping	Note 2	Note 2	2,420,641	9	
Garuda International Limited	Foxconn (Far East) and subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	5,841,066	4	90 days from the first day of next month of shipping	Note 2	Note 2	1,799,899	7	
Garuda International Limited	GENERAL INTERFACE SOLUTION HOLDING LIMITED	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	572,780	-	60 days from the first day of next month of shipping	Note 2	Note 2	154,592	1	
Garuda Technology Co., Ltd.	GENERAL INTERFACE SOLUTION HOLDING LIMITED	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	2,440,291	14	90 days from the first day of next month of shipping	Note 2	Note 2	819,326	21	
BoardTek Electronics Corporation	Foxconn (Far East) and subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	560,657	10	90 days from the first day of next month of shipping	Note 2	Note 2	239,160	16	
Avary Technology (India) Private Limited	Foxconn (Far East) and subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	116,155	10	90 days from the first day of next month of shipping	Note 2	Note 2	9,564	2	
Avary Holding (Shenzhen) Co., Limited	Foxconn (Far East) and subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	443,438	1	90 days from invoice date	Note 2	Note 2	(8,510)	-	
Avary Holding (Shenzhen) Co., Limited	Foxconn Interconnect Technology Limited and subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	1,361,343	3	90 days from invoice date	Note 2	Note 2	(486,767)	5	

							Differences in transaction terms compared to third party transactions					
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction						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)		
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	GENERAL INTERFACE SOLUTION HOLDING LIMITED	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	\$ 1,877,124	8	30 days from invoice date	Note 2	Note 2	(\$ 281,697)	8		
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Foxconn Interconnect Technology Limited and subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	632,681	3	90 days from invoice date	Note 2	Note 2	(103,715)	3		
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Foxconn (Far East) and subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	126,968	1	90 days from invoice date	Note 2	Note 2	(6,224)	-		
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Foxconn (Far East) and subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	126,681	-	90 days from invoice date	Note 2	Note 2	(38,113)	1		

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
DECEMBER 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship	Receivables from related parties as of December 31,	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			2022		Amount	Action taken		
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	An indirect wholly-owned subsidiary	\$ 17,531,327	3	\$ -	-	\$ 7,312,398	\$ -
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	1,447,747	5	-	-	589,038	-
Avary Holding (Shenzhen) Co., Limited	Avary Technology (India) Private Limited	An indirect wholly-owned subsidiary	152,272	3	61,823	Subsequent collection	-	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	9,118,622	4	-	-	3,964,578	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	1,416,819	4	-	-	403,030	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	228,275	3	1,686	Subsequent collection	109,166	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	1,331,309	5	-	-	484,091	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	347,485	6	-	-	101,248	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	BoardTek Electronics Corporation	An indirect wholly-owned subsidiary	133,921	6	37,250	Subsequent collection	53,429	-

Creditor	Counterparty	Relationship	Receivables from related parties as of December 31,	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			2022		Amount	Action taken		
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	\$ 15,303,461	5	-	-	\$ 5,156,276	\$ -
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	356,698	6	-	-	164,372	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Avary Technology (India) Private Limited	An indirect wholly-owned subsidiary	374,218	4	119,936	Subsequent collection	-	-
Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	An indirect wholly-owned subsidiary	466,205	9	-	-	375,530	-
Avary Technology (India) Private Limited	Garuda International Limited	An indirect wholly-owned subsidiary	439,822	3	-	-	293,784	-
Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	324,491	3	-	-	118,480	-
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	2,299,077	4	-	-	1,286,071	-
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	2,420,641	3	848	Subsequent collection	514,748	-
Garuda International Limited	Foxconn (Far East) and subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	1,799,899	3	2,522	Subsequent collection	463,894	-

Creditor	Counterparty	Relationship	Receivables from related parties as of December 31,	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			2022		Amount	Action taken		
Garuda International Limited	GENERAL INTERFACE SOLUTION HOLDING LIMITED	An investee company accounted for under the equity method of Hon Hai Precision Industry Co., Ltd.	\$ 154,592	4	-	-	\$ 65,601	-
Garuda Technology Co., Ltd.	GENERAL INTERFACE SOLUTION HOLDING LIMITED	An investee company accounted for under the equity method of Hon Hai Precision Industry Co., Ltd.	819,326	3	-	-	157,478	-
BoardTek Electronics Corporation	Foxconn (Far East) and subsidiaries	An indirect wholly- owned subsidiary of Hon Hai Precision Industry Co., Ltd.	239,160	3	5,068	Subsequent collection	60,614	-

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
SIGNIFICANT INTER-COMPANY TRANSACTIONS DURING THE REPORTING PERIODS
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount (Note 3)	Transaction terms	
1	Mayco Industrial Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	3	Other receivables	\$ 1,781,180	Note 5	1
1	Mayco Industrial Limited	BoardTek Electronics Corporation	3	Other receivables	1,228,400	"	1
2	FAT Holdings Limited	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	3	Other receivables	921,300	"	-
3	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	3	Other receivables	1,331,691	"	1
3	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	3	Other receivables	661,416	"	-
4	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	3,071,000	"	1
5	Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Other receivables	220,472	"	-
5	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Other receivables	8,560,928	"	4
5	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	4,387,393	"	2
5	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	299,842	"	-
5	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Sales	59,556,978	Note 8	35
5	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Accounts receivable	17,531,327	"	8
5	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Sales	7,776,342	Note 7	5
5	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Accounts receivable	1,447,747	"	1
5	Avary Holding (Shenzhen) Co., Limited	Avary Technology (India) Private Limited	3	Sales	252,614	"	-
5	Avary Holding (Shenzhen) Co., Limited	Avary Technology (India) Private Limited	3	Accounts receivable	152,272	"	-
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Sales	38,084,882	Note 8	22

Number (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	
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Accounts receivable	\$ 9,118,622	"	4
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	5,408,897	Note 7	3
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	1,416,819	"	1
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Sales	433,648	Note 9	-
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	228,275	"	-
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	5,009,999	Note 8	3
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	1,331,309	"	1
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Sales	223,481	Note 9	-
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	1,836,321	Note 7	1
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	347,485	"	-
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	BoardTek Electronics Corporation	3	Sales	431,903	"	-
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	BoardTek Electronics Corporation	3	Accounts receivable	133,921	"	-
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	55,240,119	Note 8	32
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	15,303,461	"	7
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	1,834,880	Note 7	1
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	356,698	"	-
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Avary Technology (India) Private Limited	3	Sales	850,700	"	-
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Avary Technology (India) Private Limited	3	Accounts receivable	374,218	"	-
9	Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	3	Sales	4,258,361	"	2

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount (Note 3)	Transaction terms	
9	Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	3	Accounts receivable	\$ 466,205	"	-
10	Kui Sheng Technology (Shenzhen) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Sales	1,152,721	Note 7	1
10	Kui Sheng Technology (Shenzhen) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	324,491	"	-
11	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Sales	12,262,328	Note 6	7
11	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	2,299,077	"	1
11	Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Sales	684,915	"	-
11	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Sales	5,817,093	"	3
11	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Accounts receivable	2,420,641	"	1
12	Avary Technology (India) Private Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Sales	312,234	Note 6	-
12	Avary Technology (India) Private Limited	Garuda International Limited	3	Sales	599,289	Note 8	-
12	Avary Technology (India) Private Limited	Garuda International Limited	3	Accounts receivable	439,822	"	-

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:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

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

Note 6: The prices and terms to related parties were similar to third parties. Credit term is 90 days from the first day of next month of shipping.

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

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

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

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held at December 31, 2022			Net profit (loss) of the investee for the year ended	Investment income (loss) recognised by the Company for the year ended	Footnote
				Balance at December 31, 2022	Balance at December 31, 2021	Number of shares	Ownership (%)	Carrying amount	December 31, 2022	December 31, 2022	
The Company	Monterey Park Finance Limited	British Virgin Islands	Investment holding	\$ 29,980,638	\$ 29,980,638	976,250,000	100	\$ 112,607,570	\$ 15,344,186	\$ 15,344,467	
The Company	Zhen Ding Technology Co., Ltd.	Taiwan	Trading	125,488	125,488	12,548,800	100	2,078,393 (	155,495) (	155,495)	
The Company	BoardTek Electronics Corporation	Taiwan	Manufacturing	5,512,771	5,512,771	95,918,453	100	3,998,604 (	461,893) (	531,532)	
The Company	Zhen Ding Technology Singapore Private Limited	Singapore	Investment holding	921,300	921,300	30,000,000	100	862,728	30,313	30,313	
Monterey Park Finance Limited	Coppertone Enterprises Limited	British Virgin Islands	Investment holding	3,156,552	3,156,552	102,785,806	100	91,007,340	14,254,447	14,253,497	
Monterey Park Finance Limited	Pacific Fair International Limited	Hong Kong	Investment holding	8,399,185	8,399,185	2,133,300,000	100	14,309,670	1,211,335	1,211,335	
Monterey Park Finance Limited	Leading Interconnect International Limited	Hong Kong	Trading	-	-	1	100 (	2,749) (	7,468) (	7,468)	
Coppertone Enterprises Limited	Mayco Industrial Limited	Hong Kong	Investment holding	36,701,765	36,701,765	9,321,841,932	100	91,006,693	14,254,531	14,254,531	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited	Cayman Islands	Investment holding	154	154	5,000	100	786,619	14,060	14,060	
BoardTek Electronics Corporation	BoardTek Investment Co., Ltd.	Taiwan	Investment holding	248,294	248,294	24,829,362	100	281,102	8,256	8,256	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	Hong Kong	Trading	1,811,890	1,811,890	460,200,000	72	5,981,777	451,419 (	231,931)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance at December 31, 2022	Balance at December 31, 2021	Number of shares	Ownership (%)	Carrying amount			
Avary Holding (Shenzhen) Co., Limited	Avary Singapore Private Limited	Singapore	Investment holding	\$ 1,969,432	\$ 1,969,432	64,130,000	72	\$ 376,395	(\$ 633,068)	(\$ 456,471)	
Garuda International Limited	Garuda Technology Co., Ltd.	Taiwan	Trading	1,525,000	1,525,000	152,500,000	72	1,336,239	117,854	84,974	
Garuda International Limited	Avary Japan Co., Ltd	Japan	Trading	22,625	38,786	3,260	72	6,016	(13,704)	(9,881)	
Avary Singapore Private Limited	Avary Technology (India) Private Limited	India	Manufacturing	998,659	265,844	269,044,910	72	(269,467)	(643,155)	(462,735)	
FAT Holdings Limited	Zhen Ding Technology India Private Limited	India	Manufacturing	23	23	6,250	63	(251)	(104)	(66)	
Zhen Ding Technology Singapore Private Limited	Zhen Ding Technology India Private Limited	India	Manufacturing	14	14	3,750	37	(147)	(104)	(39)	
FAT Holdings Limited	Zhen Ding Developer India Private Limited	India	Property management	23	23	6,250	-	-	30,847	-	
Zhen Ding Technology Singapore Private Limited	Zhen Ding Developer India Private Limited	India	Property management	779,506	779,506	210,003,750	100	811,265	30,847	30,847	

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee 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, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net profit (loss) of investee for the year ended December 31, 2022	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 3)	Carrying amount of investments as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacture and sales of PCB	\$ 10,311,287	2	\$ -	\$ -	\$ -	\$ -	\$ 7,694,003	72	\$ 5,463,632	\$ 24,037,852	\$ -	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Manufacture and sales of PCB	4,085,291	2	-	-	-	-	279,433	72	202,921	234,040	-	
Avary Holding (Shenzhen) Co., Limited	Manufacture and sales of PCB	10,235,002	2	-	-	-	-	22,609,398	72	16,302,450	88,933,145	-	Note 4
Fu Bo Industrial (Shenzhen) Co., Ltd.	Manufacture and sales of PCB	485,347	2	-	-	-	-	57,437	72	41,139	507,380	-	
Yu Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	1,062,411	2	-	-	-	- (	3,255)	72 (	2,360)	702,242	-	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	13,936,403	2	-	-	-	-	5,185,624	72	3,634,558	17,917,630	-	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 2)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net profit (loss) of investee for the year ended December 31, 2022	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 3)	Carrying amount of investments as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Remitted to Mainland China	Remitted back to Taiwan							
Qi Ding Technology Qinhuangdao Co., Ltd.	Development, manufacture and sales of electronic products and goods imports and exports	\$ 2,103,418	2	\$ -	\$ -	\$ -	\$ -	\$ 1,123,337	70	\$ 782,379	\$ 2,836,309	\$ -	
Kui Sheng Technology (Shenzhen) Limited	Manufacture and sales of PCB	88,189	2	-	-	-	-	20,962	72	14,996	130,174	-	
Huaian Jia Wei Industrial Development Co., Ltd.	Manufacture and sales of Building materials, Furniture and hardware tools	719,566	2	-	-	-	-	4,888	100	4,888	717,220	-	
Avary Holding Investment (Shenzhen) Co., Ltd.	Investment of business	1,499,210	2	-	-	-	- (	5,521)	72 (	3,981)	1,142,394	-	
Leading Interconnect Semiconductor Technology (Shenzhen) Co.,Ltd.	Development, manufacture and sales of electronic products and goods imports and exports	2,606,452	2	-	-	-	-	191,657	70	133,522	3,656,695	-	

Investee 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, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net profit (loss) of investee for the year ended December 31, 2022	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 3)	Carrying amount of investments as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Leading Interconnect Semiconductor Technology Qinhuangdao Co.,Ltd.	Development, manufacture and sales of electronic products and goods imports and exports	\$ 1,763,777	2	\$ -	\$ -	\$ -	\$ -	(\$ 467,048)	70	(\$ 325,288)	\$ 899,184	\$ -	
Avary Logistics Services (Shenzhen) Co., Ltd.	Property management business	22,047	2	-	-	-	-	(19,262)	72	(13,889)	2,118	-	
Guangdong Zhan Yang Intelligent Equipment Co.,Ltd.	Research and development, sales, processing of automation equipment as well as imports and exports of goods or technology	42,090	2	-	-	-	-	22,073	32	8,892	32,978	-	

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 PRC are as follows:

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

Note 3: The columns investment income (loss) recognised by the Company for the year ended December 31, 2022 were based on the audited financial statements of the investees in Mainland China for the same period.

Note 4: The cumulative earnings distributed to the parent company by Avary Holding (Shenzhen) Co., Limited amounted to RMB 5,614,870 thousand as of December 31, 2022.

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Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Foxconn (Far East) Limited	305,515,627	32.26%

CHAPTER 7. Review and Analysis of the Financial Conditions and Operating Performance and Risk Assessment

I. Financial Conditions

Unit: NT\$ thousands; %

Item \ Year	2021	2022	Difference	
			Amount	%
Current assets	95,935,034	110,292,979	14,357,945	14.97%
Property, plant and equipment	86,072,884	100,307,311	14,234,427	16.54%
Intangible assets	2,079,308	2,138,586	59,278	2.85%
Other non-current assets	229,977	1,535,083	1,305,106	567.49%
Total assets	195,755,294	232,560,112	36,804,818	18.80%
Current liabilities	56,879,726	74,226,905	17,347,179	30.50%
Non-current liabilities	25,355,629	25,467,516	111,887	0.44%
Total liabilities	82,235,355	99,694,421	17,459,066	21.23%
Capital	9,470,492	9,470,492	-	0.00%
Capital reserve	36,937,742	38,021,187	1,083,445	2.93%
Retained earnings	43,058,708	52,541,885	9,483,177	22.02%
Other equity	-4,848,301	-2,882,437	1,965,864	-40.55%
Treasury stock	-257,489	-257,489	-	0.00%
Total equity	195,755,294	132,865,691	19,345,752	17.04%
<p>Explanation of material changes: (changes in the amount of more than 10% and more than 1% of the total assets of the current year)</p> <p>(1) Current assets: Due to increase in revenue leading to cash increases.</p> <p>(2) Property, plant, and equipment: Invested in plant expansions and machinery and equipment procurements to meet production capacity increase requirements for long-term development.</p> <p>(3) Total assets: Same as (1) Current assets and (2) Real estate properties, plants and equipment information.</p> <p>(4) Current liabilities: Mainly attributed to long-term liabilities from long-term borrowings being listed as due within a year.</p> <p>(5) Total liabilities: Same as explanation for (4) Current liabilities.</p> <p>(6) Retained earnings: Mainly attributed to profits in the current period appropriated to retained earnings.</p> <p>(7) Total equity: Same as the explanation for (6) retained earnings.</p>				

Source: CPA-audited Consolidated Financial Report for 2021 to 2022.

II. Financial Performance

Unit: NT\$ thousands; %

Item \ Year	2021	2022	Variation	
			Amount	Proportion of change (%)
Operating revenue	155,022,197	171,356,495	16,334,298	10.54%
Operating costs	-124,484,711	-131,468,413	-6,983,702	5.61%
Gross profit	30,537,486	39,888,082	9,350,596	30.62%
Operating expenses	-14,756,030	-17,441,321	-2,685,291	18.20%
Operating profit (loss)	15,781,456	22,446,761	6,665,305	42.24%
Non-operating income and expenses	437,351	1,021,743	584,392	133.62%
Net profit before tax	16,218,807	23,468,504	7,249,697	44.70%
Net profit of this period	13,694,368	20,535,312	6,840,944	49.95%
Comprehensive income or loss (net value after tax) in this period	-1,113,422	2,584,986	3,698,408	-332.17%
Total combined income for this period	12,580,946	23,120,298	10,539,352	83.77%
<p>Explanation of material changes: (changes in the amount of more than 10% and more than 1% of the total assets of the current year)</p> <p>(1) Operating Revenue: Mainly attributed to the increase in revenue from the Company's continued comprehensive development of PCB business and focus on customer service.</p> <p>(2) Gross profit: Same as the explanation for (1) revenue.</p> <p>(3) Operating expenses: Mainly attributed to the increase in expenses from operational growth, and the need to increase development capabilities for the long term.</p> <p>(4) Operating profit (loss): Same as the explanations for (1) revenue, and (3) operating expenses.</p> <p>(5) Net profit before tax: Same as the explanations for (1) revenue, and (3) operating expenses.</p> <p>(6) Net profit of this period: Same as the explanations for (1) revenue, and (3) operating expenses.</p> <p>(7) Comprehensive income or loss (net value after tax) in this period: Caused mainly by increased exchange differences in financial statements of overseas operations.</p> <p>(8) Total combined income for this period: Same as explanation for (1) revenue, (3) operating expenses, and (7) comprehensive income or loss (net value after tax) in this period.</p>				

Source: CPA-audited consolidated financial report for 2021 to 2022.

III. Cash Flow

(I) Analysis of cash flow changes over the most recent fiscal year

Unit: NT\$ thousands; %

Item \ Year	2021	2022	Increase (decrease) amount	Percentage of change (%)
Operating activities	14,058,190	45,310,638	31,252,448	222.31%
Investing activities	-29,598,201	-30,426,666	828,465	2.80%
Financing activities	5,654,355	5,858,983	204,628	3.62%
Analysis of changes:				
(1) Increase in net cash inflow from operating activities: The increase in accounts payable is mainly due to the growth in business operations, the increase in accounts payable which are not due, due collection of previous accounts receivable, and previous inventory sales.				
(2) Increase in net cash outflow from investing activities: Due to the increase in operating cash flow, the Company has increased its placement of fixed-term deposits of more than three months in banks, classified as financial assets measured at amortized cost, as well as increased provision for loan commitments and capital expenditure, prepaid expenses, and the expansion of factories and the purchase of equipment.				
(3) Increase in net cash inflow from financing activities: The main reason is the repayment of short-term loans that have matured, as well as the addition of long-term bank loans for capital expenditures to support future business growth.				

Source: CPA-audited consolidated financial report for 2021 to 2022.

(II) Cash liquidity analysis for the following year:

Unit: NT\$ thousands

Cash balance at beginning of the period	Estimated net cash flow from operating activities in the entire year	Estimated net cash flow from financing and investing activities in the entire year	Cash surplus (inadequacy) amount	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
55,243,562	44,937,168	-32,261,955	67,918,775	-	-

IV. Impact of Major Capital Expenditures on Corporate Finances and Business for the Most Recent Year

None.

V. Investment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/Losses Generated Thereby, the Plan for Improving Profitability, and Investment Plans for the Coming Year

(I) The Company's investment policy

The Company currently focuses on investments in related PCB industries and does not engage in investment in other businesses. The Company's related departments execute investments based on the "investment cycle" in the internal control system and the "Procedures for the Acquisition or Disposal of Assets". Long-term investment strategies are focused on bolstering the core competitiveness of our main business activities, strengthening technological capability and meeting customers' overall requirements.

(II) Main reasons for gains or losses in the investments in other businesses in the most recent year:

Unit: NT\$ thousands

Investments in other businesses	Profit or loss in the most recent period	Explanation
Monterey Park	15,344,467	Mainly attributed to recognition of profit or loss from investment in investees
Zhen Ding Technology Co., Ltd.	-155,495	Mainly attributed to operating expenses derived from purchase orders in trading
BoardTek Electronics Corp.	-531,532	Mainly attributed to adjustment of product structure
ZDT Singapore	30,313	Mainly attributed to recognition of profit or loss from investment in investees
Coppertone	14,253,497	Mainly attributed to recognition of profit or loss from investment in investees
Mayco	14,254,531	Mainly attributed to recognition of profit or loss from investment in investees
Pacific Fair	1,211,335	Mainly attributed to recognition of profit or loss from investment in investees
FAT Holdings	14,060	Mainly profits from interest income
Leading HK	-7,468	Mainly routine management expenditures
BoardTek Investment	8,256	Mainly profits from interest income
Garuda HK	-231,931	Mainly due to the recognition of unrealized gross profit on sales on the consolidated level.
Avary Singapore	-456,471	Mainly attributed to recognition of profit or loss from investment in investees
Avary Japan	-9,881	Mainly routine management expenditures
Avary India	-462,735	Mainly attributed to the developments in the early stages
Garuda Technology Taiwan	84,974	Mainly profits derived from purchase orders in trading
ZDT India	-105	Mainly routine management expenditures
ZDT Developer India	30,847	Mainly profits from interest income
Avary Holding (Shenzhen)	16,302,450	Mainly attributed to growth in revenue
Fu Bo Industrial (Shenzhen)	41,439	Mainly attributed to profits from leases
Hong Qi Sheng (Qinhuangdao)	5,463,632	Mainly attributed to growth in revenue
Hong Heng Sheng Precision Electronics Technology (Huai'an)	202,921	Mainly attributed to growth in revenue
Yu Ding Precision Electronics (Huai'an)	-2,360	Mainly routine management expenditures

Investments in other businesses	Profit or loss in the most recent period	Explanation
Qing Ding Precision Electronics (Huai'an)	3,634,558	Mainly attributed to growth in revenue
Qi Ding Technology (Qinhuangdao)	782,379	Mainly attributed to growth in revenue
Kuisheng (Shenzhen)	14,996	Mainly attributed to profits from processing services
Jiawei Industry (Huai'An)	4,888	Mainly attributed to profits from dividends
Avary Investment (Shenzhen)	-3,981	Mainly attributed to the recognition of losses from investments
Zhan Yang (Dongguan)	8,892	Mainly attributed to growth in revenue
Leading (Shenzhen)	133,522	Mainly attributed to recognition of profit or loss from investment in investees
Leading (Qinhuangdao)	-325,288	Mainly attributed to the developments in the early stages
Avary Logistics (Shenzhen)	-13,889	Mainly routine management expenditures

(III) Investment plans for the next year:

The Company shall investment plans for the next year shall consist of investment in subsidiaries in China or other regions. They shall be processed based on customers' orders and demands in accordance with related investment evaluation and decision-making procedures.

VI. Risk Management, Analysis, and Assessment of the Most Recent Year as of the Publication Date of the Annual Report

(I) Risk management policies

To actively strengthen the Company's sustainable management, the Company stipulated the Group's "Risk Management Policy" through the Board of Directors' resolution on December 28, 2021. The Policy is to be used for reference during the formulation of business strategies. According to the rules, the Chief of Staff is the highest supervisor of risk management and leads the highest supervisors of each business unit to form the Risk Management Guidance Committee. The Committee supervises the Group's risk identification operations, risk management improvements, and identifies and approves the priorities of risk controls with the participation of R&D, production, sales, and related units. The Risk Management Project Team has been established below the Risk Management Steering Committee. The Team is responsible for identifying potential risks and operational impacts. They shall adopt actions corresponding to the risk category and establish crisis management procedures and conduct drills. Regarding the internal control system, the audit unit shall be responsible for the implementation of audits. The results of risk management actions are reported and explained to the Board of Directors at least once a year. On March 16, 2022, the execution status was reported to the Board of Directors to ensure the long-term, sustainable and stable development of the Company's business and overall management.

The Group's risk management is based on risk identification, risk assessment, risk control, risk supervision, and communication. The Company clearly understands the scope of all

risks and continues to effectively improve and control the risk factors through PDCA (Plan, Do, Check, Act). This will decrease the probability and severity of losses caused by the risks. The Company adopts appropriate measures to effectively implement risk management.

Risk management covers various aspects related to the Company's operations, environment, society, and corporate governance. Based on the risk management scope, various risk factors are classified into four categories: operational, strategic, financial, and hazard event. The 14 risk factors include market risk, regional risk, information security risk, supply chain risk, quality process risk, industrial safety risk, human resources risk, intellectual property risk, strategic risk, business ethics risk, investment risk, financial and tax regulatory risk, natural disaster risk, and environmental risk. The Company also includes emerging risks arising from environmental changes in its PDCA cycle management to ensure that different levels of risk items are included in the risk identification process.

➤ Summary of the 2022 implementation results

Risk categories	Risk factors	Control the implementation plan	Implementation status
Operations	Market risk	<ul style="list-style-type: none"> Understand trends, deploy multiple products and customers, and improve the percentage of non-consumer electronics to resist market changes Track the customer's operating status at all times and select high-quality customers. To cooperate with the Group's digital transformation project, we are reducing the use of manpower and improving our technical level through our engineering design and manufacturing teams. We are also implementing Amoeba management to reduce waste and shifting our focus to high-profit products. Reflecting the increase in material costs on labor rates in a timely manner. We select qualified strategic suppliers and classify materials to comply with the Group's supplier strategy. Digital transformation/automation/process improvement reduces the number of employees required, and multiple channels are used for recruitment (internal recommendations/agencies, etc.) The Company actively cooperates with the government's epidemic prevention policies and implements production in multiple locations to respond to the pandemic. 	<ul style="list-style-type: none"> Periodically review the financial status of customers and offer insurance to customers with payment concerns to mitigate risk. Regarding the overview of the digital transformation project implementation, peak manpower decreased by 10% compared to 2021, and a 13 work days for every day off schedule was initiated to cope with the short-term labor shortage. Reduce losses (FPC target decreased from 5.69% to 4.5%, module decreased from 0.35% to 0.30%) and cost labor rates. New cases reflect the quoted price. Monitor supplier capacity and factory operations, utilize secondary and tertiary suppliers to share risks, and build partial inventories for high-risk materials. Appropriately standardized production is adopted to cope with possible risks. Establish appropriate inventory backups for materials transported across provinces to cope with potential applications due to transportation disruption.
	Regional risks	<ul style="list-style-type: none"> Pay attention to the scale and impact of local religious or cultural events. Pay attention to the probability of humanitarian crises in the local community. Pay attention to local economic policies and those in other regions. 	<ul style="list-style-type: none"> Comply with local cultures. Similar cultures do not produce differential risks. Non-border areas are prosperous economically and the politics are stable, which do not create an impact on the Company's operations. Continuously track policy and system changes by the central and local governments and provide response measures.
	Information security risk	<ul style="list-style-type: none"> Regularly implement ISO27001 reviews every year. Regularly focus on domestic legal requirements and update the list of related laws and regulations. Strengthen information security awareness training and social engineering drills. Regular backups of data and recovery drills 	<ul style="list-style-type: none"> Back up important data regularly and create copies on hard drives stored in other locations. Access to confidential information must be reviewed and approved by supervisors. The related operations are regularly reviewed according to the information security internal management procedures.

Risk categories	Risk factors	Control the implementation plan	Implementation status
		<ul style="list-style-type: none"> ● Set up backups for the main and auxiliary server rooms. 	<ul style="list-style-type: none"> ● Install an access management system and uninterruptible power supply system in the IT server room. ● Play for 1 month on the lightboxes in the living areas of the Company ● Promote information security risk education by using the light boxes in the Company's living areas to incorporate information security risk education in daily operations, resulting in more than 500,000 views from the people in the living area.
	Supply chain risk	<ul style="list-style-type: none"> ● Track market dynamics, conduct regular surveys on the production capacity, location, and political and economic situations of upstream suppliers, and prepare contingency plans to switch supplier locations or change logistics routes. ● Improve daily management by conducting checks based on SOP documents such as Logistical Supplier Management Procedure SI-3B0-138H and Transportation Vehicle Safety Management System SI-3B0-140H. ● Confirm the scope of impact of abnormal situations, communicate and coordinate across departments, and provide progress updates in a timely manner. ● Establish a complete supply chain management system 	<ul style="list-style-type: none"> ● Regular exchanges are held to establish communication channels at all levels. ● Promote the sunshine policy by using the light boxes in the Company's living areas to incorporate the sunshine policy in daily operations, resulting in more than 500,000 views from the people in the living area. ● Conduct warehouse management according to the SOP document Warehouse Material Storage Conditions Guidelines SQ-3B8-198. ● Improve daily management operations and employee training. Conduct regular drills and random inspections for two-way management. ● Review the scope of impacts on raw materials, equipment, products, etc. (material number, destination for import and export, origin, etc.), and implement measures to mitigate risks, such as changing logistics routes or replacing the supplier origin. ● Established proposals for digital transformation and implemented a supplier management system (SCM).
	Quality process risks	<ul style="list-style-type: none"> ● Development of multiple suppliers for delivery of products with unstable quality ● For the supplier delivery/quality abnormality management procedures, conduct business operations according to supplier management related operating standards. ● Fully review the plant quality systems, source management, procedural controls, and Material Review Board (MRB) reviews. ● Strengthen employee training management, material planning, and equipment maintenance. Increase IE functions and enhance NSRB management. ● We take corresponding preventive measures to fulfill our responsibilities related to epidemic prevention and control, implement epidemic prevention and control measures, establish an epidemic emergency response team, and establish a list of employee addresses and names as well as a white list. ● The Company works closely with our customers and partner factories to convey the epidemic prevention and control requirements of each plant, review and update potential risks and corresponding responses, and avoid production disruptions caused by overload. ● The real-time adjustment of production plans according to sales priority adjusts the priority of WIP production and feeding plans, reduces sales losses, and develops a capacity cover plan. 	<ul style="list-style-type: none"> ● Update and review the establishment of a qualified supplier pool at all times. ● The management of production progress reviews the shipping operating standards and warehouse management operations from time to time, and regularly conducts discovery training. ● Weigh the actual weights of shipments before shipping according to the shipping specifications and cross-check it with the declared weight to avoid errors. ● Packaging operation requirements require packaging to be done in accordance with regulations. If downstream customers have specific requirements for packaging size, the size specifications and suppliers must be determined during the sample stage. ● Simulation verification: Drop testing and other tests on packaging materials are conducted when new samples are produced. The inventory dashboard of WMS is provided. If urgent shipment is required and the product needs to be produced on the same day, coordination and communication should be done in advance. ● According to the warehouse management operating procedures, inventory and physical stock must match, and daily inventory counts must be conducted for items with changes in part numbers. ● If system crashes or other abnormalities occur, the Company coordinates with the information unit for emergency handling and

Risk categories	Risk factors	Control the implementation plan	Implementation status
			<p>notifies relevant departments at the same time.</p> <ul style="list-style-type: none"> At the beginning of a regional epidemic outbreak, the Company increased the ratio of personnel staying onsite for those directly related to production, and established a work-from-home mechanism for indirect personnel.
	Industrial security risk	<ul style="list-style-type: none"> The Company has established the occupational health management mechanism, which is in charge of the coordination of various occupational health and safety tasks to provide a safe and healthy work environment for the employees. Established safe manufacturing management mechanisms, stipulated safety principles and policies, implemented legal compliance, and conducted risk analysis and potential problem management for the Company's manufacturing processes. Establish a central control center to integrate emergency response, emergency command, and safety monitoring in a central command system. Complete treatment facilities are constructed for both wastewater and exhaust gas, and dedicated personnel are assigned to operate and maintain the facilities to ensure compliance with emission standards. Establish a dedicated environmental protection laboratory Online monitoring devices are installed to monitor major pollutants in the wastewater and exhaust gas of the main production park. The concentration of emissions is constantly monitored and the system is linked to government agencies. Engage qualified testing companies to conduct hazardous factor testing in the production environment. Personnel management: All employees in occupational hazard positions shall sign a hazard notification letter to make them aware of the hazardous factors and preventive measures. Stipulate and review equipment procurement assessment safety guidelines and the implementation status. Establish a security management organization, education and training, and implement a two person, 24 hour shift structure. The main source of noise comes from indoor power facilities, which are isolated by shock-absorbing and soundproofing devices, as well as buildings and walls. 	<ul style="list-style-type: none"> Regular testing of the concentration of pollutants in wastewater is conducted daily, with continuous monitoring of water quality. Qualified third-party testing companies are regularly commissioned to conduct tests on wastewater and exhaust gas, with both meeting the standards. Warning signs and notification cards are posted in all hazardous workshops Employees undergo physical examinations before, during, and after working a post, and related files are created. Establish a safety management organization and assign dedicated safety personnel to regularly hold meetings to review safety operations. Source management: Formulate safety evaluation guidelines for equipment procurement. The various new expansions of the Company strictly comply with occupation safety and other safety laws and regulations of the country. Construction of waste storage facilities with complete functions, and the assignment of dedicated personnel to manage and handle the transfer of waste. The storage facility has complete rainproofing, sun protection, and leakage prevention functions, and is equipped with monitoring devices. All waste is sorted, labeled, and stored in accordance with regulatory requirements and handed over to qualified companies for resource utilization, harm elimination, and other processing. Transportation vehicles are equipped with GPS positioning systems to monitor their transportation routes. Any deviations will result in timely alerts. Before the cleaning vehicles enter the disposal facility, they are weighed and matched with the weight at the time of exit from the Company to ensure that hazardous waste is not lost during the cleaning process.
	Human Resources risks	<ul style="list-style-type: none"> Regularly conduct manpower supply and demand analysis. Continuously focus on the status of the labor market, establishment of a PCB/semiconductor personnel database, and activation of sharing internal and external employees to understand the human resources competition and develop corresponding recruitment policies. Plan and review the annual remuneration policies and establish a talent cultivation structure. 	<ul style="list-style-type: none"> Promote internal recommendations and the "Good Friend" app Cooperate with cross-industry companies to implement a mechanism for sharing employees. In 2022, the Huaian plant cooperated with Midea's Wuhu's Qinhuangdao Plant and Midea Handan. Adjust the salary payment structure and set incentive bonuses for employees with different job functions. Implement improvements to the living areas and facilities for employees in each plant.

Risk categories	Risk factors	Control the implementation plan	Implementation status
		<ul style="list-style-type: none"> ● Cooperate with cross-industry companies to implement a mechanism for sharing employees. ● Establish the "Social and Environmental Responsibility Committee (SER)" and comply with RBA and internationally recognized labor and human rights principles. The Company will regularly conduct human rights due diligence investigations to continuously improve the Company's systems and complete prevention and recovery measures. ● "Measures for Emergency Response to Accidental Injury" to support necessary implementations. ● Shaping corporate culture and establishing a talent development system. ● To establish good labor relations, the Company has established the promotion of internal communication channels. ● To improve the living environment for employees, the Company established the Social and Environmental Responsibility Committee (SER). 	<ul style="list-style-type: none"> ● Work safety training and evaluations are organized regularly every quarter to teach employees about self-protection and self-preservation. ● Provide multiple channels for consultation and complaints. ● Use plant and living area lightboxes to promote various activities and policies, and promote employee complaint channels. Promotion was strengthened during the pandemic.
	<p>Risks related to intellectual property rights</p>	<ul style="list-style-type: none"> ● Intellectual property rights are stipulated in procurement contracts, eliminating liability for infringement caused by customer designs. ● Complete the payment of the annual fee for the current year first, and prioritize it for review in the following year. Increase the frequency of system notifications. ● Create forms that are updated in a timely manner to respond promptly. 	<ul style="list-style-type: none"> ● Review procurement contracts and assist in defining the liabilities of infringement. ● Provide education and promotion during various meetings to enhance the concepts of intellectual property rights. ● Regular updates to the control forms ● Promote intellectual property rights and respecting patents by using the light boxes in the Company's living areas to incorporate the ideas in daily operations, resulting in more than 500,000 views from the people in the living area.
<p>Strategy</p>	<p>Strategic risk</p>	<ul style="list-style-type: none"> ● The ONE ZDT platform provides diversified product development and closely follows changes in market trends, providing the basis for developing new products and new technology research and development plans for the Company. ● Review the development progress of new customer products and technologies each month and monitor the technological trends and decision-making direction. ● Track market movements and regularly investigate the production capacity/production location/political and economic situation of upstream suppliers. ● Manager the matters according to the various documents of SOP review. ● Monitor and update the pricing strategy according to market changes. ● Promoting the shift from cost center accounting to Amoeba management. ● Establishing a cost optimization project led by design. ● Review and manage various qualification documents according to the SOP documents, including the Supplier Filing Document Operating Procedure SQ-3B0-040, Procurement Management System SQ-2B0-002, and Supplier Audit Operating Procedure SQ-3B0-087. ● Continue to strengthen the spirit of Zhen Ding Seven Greens 	<ul style="list-style-type: none"> ● The Company's intelligence center constantly tracks market changes, customer demands, competitors, and suppliers, and maintains close interaction with them to determine product direction. ● The Company prepares budgets and cost control plans based on the logic of sales plan -> production capacity plan -> factory construction plan -> human resource plan to establish a resource investment plan. ● At the end of each month, the monthly production capacity plan is reviewed and compared to the cost structure of the same period last year. Actual input is monitored daily and settled weekly. At the end of each month, actual input is compared to the budget target, and a continuous CA-PDCA cycle of checking and optimizing is implemented. ● New technologies are reviewed and pricing strategies are adjusted in DRI meetings every two weeks. Monthly management committee and DR0 meetings are held to share new technologies, monitor technological trends, and make decisions on technology direction. ● R&D, FAE, and sales regularly communicate with customers about new technology trends. ● We prioritize the selection of one of the top three companies in the industry as our strategic supplier. ● Implement green innovation, green procurement, green production, green

Risk categories	Risk factors	Control the implementation plan	Implementation status
			logistics, green services, green upgrading, and green living.
	Risks of business ethics	<ul style="list-style-type: none"> ● The Company promoted the 'Sunshine Policy' to suppliers and signed the 'Integrity Commitment Letter' with our major suppliers. ● The Company conducts information security awareness training every year and regularly implements information security audits. We also regularly complete confidentiality and ethical education and training, with an 100% passing rate for the examinations. ● Regularly organize courses related to laws and regulations, update laws and regulations, and conduct promotion for related personnel. 	<ul style="list-style-type: none"> ● The Company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties before conducting business and whether any of them have a history of unethical conduct. ● Enhance promotion in online and physical meetings, and organize 332 supplier exchange meetings. The Group advocates the Sunshine Policy of "fairness and impartiality, integrity and self-discipline, honesty and cooperation in building an environment that embraces honest and ethical purchasing", and emphasizes the prohibited behaviors the Company's website. ● Promote ethical business information by using the light boxes in the Company's living areas to incorporate the ideas in daily operations, resulting in more than 500,000 views from the people in the living area.
Finances	Investment risk	<ul style="list-style-type: none"> ● Closely monitor the financial market conditions, prepare in advance for related operations and financing funds, and maintain adequate equivalent cash turnover as appropriate. ● Pre-, mid-, and post-investment due diligence management ● Track the currency markets and control and regulate foreign currency exposures to lower the impact of fluctuations. Choose to deal with large and reputable financial institutions 	<ul style="list-style-type: none"> ● Pre-investment evaluation: Financial/regulatory due diligence investigation. - Investment agreement: Agreed investor protection clauses are established to ensure protection measures in case of risk occurrence. - Post-investment management: Regularly obtain financial reports, operating statements, conduct post-investment interviews, and participate in Board of Directors and shareholders meetings to promptly understand the business situation and any abnormalities. ● Diversify banks that we work with and diversify investment targets to avoid concentrated investment.
	Finance and tax risks	<ul style="list-style-type: none"> ● Establish appropriate financial indicators, regularly analyze cash, accounts receivable, inventory, and fixed assets, and propose and improve any problems identified in the analysis. ● Regularly estimate the corporate cash flow and assess long- and short-term liability matching to appropriately adjust receivables ● Pay attention to exchange rate and economic changes, stay informed about policy changes, and adjust the level of working capital as necessary to mitigate the impact on operating costs. ● Establish various asset management systems to ensure the safety and utilization efficiency of assets. ● Implement the "Customer Credit Risk Management Procedures" and inventory control mechanisms. Classify customers and track the credit status of customers. ● Review the liability insurance each year and complete the insurance procedures early to ensure seamless connections. 	<ul style="list-style-type: none"> ● Establish various asset management systems to ensure the safety and utilization efficiency of assets. ● If a customer exceeds their credit limit or their account is overdue beyond their credit limit threshold, SAP will automatically trigger a credit approval process for their orders. ● The Company follows the logic of sales planning, capacity planning, factory construction planning, and human resources planning to ensure the utilization and effectiveness of newly built production capacity. ● All factories and equipment are fully insured based on their acquisition cost in the fixed asset register, rather than based on their book value or selective coverage. The total insurance coverage is adjusted quarterly to ensure that it does not fall below the appropriate level. ● When renewing the annual coverage of various liability insurances, we use technology giants and peers in the industry as benchmarks. ● Risk managers and insurance brokers double-check the insurance expiration dates. Renewal operations are carried out 1-2 months prior to the expiration date to ensure a seamless continuation of coverage.

Risk categories	Risk factors	Control the implementation plan	Implementation status
Hazardous Events	Natural disaster risks	<ul style="list-style-type: none"> ● Establish a company emergency organization structure and develop emergency plans for natural disasters according to the SOP. ● The Company has established an El Nino project to prepare emergency supplies for high risk periods. Due to changes to the natural environment, the Company shall be able to respond at any time and report the management measures. ● Work with the government to prepare and respond to the emergency management procedures. ● Daily operations are implemented according to the internal emergency protection measures. ● Increase equipment automation and the use of safety protection devices. ● Strengthen equipment fire source and hazardous materials management. Inspect the wiring regularly according to the correct procedures. ● Organize fire safety drills, and employee infectious disease knowledge promotion and training. ● Activity areas for workers and staff members are managed according to the related procedures. 	<ul style="list-style-type: none"> ● The Group regularly conducts emergency drills for disasters in all regions, plans and allocates emergency supplies, cooperates with the government, and prepares and responds to emergency management procedures. ● Monitor climate change and establish an emergency response team to respond to emergencies according to the SOP at any time. ● Establish the Group Epidemic Prevention Committee and hold control meetings each week. The Company shall continue implementing strict controls according to internal rules. Control and management of materials/equipment, and cold chain items in regions severely affected by the pandemic. ● For grid management, the Company established employee care teams, provided masks and other protective equipment for free to employees, and fully monitored employee dynamics. ● Strengthen employee infectious disease knowledge promotion and training. ● Implement personnel flow control, reduce personnel gatherings, and implement preventive measures such as disinfection and vaccination. ● Promote natural disaster prevention and handling by using the light boxes in the Company's living areas to incorporate the concepts in daily operations, resulting in more than 500,000 views from the people in the living area.
	Environmental risk	<ul style="list-style-type: none"> ● Prepare a simulated roadmap for carbon neutrality and carry out SBT carbon neutrality roadmap calculations to connect with different green energy operators in various regions, and establish acquisition plans and collaboration models. ● Flood: Conduct evaluations of the altitudes and historic rainfall in different regions. Establish flood gates in the basements. Install sandbags and flood barriers at the gates of the plants. Establish flood pumps in the rain discharge pools and physical walls around the plants. Implement river flow alarms and flash rain warnings. ● Predict future water suppliers around the plants using software and plan back up water sources. Install emergency water tanks in the plants to ensure that at least 24 hours of water can be provided. Concurrently, prepare water vehicles to carry water. ● Extreme climate: Establish the El Nino project and winter project to prevent heatstroke and implement low temperature protection through good management. ● Lightning strike: Identify areas where lightning strikes. Regularly commission third parties to conduct lightning prevention testing. Install grounded lightning rods on every building. ● Use RC structures for the walls. Secure the equipment on the rooftops and conduct regular inspections. 	<ul style="list-style-type: none"> ● To meet the diverse needs of customers, the product range is divided according to different customer demands, and corresponding carbon neutrality strategies are formulated. Cost analysis is conducted to select the best solution to meet customer needs. ● In 2022, we included 85 major suppliers in carbon reduction communication to plan and carry out cooperation projects for energy saving and carbon reduction. We continue to expand the efforts to other suppliers. ● Continue to respond to government policies to connect with green energy providers in different regions in acquisition plans and partnerships. ● Continue to improve institutional ratings with the goal of improving environmental sustainability, including a rise from fifth to third place in the 2022 IPE rankings and entering the top 50 in the Climate Action CATI Index. ● Install suitable waterproof barriers according to the different elevations and historical rainfall of each park. ● Use software to predict the average 24-hour water quantity of the water source needed to maintain emergency production in the area where the industrial park is located. ● Develop the ZDT carbon neutrality strategy and join the Hengchun Peninsula forest restoration project.

(II) The Impacts of interest rates, exchange rate fluctuation and inflation situation on the Company's profit and loss, and the future response measures:

(1) Impact of changes to interest rate on the Company's profit or loss and response measures:

In 2022, the inflation pressure continued to rise due to the impact of the Russia-Ukraine war and the COVID-19 pandemic. At the same time, the global post-pandemic stimulus policies are gradually being lifted, and the central banks of major economies led by the United States have begun to shift towards raising interest rates and tightening monetary policies to curb inflationary pressures, but they have also caused further market volatility. The US Federal Reserve (FED) began a rare "aggressive rate hike" in 2022 to raise benchmark interest rates, and is expected to continue to maintain a pace of rate hikes in the first half of 2023. It is expected that high interest rates may be maintained for a considerable period of time before high inflation is effectively controlled.

Due to the impact of the global economic slowdown and inventory adjustments in the global supply chain, Taiwan's economy also experienced a volatile year, with overall business conditions shifting from boom to gradual cooling. Following the global trend, the Central Bank of Taiwan raised interest rates in the fourth quarter of 2022, with a total increase of 2.5 percentage points. However, Taiwan's inflation level is relatively moderate compared to the global level, and it is expected that the pressure for rate hikes in the future will be smaller than in Europe and the United States. In addition, it is expected that the speed of rate hikes in the United States will gradually slow in 2023. Therefore, it is expected that the interest rate level in Taiwan will remain relatively stable.

Due to the fluctuating epidemic prevention policies and the risk of the collapse of real estate companies, China was one of the few countries that maintained low interest rates in 2022. Since the second half of 2021, China has lowered the reserve requirement ratio and LPR loan interest rates four times, showing a relatively relaxed monetary policy. It is expected that after the full lifting of pandemic restrictions in December, the overall economy will continue to maintain stable growth, and the interest rate policy is expected to remain stable and slightly relaxed to consolidate the gradually recovering domestic economy.

(a) Impact on the Company's profit/loss:

The Company's net interest expenses in 2022 amounted to NT\$134,278 thousand. The Company's borrowing interest is based on the floating rate of the US dollar. Therefore, the increase in the US dollar interest rate will increase the Company's financing costs. However, at the same time, the increase in cash holdings also leads to an increase in the Company's interest income. These two factors offset each other, resulting in a decrease of NT\$91,972 thousand in net interest expense for 2022 compared to the previous year. It is expected that the US dollar interest rate may remain at the current level in 2023 due to the end of interest rate hikes. The overall interest rate of the Company is also expected to remain at the current level, which will not have a significant impact on the Company's profit and loss.

(b) Future response measures:

To meet the long-term funding needs for the future, the Company will continue to raise medium- and long-term loans to lock in financing costs in advance to support the continued business growth. We will also use good operating performance and credit to negotiate preferential interest rates with financial institutions to maintain the overall cost of funds.

- (2) The effects of exchange rate and inflation on company profits or loss and response measures:

With the trends of the international exchange market in 2022, the US dollar index stood out due to the rapid increase in US interest rates, while non-US currencies depreciated. However, with the expectation that the interest rate cycle will end in 2023, there are signs of a decrease in the US dollar from its high point. Based on the expectation that inflation will gradually ease due to the tightening of monetary policy and the economic recovery after the pandemic, international financial institutions predict that the US dollar may continue its previous trend in 2023. The RMB and NTD exchange rates will be affected by the US dollar. The financial institutions predict that the US dollar will be relatively stronger.

Due to the high inflation caused by the international situation, inflation is now a matter of great importance to different countries. In the post-COVID era, as the pressure of the pandemic eases and the international supply chain returns to a more balanced state, it is expected that the high inflation caused by the international situation will gradually ease, although it may still take some time to return to normal levels.

A. Impact on the Company's profit/loss:

The Company's main operating currencies include USD and RMB. Due to the fluctuations of the USD against RMB exchange rate in 2022, there were certain exchange rate impacts. However, the company adopts a focus on the business and a conservative and stable financial policy, and has not engaged in high-risk and high-leverage speculative transactions, and it is expected that significant market risks should not arise.

B. Future response measures:

To evade the risks of exchange rate fluctuations, the Company adopts hedging on the basis of receivable and payable foreign currency positions for its operations in derivative products. We also offset assets and liabilities to reduce exposure and the impact of exchange rate risks.

- (III) Policies, main causes of gain or loss and future response measures with respect to high-risk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions:

The Company has established the "Procedures for Acquisition and Disposal of Assets", "Procedures for Lending to Others", "Procedures for Making Endorsements and Guarantees", and "Procedures for Engaging in Transactions of Derivative Products" as the basis for the Company and its subsidiaries' related actions.

Except for endorsements, guarantees, and loans between the Company and subsidiaries and between subsidiaries, there are no endorsements, guarantees, or loans between the Company and other companies. The aforementioned endorsements, guarantees, and loans have been processed in accordance with related operating procedures and do not affect consolidated profit and loss. The Company has always focused on operations in its main business and does not involve itself in other high-risk industries. We also base our finance policy on the principles of stability and conservatism and we do not engage in high-risk high-leverage investments or transactions. The level of related risks should be considered as limited.

The Company operates derivative products to reduce the exchange rate risks resulting from the appreciation of RMB, leading to minimal impacts on loss. As transactions in derivative products are based on hedging accounts receivable and payable, the unrealized gains and

losses can be offset against foreign currency positions on the account. Therefore, there should be no material impact.

(IV) Future R&D plans and estimated R&D expenses:

Please see Pages 115 of the Annual Report.

(V) The impacts of changes of important domestic and foreign policies and laws on the Company, and the response measures:

The Company's business operations are carried out in accordance with important domestic and foreign policies, laws, and regulations. We also pay close attention to important domestic and foreign political development trends changes in laws to quickly respond to changes in the market environment and take appropriate response measures.

The Company's important customers and suppliers are mostly located in Asia. Due to special political conditions in certain Asian countries such as the divided Korea, special international political relations between Mainland China and Taiwan, and Hong Kong's status as a Special Administrative Region of China, the business operations of the Company's customers and the Company's own business operations may be affected by the political, economic, and legal environment in countries in Asia. In the most recent year and as of the publication date of the Annual Report, the Company's finances and businesses have not been affected by major changes in policies and laws of domestic or foreign governments. Any change in government policies, taxation, economic conditions, or interest rate in any region or any political, diplomatic, or social incident that affects the Company's customer may affect the business operations of the Company.

(VI) Impacts of technological changes (including information security risks) and industry changes on company finances and response measures:

As technical requirements for consumer electronics products continue to increase, the Company pays close attention to market trends and evaluates their impact on the Company's operations. The Company's important customers are mostly leading companies in global consumer electronics products and we maintain close partnerships. In the most recent year and as of the publication date of the Annual Report, the Company's finances and businesses have not been negatively affected by changes in technologies or industries.

(VII) The impacts of change of corporate image on the enterprise crisis management and the response measures:

The Company has adopted a people-oriented corporate philosophy and core values for integrity, responsibility, and excellence since its establishment. We actively strengthen internal management to improve quality and efficiency. We also continue to recruit outstanding talents to serve the Company and cultivate the capabilities of our management team. As of the printing date of the prospectus, there were no need for crisis management resulting from change of corporate image.

In addition, the Company has received environmental credit ratings by multiple provincial governments of Mainland China, including the Blue Enterprise, Green Brand Enterprise, Green Environmental Protection Model Enterprise, Water Conservation Construction Award, Advanced Unit for environmental protection task, Green Factory of green manufacturing enterprise, and Water-Saving Enterprise (please see the annual report for further information on environmental awards received by our plants over the year). We also won the Best Wastewater Treatment Award in the first Microsoft Annual Supplier Social and Environmental Responsibility Conference, Best Energy Conservation Award in the second Microsoft Annual Supplier Social and Environmental Responsibility Conference, and Best Corporate Social Environment Responsibility Award in the third Microsoft Annual

Supplier Social and Environmental Responsibility Conference. As a result, our corporate image and culture were further enhanced.

As of the publication date of the Annual Report, there were no need for crisis management resulting from change of corporate image.

- (VIII) The expected benefits and potential risks of mergers and acquisitions and response measures: We improve our independent process capacity and reduce cost in response to product transformation. There are currently no potential risks of mergers or acquisitions.
- (IX) The expected benefits and potential risks of capacity expansion and response measures:
- (1) Expected benefits: Production began in expanded plants which have contributed to revenue.
 - (2) Possible risks and response measures: We continue to strengthen and improve the Company's management efficiency, optimize product structure, and maintain competitiveness. We also carefully and rigorously evaluate market supply and demand and future orders to reduce risks and lower the impact of future uncertainties.
- (X) Risks associated with over-concentration in purchase or sale and response measures:
- (1) Concentrated purchases:
The PCB industry is a mature industry with numerous upstream suppliers and abundant resource supply. The Company has dispersed sources of materials and there is currently no risk of concentrated purchases.
 - (2) Concentrated sales:
The Company is a professional PCB manufacturer and PCBs are used in a wide range of applications. International brand customers are mainly concerned about the system assembly and manufacturing strategies for PCB supply. Our main customers include large-scale international electronic manufacturing services (EMS), original design/equipment manufacturer (ODM/OEM) designated by brand customers, and assembly plants of brand customers. The Company works closely with brand customers and we also maintain close partnerships with EMS and ODM/OEM manufacturers. However, more than 60% of our current operating revenue derives from designated production and manufacturing by international brand customers.

International brand manufacturers have increasingly outsourced their production to professional contract manufacturers in recent years, so there should be no risk of concentrated sales.
- (XI) The impacts and risks arising from a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or changes hands and the response measures: In the most recent year and as of the publication date of the Annual Report, there was no impact on the Company as a result of change of any major shareholder with more than 10% ownership interest or of large transfer/exchange of equity.
- (XII) Impact of change of management rights on the Company, associated risk and response measures: In the most recent year and as of the publication date of the Annual Report, there was not impact of change of management rights on the Company.
- (XIII) Results of litigation or non-litigation events with material impact on the interests of shareholders or stock price:

The Company was not involved in litigation or non-litigation events that generated major impacts on shareholder equity or share value in the most recent year as of the publication date of the Annual Report.

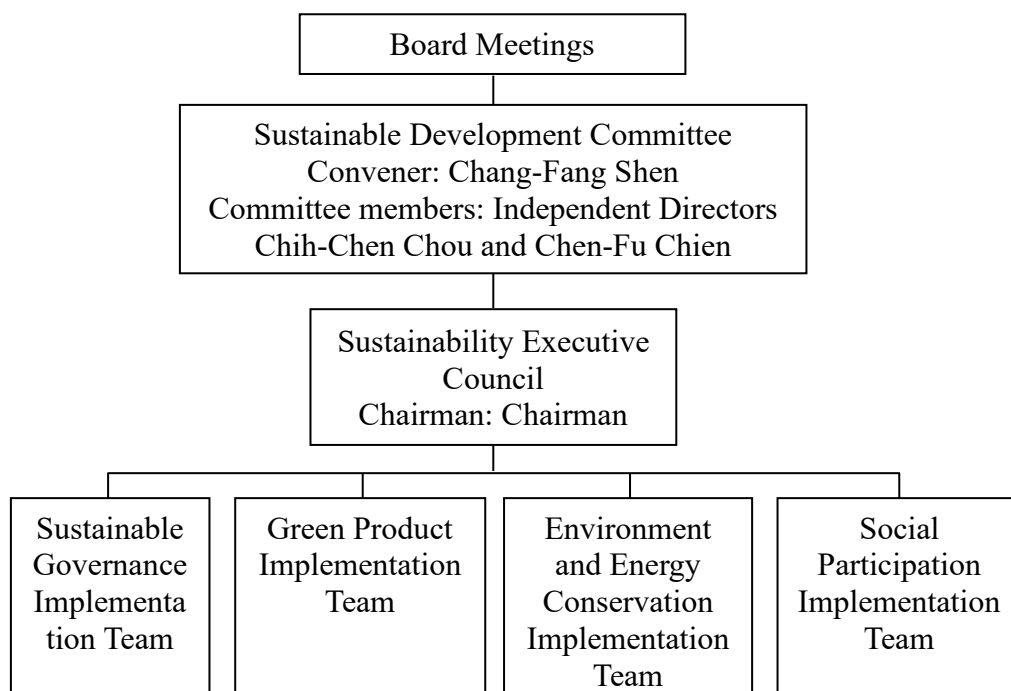
(XIV) Other significant matters and response measures: None.

VII. Other important issues

None

CHAPTER 8. Corporate Sustainable Development

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



The duties of the Committee include the following:

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

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

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

I. Pollution prevention

(I) Wastewater treatment

1. Wastewater from production is categorized into 20 to 25 categories based on the characteristics of product and pollutants. We collect wastewater for processing or recycling.
2. Based on the characteristics of wastewater, we adopted unique designs that include ten major processing systems with high-efficiency processing equipment, three-dimensional distribution of processing units for multiple phases, and a smart central control system.
3. We ensure wastewater treatment functions and effectively recycle water resources and heavy metals. We also save land usage, reduce energy consumption in the process, and expand flexibility.
4. Each wastewater treatment plant is equipped with a water quality laboratory for designated personnel to review the water quality in the wastewater treatment system.
5. Each wastewater effluent outlet is equipped with an online water quality/water volume monitoring device which is linked to environmental protection agencies for comprehensive 24-hour monitoring. A series of protection measures is implemented to ensure compliance with wastewater effluent standards.

(II) Exhaust gas treatment

1. The exhaust gas from all production lines is divided into 4 to 6 categories based on the contents of pollutants for sorting and processing.
2. Regular outsourced inspections ensure emissions concentration to be far lower than requirements in national standards.

(III) Waste disposal

1. Solid waste is divided into two major types: Hazardous industrial waste and general industrial waste.
2. Waste are sorted and collected at the sources on the production line.
3. Resources are fully recycled to create value. Waste that cannot be recycled is contracted to licensed professional contractors for processing.

(IV) Radiation safety management

1. Radioactive equipment refers to devices that emit X-ray, gamma ray, or neutron radiation. They can be classified into Category I, Category II, and Category III based on the radiation level from high to low. All radioactive equipment used by the Company consists of Category III X-ray devices which are mainly used for inspections.
2. Each radioactive has passed rigorous environmental impact assessments and the Company has obtained radioactive safety licenses from local governments. All indicators have met requirements in related national standards.
3. Each operator must undergo training before taking office. They perform their duties as licensed professionals after passing tests. The Company strictly forbids unlicensed personnel from operating radioactive equipment.
4. The Company requires all operators of radioactive equipment to wear radiation monitoring badges and regularly inspects the radiation level to protect employees' health and safety.

II. Energy conservation and carbon reduction

(I) Energy conservation design in plant building

We studied the local environment and original landform to introduce green building concepts for the entire park based on characteristics of the natural environment.

(II) Adoption of advanced equipment for environmental protection and energy conservation

We use production line equipment provided by the world's top three manufacturers and we prioritize the use of low-energy consumption and low-pollution equipment. We develop various energy-saving and water-saving solutions with manufacturers and strictly monitor and control all resource consumption in regular production.

(III) Certified clean production process

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

(IV) Carbon emissions inventory and management

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

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

Since 2007, we have periodically conducted annual GHG inventories in accordance with the ISO14064-1 standard, and obtained third-party verification certificates. The scope of the inventory includes all subsidiaries of the Company. In 2022, the ISO14064-1 GHG external certification attainment rate was 100% for all plants. In 2022, the combined Scope 1 and Scope 2 greenhouse gas emissions from our major production locations was 1,086,026 metric tons of CO₂e, with a carbon intensity of 6.34 metric tons of CO₂e per million NTD. This represents a 35% decrease in carbon intensity from 2013.

(V) Launch of renewable energy projects

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

In 2022, the Company has built a solar power generation system with an annual power generation area of 15,000 m² and an annual power generation of 3,952 MWh, which can reduce carbon emissions by approximately 2,780 tons. In the future, we will continue planning for 100% use of renewable energy. The Company is continuously increasing the construction area for solar power generation and is also seeking more renewable energy partners to plan deployment for the future to achieve maximum use

of renewable energy in the Company and strive towards achieving carbon neutrality goals.

(VI) Forest conservation and ecological protection

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

In January 2022, the Company voluntarily signed a 3-year cooperation agreement with the Taiwan Forestry Bureau for the "Reforestation Project of Native Tropical Plants and Removal of Invasive Species in the Hengchun Peninsula". The aim is to restore the original tropical plant community and the rich ecological chain, and to protect the biodiversity of the Hengchun Peninsula. As of December 31, 2022, the Hengchun Peninsula project has completed the removal of invasive river tamarind and planting of approximately 30,000 native trees over an area of approximately 12 hectares.

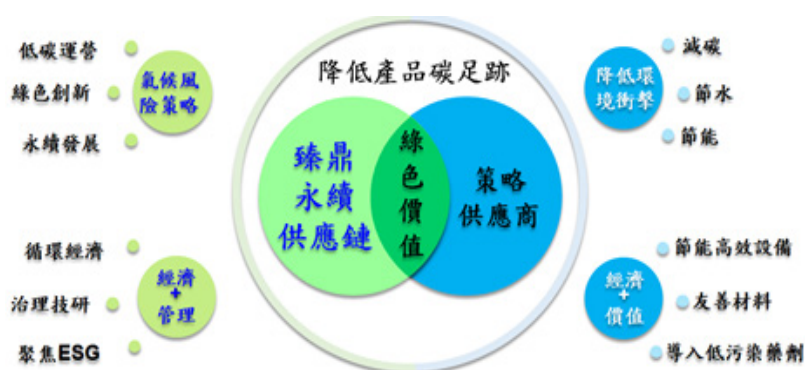
(VII) Promote energy conservation and carbon reductions to create a carbon asset surplus

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

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

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

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



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



(XI) The major plants that have received environmental management system certification are as follows

Name of certification Start and end dates Site	ISO14001	ISO50001	ISO14064-1
Shenzhen First Park	2022.03.09-2025.03.06	2022.11.30-2025.11.19	2022.01.01-2022.12.31
Qinhuangdao Park	2021.07.04-2024.07.30	2020.12.31-2023.12.30	2022.01.01-2022.12.31
Huai'an First Park	2020.10.29-2023.05.08	2020.12.21-2023.12.20	2022.01.01-2022.12.31
Huai'an Second Park	2022.03.09-2025.03.08	2020.09.21-2023.09.20	2022.01.01-2022.12.31
Qinhuangdao Qiding Park	2020.08.04-2023.08.27	2020.12.13-2023.12.12	2022.01.01-2022.12.31
BoardTek site	2020.07.27-2023.07.26	-	2022.01.01-2022.12.31

III. Recycling

(I) PCB production requires massive amounts of water. Our plants have introduced high-performance wastewater recycling equipment to process wastewater for use based on the requirements of water usage sites. Water is recycled for reuse in production, environmental cleaning, and irrigation. The total amount of water reused in 2022 was

9,703 million liters, resulting in a water reuse rate of 50.5% and achieving the set target (50%).

- (II) The Company established a waste resource management unit to implement waste sorting and management. We established a dedicated R&D team to develop new resource recycling technologies to increase the value of resources. In 2022, the total weight of waste removed from the sites was 80,309 tons, and the percentage of waste recycled was 91%, exceeding the target of 90%.

IV. Green Culture

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

- (I) The Company's environmental protection month is from April 22 to June 5 each year. We started with the ideals of sustainability and internal implementation to organize various fun, green activities, improving the environmental awareness of our employees. The different plants work with the local governments, schools, and communities to organize various green events, spreading eco-friendly ideals externally and helping society through practical actions.
- (II) We planted trees in the plants on Arbor Day each year to jointly create a low-carbon green environment.
- (III) We actively respond to government authorities' environmental protection and energy conservation policies and activities to promote a green culture and become a role model for environmental protection.

Please refer to the Annual Report for awards won by the sites for environmental protection and energy conservation.

- (IV) We strengthened communication with residents of neighborhoods near the sites and customers of the Company to promote our environmental protection culture and fulfill corporate social responsibilities. Since the founding of the Company, we have continued to focus on the blue map and disclosing PRTR information on the IPE website. Becoming promoters and demonstrators of environmental sustainability is the green wish of every employee. Therefore, the Company will continue to implement innovative improvements, strengthen environmental protection, and make the world a better place.

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

- V. Since 2007, the Company has held 15 annual environmental conservation and energy-saving month events. We have cooperated with various local governments, elementary and middle schools, and environmental organizations to hold more than 147 educational green promotion activities. Participants include company employees, the general public, government agencies, schools, and environmental groups. Due to the impact of the pandemic, the number of participants in this year's events decreased compared to the previous year, with a total of 16,780 participants in 2022. Through various internal and external awareness activities, we attempt to raise people's environmental awareness and take actions to realize ZDT's unique new green value.

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

- (1) We inventoried the greenhouse gas emissions of our major suppliers, guided them on establishing ISO systems, and increased the depth of suppliers' green management to enhance the Company's green influence.
- (2) We participated in the international Carbon Disclosure Project (CDP Supply Chain program). ZDT leads the global PCB industry with a B- rating on its CDP performance in 2022 and B rating on its water management performance, which was higher than the average in Asia and the industry. We announce our green development ideals and performance in energy conservation and carbon reduction as we learn about carbon management from world-class companies.
- (3) The Company's production departments and other peripheral units have engaged in multiple energy conservation and reduction projects, such as energy efficiency improvement projects, water management projects, and waste management projects.

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

Reduction goals for GHG emissions

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

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

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

- China Printed Circuit Association (CPCA)
- Guangdong Printed Circuit Association, Shenzhen Printed Circuit Association (GPCA/SPCA)
- Taiwan Printed Circuit Association (TPCA)
- Institute of Public and Environmental Affairs (IPE)
- Carbon Disclosure Project (CDP)
- Shenzhen Emissions Exchange, Ministry of Environmental Protection (China

Environment News) of the People's Republic of China

- Alliance for Water Stewardship (AWS)
- Responsible Business Alliance (RBA)

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

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

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

(1) Safety training activities

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

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

conduct safety inspections and guidance for the Company, thereby increasing the overall safety management standard of the Company and establishing a good foundation for safety.

(2) Occupational health management

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

A. Occupational illness risk factor test

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

B. Personnel management

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

(3) Fire safety management

The Company has established a central control center to implement alarms and handling procedures, emergency command, and safety monitoring in a single command structure. The center is equipped with fire safety management mechanisms and implements fire drills, equipment training, and firefighting system maintenance.

A. Central control center: The Company has established a central control center to collect, monitor, handle, and report various error messages, error signals, and realize resource integration. The center provides immediate and accurate responses to various abnormal situations and implements two-person 24 hour shifts.

B. Micro fire stations: Micro fire stations have been constructed in the plants. The stations are equipped with various detection instruments, handling equipment/facilities, fireproof suits, chemical resistant suits, emergency carts, and SCBA (respirators). The Company has installed related emergency equipment in the manufacturing sites. Apart from eye wash stations and first aid kits, we have also introduced Diphoterine (a chemical washing agent), AED (automated external defibrillator), and other emergency equipment. The Company has organized various emergency equipment and AED/CPR training.

C. Emergency management: The Company conducts special training for the use and operation of emergency equipment. For example, fire extinguishers, fire hydrants, chemical protection suits, and emergency vehicles. We have also considered the combination use of the equipment and designed lessons and training accordingly. The Company has stipulated fire fighting, evacuation, chemical leak, enclosed space, and other emergency response measures and conducts drills, in order to improve the employees' ability to save themselves and each other.

(4) Safe production management

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

- A. Safety control organization: The Company established the safety management organization and designated safety management personnel. At the same time, each plant is equipped with plant safety personnel and each workshop is equipped with an industrial safety officer as part-time safety management personnel to help potential safety issue inspection and reporting. The Company has established the Safe Production Committee, which regularly meets to discuss and review occupational safety.
- B. Implementation of laws and regulations: The various new expansions of the Company strictly comply with occupation safety, triple layer safety, and other safety laws and regulations of the country.
- C. Problem management: The Company has always been focused on the identification and handling of potential safety issues. We adopt daily audits, joint audits, and project audits to manage the plants according to their risk classification. The Company has implemented "El Nino Prevention, "Winter Plans, and other project audits, in order to eliminate threats immediately and provide complete prevention.
- D. Digitized management: The Company has established the Equipment Management System (EMS) and industry safety net system. We use the internet to realize equipment inspections, monitoring of maintenance status, and follow up and improvement of hidden threats. The Company is promoting PAD, paperless safety audits, achieving timed, location, and personnel management, thereby improving audit efficiency. High risk equipment PAD audit has been fully implemented since 2017. The Company established the supplier construction management platform to monitor supplier activity and record the construction process.

VII. Employee Care

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

- (I) Love Yourself: The Company encourages employees to learn to love themselves and pay attention to their health. We organize relaxing and fun activities that enable employees to relax their body and mind, de-stress, and improve their spiritual wellness. At the same time, a series of professional, technical, and management courses are planned to help employees enhance their skills and substance, forging their personal charm and style.

In 2022, a total of 22 Love Yourself events were held, including reading challenges, DIY workshops, and employee fitness programs. The total number of participants was 3,047.

- (II) Love Family: To create a warm, happy family atmosphere at Zhen Ding, and increase employees' wellbeing and sense of belonging, the Company has organized events at all manufacturing sites, such as matchmaking events, parent-child trips, family

open day, and couple activities, as means of building a platform that surrounds employees with the love of their families, friends, and partners.

In 2022, a total of 42 Love Family events were held, including exclusive online quizzes for family members, family photo collections, and family-themed courses and salons, with a total of 12,026 participants.

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

In 2022, a total of 3,255 Love Colleagues events were held, such as cultural events, interactive activities, and motivational programs for returning to work, with a total of 449,640 participants.

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

In 2022, a total of 268 Love the Company events were held, including online quizzes on cybersecurity knowledge and a photography exhibition showcasing the company's beauty, with a total of 76,071 participants.

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

In 2022, a total of 1,525 Love Life events were held, including Show Your Colorful Life, weight loss and fat burning courses, and My Daily Diary, with a total of 230,104 participants.

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

In 2022, a total of 32 Love the Earth events were held, including waste sorting promotion, battery recycling, and green community evaluations, with a total of 8,460 participants. The aim is to work together to protect our beautiful planet.

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

around them, lead a fulfilling life, and identify more with the values and beliefs of the Company.

VIII. Social engagement

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

A total of 23 elderly care events were organized in 2022, with 8,459 participants.

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

A total of 146 disadvantaged care events were organized in 2022, with 106,544 participants.

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

A total of 22 disabled care events were organized in 2022, with 3,129 participants.

- (IV) Help Studies: The Company encourages our employees to provide different volunteering services, such as collecting funds to set up a library, donating books and other learning materials to help children to broaden their horizon and expand their knowledge base. At the same time, we have helped to improve the teaching environment and sponsored financially-disadvantaged college students to help them grow and become successful. Zhen Ding has established a long-term support mechanism to enable more underprivileged students with excellent academic performance to complete their education.

A total of 25 academic assistance events were organized in 2022, with 6,357 participants.

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

A total of 17 travel assistance events were organized in 2022, with 11,553 participants.

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

A total of 28 cleanliness assistance events were organized in 2022, with 7,032 participants.

We fulfilled our corporate social responsibility through the aforementioned series of "Six Helps" events. The Company adopted its own song "Let the World See" to deliver our corporate

culture and take on corporate social responsibilities to contribute to social advancement. The Company shall uphold the spirit for continuous innovation and we hope to make ourselves, the environment, society, and the Earth better each day.

IX. The CSR performance of the Company in 2022 was as follows:

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

Starting from 2022, the Company has partnered with the Department of Education of Taoyuan City Government to support the technical and vocational talent cultivation program. We have established a student scholarship program with the Department of Education to reward outstanding students who are registered in Taoyuan City. In 2022, a total of 547 students received scholarships, including 309 technical and vocational scholarships, 202 technical and vocational assistance scholarships, and 36 special technical and vocational performance awards. The total amount awarded was NT\$5.88 million.

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

As of 2022, we have helped 25 elementary schools to show our care. We donated chairs, tables, books, and winter suppliers. We also established reading corners in underprivileged schools. At the same time, classes on traffic safety and green campus activities were held for the students, and interactive games were used to help them broaden their horizons, benefitting more than 22 thousand elementary school students.

- (III) The Company continues to implement our "Public Welfare Scholarship" program, which provides financial aid to academically excellent and financially disadvantaged students to complete their four-year university education. The Company also regularly interacts with these students to show our care and concern for their growth and learning progress. At the same time, volunteers also visited the homes of impoverished students in mountainous areas to care for their living environment and inspire them to succeed. As of 2022, we have sponsored a total of 376 students in 14 schools.

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

- (IV) To boost the rice industry in Taiwan and fulfill our corporate social responsibility, ZDT has launched a particularly meaningful activity, called My Piece of Land. For the 11th year, the Company continues to promote rice adoption, supporting over 12.75 hectares of eco-friendly rice paddies and working with farmers to cultivate nearly 30,000 kilograms of natural rice. The adopted rice paddies are cultivated using non-toxic farming methods, known as "natural farming", and the resulting non-toxic rice does not cause soil or environmental pollution, contributing to a healthier ecology.

In 2022, we continued to work with local rice farmers in Daxi. Through the "My Piece of Land" volunteering activity, we hope employees and their spouse can contribute to Taiwan with actual actions. Furthermore, the Company also donates a portion of the rice harvested to charity organizations in need to fulfill our social responsibilities.

We fulfilled our corporate social responsibility through a series of events and assist with social advancement and development. The Company shall uphold the spirit for continuous innovation and we hope to make ourselves, the environment, society, and the Earth better each day.

X. Strategic Partners

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

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

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

The Company identifies and confirms 13 major issues of concern to stakeholders through the following five steps:

- (I) Identify Relevant Topics
- (II) Identify Topics of Interest to Stakeholders
- (III) Analyze the Degree of Economic, Environmental, and Social Impact
- (IV) Rank Material Topics in Order of Priority and Confirm Material Topics
- (V) Inspection and review

Complaint channel for the stakeholders of the Company:

Stakeholder	Contact Person	
Competent authority	Manager Huang	Email: zdt-contact@zdtco.com
Investor	Manager Ling	Email: zdt-ir@zdtco.com
Suppliers	Manager Liu	Email: zdt-contact@zdtco.com
Contractor	Manager Wang	Email: zdt-contact@zdtco.com
Communities	Deputy Manager Li	Email: zdt-hr@zdtco.com
Customer	Deputy Manager Li	Email: zdt-sales@zdtco.com
Employees	Deputy Manager Li	Email: zdt-hr@zdtco.com
Banks	Deputy Manager Li	Email: zdt-contact@zdtco.com

XII. and their supply chain management.

1. The Company has established a comprehensive supply chain management system, which includes a department in charge of supplier management. By using the Supplier (Contractor) Management System, we systematically and comprehensively manage the quality, delivery, service, and prices of goods supplied. The Company also established the Supplier Social Responsibility Management Regulations, Supplier Conflict Minerals Management Regulations, and other regulatory documents to conduct integrity, honesty, and supplier social responsibility management training for internal procurement staff, extending the Company's social responsibility ideals to the supply chain and establish partnerships with suppliers for joint management. We

require companies to adhere and commit to such regulations and ensure that all of their operations meet the applicable environmental laws, labor laws, and international corporate social responsibility regulations. ZDT has requested suppliers to provide a Letter of Commitment, which is formulated according to international standards such as RBA, before working with them. The Letter covers ethical conduct, human rights, and environmental aspects, as well as provisions that state that agreements shall be terminated or canceled when suppliers violate corporate social responsibility policies to an extent that poses significant impact on the environment and society. In 2022, 93% of our suppliers have signed this Letter.

Corporate management requires cooperation with our strategic partners. We hope to grow, innovate, develop core technologies (new products, new technology, new materials, and new production processes), and share the results with our partners who share our ideals. A total of 179 companies completed supplier quality and social responsibility audits in 2022.

2. Social responsibility audit guidance, education and training, and complaint mechanisms

- Social responsibility audit guidance:

ZDT conducts yearly onsite audit on high-risk suppliers by using the material risk classification and annual rating standards in the Supplier Audit Regulations. In 2022, a total of 132 suppliers were selected to undergo the annual quality and hazardous substance audit. All supplies passed the audit or passed the final re-audit.

- Supplier Education and Training

To strengthen suppliers' effective implementation of the Company's social responsibility code of conduct, environmental protection policy, and common quality tools, a supplier training program is planned at the beginning of each year to provide training to suppliers. In 2022, a total of 4 quality-related courses were offered and 74 suppliers underwent training, totaling 307 participants.

- Grievance Mechanism

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

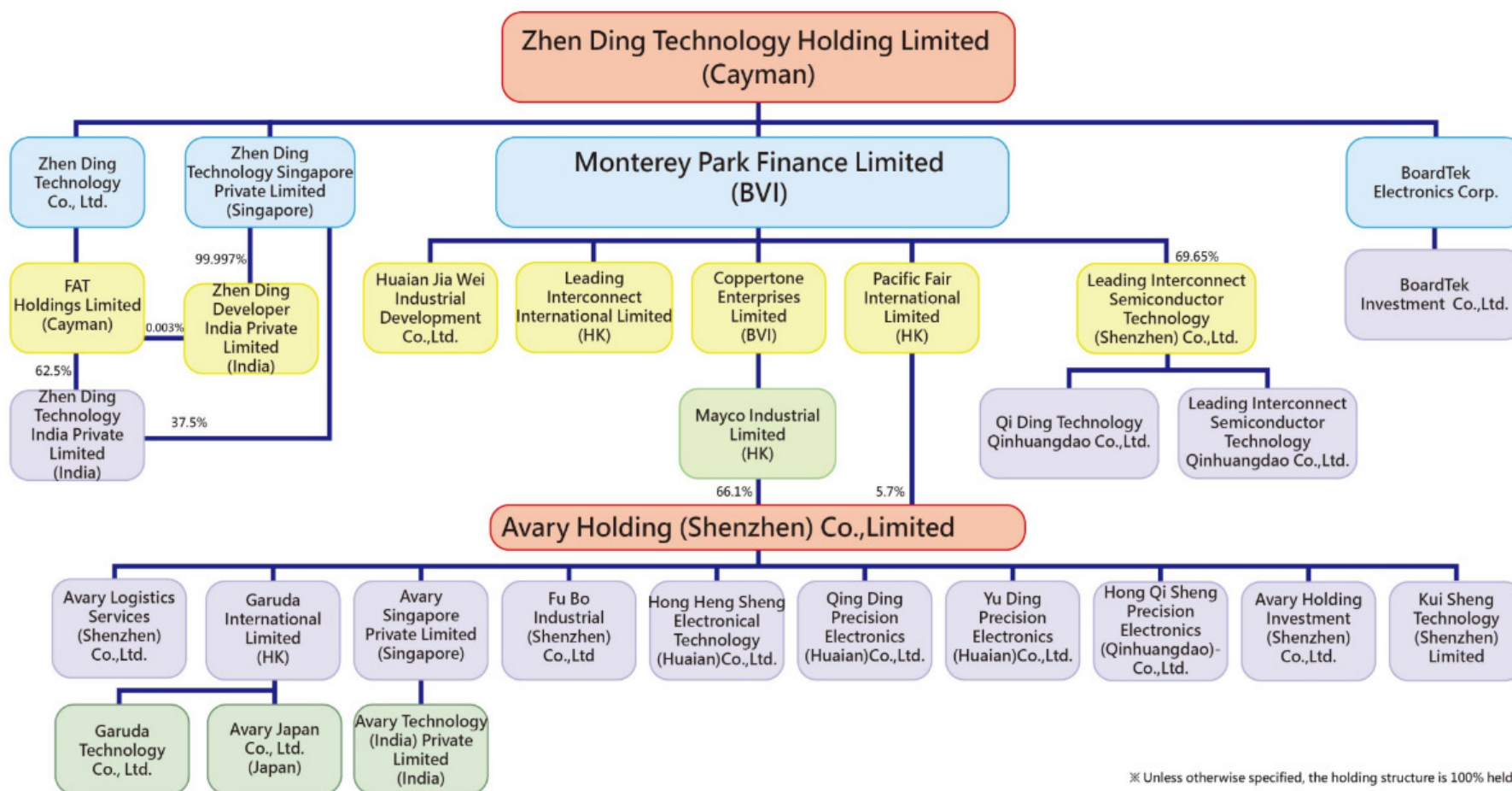
CHAPTER 9. SPECIAL NOTES

I. Information on Affiliates

(I) Consolidated business report of affiliates

1. Organization structure of affiliated companies

Reference date: 2022.12.31



※ Unless otherwise specified, the holding structure is 100% held.

2. Basic information of the various affiliated enterprises

December 31, 2022

Name of affiliated companies	Date of establishment	Address	Capital	Principal business or core products
Zhen Ding Technology Co., Ltd.	1978.09.02	No.6, Lane 28, Sanho Road, Sanshi Village, Dayuan District, Taoyuan City, Taiwan, R.O.C.	NT\$ 125,488 thousand	Design, development, and sales of electronics products
Monterey Park Finance Limited	1998.10.22	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US\$ 976,250 thousand	Investment holding
Coppertone Enterprises Limited	1998.12.28	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US\$ 102,786 thousand	Investment holding
Pacific Fair International Limited	2007.11.23	Suite 1222, 12/F., Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong	HK\$ 2,133,300 thousand	Investment holding
Mayco Industrial Limited	2007.11.14	Suite 1222, 12/F., Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong	HK\$ 9,321,842 thousand	Investment holding
FAT Holdings Limited	1999.03.01	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands	US\$ 5 thousand	Investment holding
Zhen Ding Technology Singapore Private Limited	2020.09.30	9 Raffles Place, #26-01, Republic Plaza, Singapore (048619)	US\$ 30,000 thousand	Holding company
Zhen Ding Technology India Private Limited	2021.02.08	Unit No.01, 3rd Floor, No.27 Kamaraj Colony, 3rd Street, Kodambakkam, Chennai, TN 600024, India	INR 100 thousand	Design, development, manufacturing, and sales of PCB products
Zhen Ding Developer India Private Limited	2021.02.25	Unit No.02, 3rd Floor, No.27 Kamaraj Colony, 3rd Street, Kodambakkam, Chennai, TN 600024, India	INR 2,100,100 thousand	Leasing company
Leading Interconnect International Limited	2016.07.06	Suite 1222, 12/F., Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong	HK\$ 1	Sales of electronics products
Avary Holding (Shenzhen) Co., Limited	1999.04.29	27F, Building A, Pengding Age Building, No. 2038, Haixiu Rd., Haibing Community, Xin'an Subdistrict, Bao'an District, Shenzhen, Guangdong Province	RMB 2,321,156 thousand	Design, development, manufacturing, and sales of PCB products
Garuda Technology Co., Ltd.	2016.12.28	8F, No. 8, Baoqiang Road, Xindian District, New Taipei City, Taiwan	NT\$ 1,525,000 thousand	Sales of PCB products

Name of affiliated companies	Date of establishment	Address	Capital	Principal business or core products
Garuda International Limited	2016.08.30	Unit B,26/F.,CKK Commercial Centre,289 Hennessy Road, WanChai, Hong Kong	HK\$ 460,200 thousand	Sales of PCB products
Avary Singapore Private Limited	2019.03.18	8 WILKIE ROAD #03-01 WILKIE EDGE SINGAPORE (228095)	US\$ 64,130 thousand	Holding company
Avary Technology(India) Private Limited	2019.06.17	No.28, Padur Road, Kuthambakkam Village, Poonamalle Taluk, Thiruvallur District, Tamil Nadu 600124, India	INR 2,690,449 thousand	Design, development, manufacturing, and sales of PCB products
Avary Japan Co., Ltd.	2019.07.30	Suite 808, 1-chōme-12-9 Shinbashi, Minato City, Tōkyō-to, Japan	JPY 98,000 thousand	Investigation and analysis of market trends, expansion of new customer and supplier base, development of new technologies, materials, equipment, and machines
Fu Bo Industrial (Shenzhen) Co., Ltd.	1998.08.03	AVARY Park, Songluo Road, Yanchuan Community, Yanluo Subdistrict, Bao'an District, Shenzhen, Guangdong Province, China	RMB 110,070 thousand	Design, development, manufacturing, and sales of PCB products
Kui Sheng Technology (Shenzhen) Limited	2017.03.28	AVARY Park, Songluo Road, Yanchuan Community, Yanluo Subdistrict, Bao'an District, Shenzhen, Guangdong Province, China	RMB 20,000 thousand	Design, development, manufacturing, and sales of PCB products
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	2007.01.25	No.18, Tengfei Road, Qinhuangdao Economic and Technological Development Zone, Hebei Province, China	RMB 2,338,456 thousand	Design, development, manufacturing, and sales of PCB products
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	2006.12.06	No.168, Fushikang Road, Huai'an Economic and Technological Development Zone, Jiangsu Province, China (within the Comprehensive Bonded Zone)	RMB 926,487 thousand	Design, development, manufacturing, and sales of PCB products
Yu Ding Precision Electronics (Huaian) Co., Ltd.	2014.06.23	No. 18, Pengding Road, Huai'an Economic and Technological Development Zone, Jiangsu Province, China	RMB 240,940 thousand	Design, development, manufacturing, and sales of PCB products
Qing Ding Precision Electronics (Huaian) Co., Ltd.	2014.06.23	No. 8, Pengding Road, Huai'an Economic and Technological Development Zone, Jiangsu Province, China	RMB 3,160,582 thousand	Design, development, manufacturing, and sales of PCB products

Name of affiliated companies	Date of establishment	Address	Capital	Principal business or core products
Avary Holding Investment (Shenzhen) Co., Ltd.	2020.01.19	AVARY Park, Songluo Road, Yanchuan Community, Yanluo Subdistrict, Bao'an District, Shenzhen, Guangdong Province, China	RMB 340,000 thousand	Investing in production businesses, project investments, corporate management consulting, and economic information consulting services (excluding recruitment agency services, insurance, securities, financial business, and other restricted items)
Avary Logistics Services (Shenzhen) Co. Ltd.	2021.12.20	1F, Building A, Pengding Age Building, No. 2038, Haixiu Rd., Haibing Community, Xin'an Subdistrict, Bao'an District, Shenzhen, Guangdong Province	RMB 5,000 thousand	Property management; parking services; commercial complex management services; corporate image planning; etiquette services; conference and exhibition services; building cleaning services; hotel management; domestic trade agency; landscaping engineering construction; urban landscaping management.
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	2019.08.26	SL11, No. 8, Langdong Road, Yanchuan Community, Yanluo Subdistrict, Bao'an District, Shenzhen, Guangdong Province, China	US\$ 88,541 thousand	General Business Scope: Sales of self-manufactured products and proved related technological and after-sales services, lease of owned properties, wholesale of electronic products, import and export of electronic

Name of affiliated companies	Date of establishment	Address	Capital	Principal business or core products
				products and related services. Approved Business Scope: Research, development, and production of IC packaging substrate, materials for IC only, system-level packaging substrate, and solder ball bump.
Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	2021.03.29	No.18-2, Tengfei Road, Qinhuangdao Economic and Technological Development Zone, Hebei, China	RMB 400,000 thousand	The technological development, technical services, manufacturing, and sales of integrated circuit materials, systems in package, redistribution layer materials, ball grid array substrates and materials, real-time programmable grid array substrates and materials, chip scale package substrates and materials, multi-chip component substrates and materials, integrated circuit package substrates, embedded component substrates and materials, solder bump substrates, and new electronic components and equipment; leasing of owned housing; wholesale of electronics products; and import/export of cargo

Name of affiliated companies	Date of establishment	Address	Capital	Principal business or core products
				and technology.
Qi Ding Technology Qinhuangdao Co., Ltd.	2016.08.08	No.18-2, Tengfei Road, Qinhuangdao Economic and Technological Development Zone, Hebei, China	RMB 477,026 thousand	Design, development, manufacturing, sales, and wholesale of electronics products, and import/export of related products
Huaian Jia Wei Industrial Development Co., Ltd.	2018.07.05	Room A306, Building 2, No. 111, Yingbin Avenue, Huai'an Economic and Technological Development Zone, Jiangsu Province, China	US\$ 28,000 thousand	Manufacturing and sales of building materials, furniture, and hardware tools; sales of decorative materials; business information consulting; catering management; catering services.
BoardTek Electronics Corp.	1987.06.08	No. 16, Jingjian 1st Road, Guanyin Industrial Park, Guanyin District, Taoyuan City, Taiwan	NT\$ 959,185 thousand	Design, development, manufacturing, and sales of PCB products
BoardTek Investment Co., Ltd.	2000.12.07	No. 16, Jingjian 1st Road, Guanyin Industrial Park, Guanyin District, Taoyuan City, Taiwan	NT\$ 248,294 thousand	General investment services

3. Information of common shareholders who are presumed to have controlling and subordinate relationship: None.

4. Status of operation for various affiliated companies:

December 31, 2022; Unit: various currencies

Name of business	Currency	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Current profit and loss	Earnings per share
Zhen Ding Technology Co., Ltd.	NTD	125,488,000	2,737,759,532	659,366,906	2,078,392,626	4,558,563,347	(242,704,600)	(155,495,444)	(12.39)
Monterey Park Finance Limited	USD	976,250,000	3,666,743,200	-	3,666,743,200	-	(2,985)	505,918,368	0.52
Coppertone Enterprises Limited	USD	102,785,806	2,963,475,049	-	2,963,475,049	-	(2,620)	468,869,329	4.56
Pacific Fair International Limited	USD	273,500,000	467,663,245	1,701,985	465,961,259	-	(15,013)	39,672,357	-
Mayco Industrial Limited	USD	1,195,107,940	2,983,124,205	19,702,086	2,963,422,119	-	(337,660)	468,871,943	-
FAT Holdings Limited	USD	5,000	25,614,434	-	25,614,434	-	(4,165)	457,465	91.49
Zhen Ding Technology Singapore Private Limited	USD	30,000,000	28,095,706	2,977	28,092,729	-	(17,546)	1,007,886	-
Zhen Ding Technology India Private Limited	INR	100,000	132,872	1,205,128	(1,072,256)	-	(273,235)	(273,235)	-
Zhen Ding Developer India Private Limited	INR	2,100,100,000	2,186,648,910	1,050,483	2,185,598,428	-	(9,408,654)	80,972,938	-
Leading Interconnect International Limited	USD	1	2,907,319	2,996,846	(89,527)	-	(232,822)	(252,016)	-
Garuda Technology Co., Ltd.	NTD	1,525,000,000	10,043,295,714	8,190,100,667	1,853,195,047	18,004,723,657	188,423,851	117,854,000	0.77
Garuda International Limited	USD	59,000,000	1,757,479,461	1,456,187,930	301,291,531	5,278,345,415	(2,509,381)	15,769,868	-
Avary Singapore Private Limited	USD	64,130,000	17,001,481	3,349	16,998,132	-	(19,894)	(21,246,270)	-
Avary Technology (India) Private Limited	INR	2,690,449,100	5,775,560,892	6,786,108,957	(1,010,548,065)	3,112,269,915	(1,093,431,625)	(1,694,743,551)	-
Avary Japan Co., Ltd.	JPY	98,000,000	41,810,171	5,669,459	36,140,712	-	(60,407,717)	(60,264,728)	-
Avary Holding (Shenzhen) Co., Limited	RMB	2,321,155,816	32,494,785,296	4,545,602,934	27,949,182,361	15,623,774,968	2,381,030,090	5,086,019,307	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	RMB	2,338,456,231	9,746,564,731	2,094,295,392	7,652,269,339	9,932,598,243	1,718,947,254	1,730,171,446	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	RMB	926,487,130	2,408,638,980	2,336,243,352	72,395,628	1,695,190,070	121,956,922	62,837,088	-
Fu Bo Industrial (Shenzhen) Co., Ltd.	RMB	110,069,974	161,064,424	1,506,247	159,558,177	-	(4,201,752)	13,029,407	-

Name of business	Currency	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Current profit and loss	Earnings per share
Kui Sheng Technology (Shenzhen) Limited	RMB	20,000,000	77,225,452	36,503,331	40,722,122	259,857,861	4,327,351	4,726,486	-
Yu Ding Precision Electronics (Huaian) Co., Ltd.	RMB	240,940,100	293,805,168	72,962,409	220,842,759	-	(9,744,440)	(721,389)	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	RMB	3,160,582,036	11,168,769,777	5,493,736,379	5,675,033,398	13,099,473,913	1,487,202,477	1,167,786,686	-
Avary Holding Investment (Shenzhen) Co., Ltd.	RMB	340,000,000	368,031,226	8,720,749	359,310,478	-	(296,943)	(1,260,009)	-
Avary Logistics Services (Shenzhen) Co. Ltd.	RMB	5,000,000	1,430,361	764,216	666,146	143,558	(4,393,505)	(4,333,854)	-
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	RMB	591,106,933	4,552,963,510	3,362,288,354	1,190,675,155	7,484,431	(139,234,223)	44,453,027	-
Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	RMB	400,000,000	1,912,421,540	1,619,630,880	292,790,661	6,022,359	(118,665,114)	(105,695,375)	-
Qi Ding Technology Qinhuangdao Co., Ltd.	RMB	477,026,000	1,574,810,940	651,256,413	923,554,526	1,173,947,405	236,583,584	253,916,661	-
Huaian Jia Wei Industrial Development Co., Ltd.	RMB	163,187,510	162,655,506	-	162,655,506	-	(37,261)	1,105,765	-
BoardTek Electronics Corp.	NTD	959,184,530	7,638,719,383	6,778,069,638	860,649,745	5,590,460,910	(516,848,270)	(461,893,239)	(4.82)
BoardTek Investment Co., Ltd.	NTD	248,293,620	283,325,615	2,224,052	281,101,563	-	(162,237)	8,256,207	0.33

5. Information of directors, supervisors and general managers in all affiliated companies:

December 31, 2022

Name of affiliated companies	Title	Name or representative	Number of shares held	
			Number of shares	Shareholding percentage (%)
Zhen Ding Technology Co., Ltd.	Chairman	Zhen Ding Technology Holding Limited-Chang-Fang Shen	12,548,800	100%
	Director	Zhen Ding Technology Holding Limited-Te-Wang Hsiao		
	Director	Zhen Ding Technology Holding Limited-Wei-Chen Yang		
	Supervisor	Zhen Ding Technology Holding Limited-Che-Hung Yu		
Monterey Park Finance Limited	Director	Chang-Fang Shen	-	-
Coppertone Enterprises Limited	Director	Chang-Fang Shen	-	-
Pacific Fair International Limited	Director	Chang-Fang Shen	-	-
Mayco Industrial Limited	Director	Chang-Fang Shen	-	-
FAT Holdings Limited	Director	Chang-Fang Shen	-	-
Zhen Ding Technology Singapore Private Limited	Director	Ding-Hao Lin	-	-
	Director	Wen-Yi Bo	-	-
Zhen Ding Technology India Private Limited	Director	Qin-Ping Lin	-	-
	Director	Jien-Hong Chen	-	-
Zhen Ding Developer India Private Limited	Director	Qin-Ping Lin	-	-
	Director	Jien-Hong Chen	-	-
Leading Interconnect International Limited	Director	Ting-Chuan Lee	-	-
Avary Holding (Shenzhen) Co., Limited	Chairman	Chang-Fang Shen	11,262,233	0.49%
	Director	Che-Hung Yu	-	-
	Director	Long Long	-	-
	Director	Ye-Lin Chang	-	-
	Director	Jen-Shou Hsu	-	-
	Director	Chung-Hsing Huang	-	-
	Director	Po Chang	-	-
	Supervisor	Cheng-En Ko	-	-
	Supervisor	Hsiu-Ching Tsang	-	-
	Supervisor	Chun-Na Miao	261,539	0.01%
Garuda Technology Co., Ltd.	Chairman	Garuda International Limited-Wei-Chen Yang	152,500,000	100%
	Director	Garuda International Limited-Te-Wang Hsiao		

Name of affiliated companies	Title	Name or representative	Number of shares held	
			Number of shares	Shareholding percentage (%)
	Director	Garuda International Limited-I-Hung Lin		
	Supervisor	Garuda International Limited-Che-Hung Yu		
Garuda International Limited	Director	Te-Wang Hsiao	-	-
Avary Singapore Private Limited	Director	Ming-Hao Wu	-	-
	Director	Kai-Guo Wu	-	-
Avary Technology (India) Private Limited	Director	Zhang-Yao Chen	-	-
	Director	Qin-Ping Lin	-	-
	Director	Qing-Hong Bi	-	-
Avary Japan Co., Ltd.	Director	Kashiwatani Shinichi	-	-
Fu Bo Industrial (Shenzhen) Co., Ltd.	Executive Director	Jung-Hsien Hsueh	-	-
	Supervisor	Hao-Hsu Li	-	-
Kui Sheng Technology (Shenzhen) Limited	Executive Director	Chih-Hsing Wang	-	-
	Supervisor	Chun-Mei Chen	-	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Chairman	Fang-Hsien Hsu	-	-
	Director	An-Zhi Lo	-	-
	Director	Jian-Jun Guo	-	-
	Supervisor	Li-Qun Fan	-	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Chairman	I-Hung Lin	-	-
	Director	Fang-Hsien Hsu	-	-
	Director	Wei-Chung Lin	-	-
	Supervisor	Shi-Jie Cui	-	-
Yu Ding Precision Electronics (Huaian) Co., Ltd.	Chairman	I-Hung Lin	-	-
	Director	Chih-Hsing Wang	-	-
	Director	Shi-Jie Cui	-	-
	Supervisor	Wei-Chung Lin	-	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Chairman	I-Hung Lin	-	-
	Director	Geng-Min Ji	-	-
	Director	Wei-Chung Lin	-	-
	Supervisor	Ben-Fu Liao	-	-
Avary Holding Investment (Shenzhen) Co., Ltd.	Executive Director	Te-Wang Hsiao	-	-
	Supervisor	Hong Chou	-	-
Avary Logistics Services (Shenzhen) Co. Ltd.	Executive Director	Te-Wang Hsiao	-	-
	Supervisor	Zhi-Chuan Liu	-	-
Leading Interconnect	Executive Director	Ting-Chuan Lee	-	-

Name of affiliated companies	Title	Name or representative	Number of shares held	
			Number of shares	Shareholding percentage (%)
Semiconductor Technology (Shenzhen) Co., Ltd.	Supervisor	Yuan-Shen Wang	-	-
Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Executive Director	Ting-Chuan Lee	-	-
	Supervisor	Yuan-Shen Wang	-	-
Qi Ding Technology Qinhuangdao Co., Ltd.	Executive Director	Ting-Chuan Lee	-	-
	Supervisor	Pang-Chi Liu	-	-
Huaian Jia Wei Industrial Development Co., Ltd.	Executive Director	Di-Guang Yang	-	-
	Supervisor	Pang-Chi Liu	-	-
BoardTek Electronics Corp.	Chairman	Zhen Ding Technology Holding Limited-Jing-Hsien Hsieh	95,918,453	100%
	Director	Zhen Ding Technology Holding Limited-Jian-Cheng Lee		
	Director	Zhen Ding Technology Holding Limited-Chao-Ding Lin		
	Supervisor	Zhen Ding Technology Holding Limited-Ding-Hao Lin		
BoardTek Investment Co., Ltd.	Chairman	BoardTek Electronics Corp. - Jing-Hsien Hsieh	24,829,362	100%
	Director	BoardTek Electronics Corp. - Chao-Ding Lin		
	Director	BoardTek Electronics Corp. - Mei-Chi Lo		
	Supervisor	BoardTek Electronics Corp. - Ding-Hao Lin		

(II) Consolidated Financial Statement of Affiliates: please refer to Pages 148 to 259 of the Annual Report for more information.

(III) Affiliated Company Consolidated Financial Report Statement: Not applicable.

II. Private Placement of Securities of the Most Recent Year as of the Publication Date of the Annual Report

None.

III. Securities Acquired, Disposed of, or Held by Subsidiaries in the Most Recent Year as of the Publication Date of the Annual Report

None.

IV. Other Necessary Supplemental Information

None.

V. Events with Major Impacts on Shareholder Equity or Share Value Described in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the Most Recent Year as of the Publication Date of the Annual Report

None.

VI. Explanation of Material Differences Between the Company's Articles of Incorporation and Protection of Shareholders' Equity Required by the Laws of the Republic of China

The Company does not intend to handle distribution of earnings or make-up of deficit at the end of each quarter or halfway through the fiscal year. Therefore, we did not include rules on the distribution of earnings or make-up of deficit at the end of each quarter or halfway through the fiscal year in our amendments to the Articles of Incorporation. In addition, our amendments to the Articles of Incorporation have incorporated matters concerning the protection of shareholders of issuer as indicated in the "Checklist of Shareholders Rights Protection with respect to Foreign Issuer's Place of Incorporation", which was announced by the Taiwan Stock Exchange on March 11, 2022 and January 9, 2023.

Important Matters Concerning the Protection of Shareholders' Equity	Provisions of the Company Act or Securities and Exchange Act	Provisions Contained in the Articles of Incorporation and Reasons for Differences
II. Procedure for Convening a Shareholders' Meeting or Method of Adopting Resolutions		
<ol style="list-style-type: none"> Shareholders' meetings shall be convened within the territory of the Republic of China. If a shareholders' meeting is convened outside the territory of the Republic of China, it shall be resolved by the Board of Directors or permitted by the competent authority and then reported to the stock exchange for approval within two days. Shareholders who have continuously held 3% or more of the total number of outstanding shares for a period of one year or longer may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the Board of Directors to call a special meeting of shareholders. If the Board of Directors fails to send a notice of shareholders' meeting within 15 days after the request is made, the shareholders may convene the meeting with the approval of the competent authority. 	<p>Paragraphs 1 and 2, Article 173 of the Company Act</p>	<p>The Companies Law of the Cayman Islands does not stipulate that shareholders must obtain the approval of the authority of the Cayman Islands in order to convene an extraordinary shareholders' meeting independently. Therefore, Article 17.2 of the Articles of Incorporation does not specify that shareholders shall obtain approval of the competent authority before convening an extraordinary shareholders' meeting independently. If shareholders convene an extraordinary shareholders' meeting independently outside the territory of the Republic of China, it requires no approval from the authority of the Cayman Islands. Therefore, Article 18.5 of the Articles of Incorporation only specifies that prior approval of Taiwan Stock Exchange shall be obtained rather than that "it shall be permitted by the regulator and then reported to the stock exchange for approval within two days" as required in by the Important Matters Concerning the Protection of Shareholders' Equity.</p>

Important Matters Concerning the Protection of Shareholders' Equity	Provisions of the Company Act or Securities and Exchange Act	Provisions Contained in the Articles of Incorporation and Reasons for Differences
<p>When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means; however, when the Company holds a shareholders meeting outside the territory of the Republic of China, it shall allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, at least 1 business day before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.</p>	<p>Article 177-1 of the Company Act Article 177-2 of the Company Act</p>	<p>According to the lawyers in the Cayman Islands, the Companies Law of the Cayman Islands does not specify that a shareholder who exercises his/her voting power by correspondence or electronic means shall be deemed to have attended the said shareholders' meeting in person; in addition, lawyers in the Cayman Islands have not found any relevant cases. Therefore, the Articles of Incorporation specifies that a shareholder who exercises his/her voting power by correspondence or electronic means shall be deemed to have authorized the chairperson to exercise his/her voting power at the shareholders' meeting and that the voting power which the chairperson is authorized to exercise shall not be subject to the provision that the number of voting power represented shall not exceed 3% of the voting rights of the total shares issued. Article 24.4 of the Company's Articles of Incorporation stipulates that "When a shareholder exercises the voting right by correspondence or electronic means at a shareholders' meeting according to the aforesaid provision, he/she shall be deemed to appoint the chairperson as a proxy to exercise the voting right at the shareholders' meeting as instructed by the shareholder by correspondence or electronic means. This is different from the provision that "a shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person", as prescribed in the Important Matters Concerning the Protection of Shareholders' Equity. In addition, Article 25.3 of the Company's Articles of Incorporation stipulates that such a voting right which the chairperson of the shareholders'</p>

Important Matters Concerning the Protection of Shareholders' Equity	Provisions of the Company Act or Securities and Exchange Act	Provisions Contained in the Articles of Incorporation and Reasons for Differences
		meeting has on behalf of the shareholder shall not be subject to the provision that the number of voting power represented shall not exceed 3% of the voting rights of the total shares issued.
<p>For the following motions that relate to major equity of the shareholders, the resolution shall be adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares. In the event the total number of shares represented by the shareholders present at a shareholders' meeting is not sufficient to meet the criteria specified in the preceding paragraph, the resolution to be made thereto may be adopted by two-thirds or more of the attending shareholders who represent a majority of the total outstanding shares of the Company:</p> <ol style="list-style-type: none"> 1. Enter into, amend or terminate any contract for lease of the Company's business in whole, or for entrusted business, or for regular joint operation with another party, transfer the whole or any essential part of its business or assets, or accept the transfer of the entirety of a business or asset from another party, in which the transfer has a great bearing on the business operation of the Company. 2. Changes to constitution 3. Resolve at the preferred shareholders' meeting on an amendment to the Articles of Incorporation that prejudices the rights of preferred shareholders. 4. Resolve on the distribution of stock and cash dividends through the issuance of new shares, in all or in part. 5. Resolve on the liquidation, merger or divestment of the 	<p>Article 185 of the Company Act Article 209 of the Company Act Article 227 of the Company Act Article 277 of the Company Act Paragraph 1, Article 240 of the Company Act Article 316 of the Company Act Article 43-6 of the Securities and Exchange Act</p>	<p>1 Regarding the resolutions at a shareholders' meeting, in addition to the ordinary resolution and supermajority resolution under the laws of the Republic of China, Article 1.1 of the Company's Articles of Incorporation defines the special resolution under the Companies Law of the Cayman Islands. According to the definition, the special resolution means a resolution passed at a general meeting of the Company by a majority of at least two-thirds of the votes cast by shareholders (who, being entitled to do so, vote in person or by their proxies), and the notice of the meeting has legally stated that the resolution will be passed through a special resolution; however, the Company's Articles of Incorporation may specify a higher percentage and stipulate that matters subject to a special resolution may be passed by different percentages (but not less than two-thirds). Certain matters subject to a supermajority resolution in the Checklist of Shareholders Rights Protection with respect to Foreign Issuer's Place of Incorporation are subject to a special resolution in the Articles of Incorporation under the Companies Law of the Cayman Islands (refer to Point 2 below). Because these differences arise from the Companies Law of the Cayman Islands, and the Company's Articles of Incorporation have already listed</p>

Important Matters Concerning the Protection of Shareholders' Equity	Provisions of the Company Act or Securities and Exchange Act	Provisions Contained in the Articles of Incorporation and Reasons for Differences
<p>Company.</p> <p>6. Private placement of securities.</p>		<p>matters subject to a supermajority resolution in the Checklist of Shareholders Rights Protection with respect to Foreign Issuer's Place of Incorporation in matters subject to a supermajority resolution and those subject to a special resolution separately, this shall have a limited impact on the shareholders' equity.</p> <p>2 According to the Companies Law of the Cayman Islands, the following matters shall be passed by a special resolution:</p> <p>(1) Amendment to the Articles of Incorporation:</p> <p>According to the laws of the Cayman Islands, any amendments to the Articles of Incorporation shall be passed by a special resolution prescribed in the Companies Law of the Cayman Islands. As a result, the threshold of a resolution on any amendments to the Articles of Incorporation as set forth in Article 11.3 of the Articles of Incorporation is not changed into a supermajority resolution in accordance with the Checklist of Shareholders Rights Protection with respect to Foreign Issuer's Place of Incorporation. Furthermore, according to Article 12 of the Articles of Incorporation, if any amendments or changes to the Articles of Incorporation may prejudice the preferential rights of any class of shares, such amendments or changes shall be passed by a special resolution under the Companies Law of the Cayman Islands, and shall also be passed by a special</p>

Important Matters Concerning the Protection of Shareholders' Equity	Provisions of the Company Act or Securities and Exchange Act	Provisions Contained in the Articles of Incorporation and Reasons for Differences
		<p>resolution under the Companies Law of the Cayman Islands at a separate meeting of shareholders of that class of shares.</p> <p>(2) Dissolution: According to the laws of the Cayman Islands, if a company is voluntarily liquidated and dissolved because it is unable to repay its debts due, its dissolution shall be adopted by a resolution at a shareholders' meeting; however, if a company is voluntarily liquidated and dissolved for reasons other than the above, its dissolution shall be adopted by a special resolution in accordance with the Companies Law of the Cayman Islands. Therefore, the threshold of a resolution on the voluntary liquidation and dissolution of the Company as set forth in Article 11.5 of the Articles of Incorporation is not changed into a supermajority resolution in accordance with the Checklist of Shareholders Rights Protection with respect to Foreign Issuer's Place of Incorporation.</p> <p>(3) Merger: Because the Companies Law of the Cayman Islands has a mandatory requirement for voting on the "mergers defined by the laws of the Cayman Islands", Subparagraph (b), Article 11.4 of the Articles of Incorporation specifies that "mergers" (except for "acquisitions and/or mergers under the Companies Law of the Cayman Islands that shall</p>

Important Matters Concerning the Protection of Shareholders' Equity	Provisions of the Company Act or Securities and Exchange Act	Provisions Contained in the Articles of Incorporation and Reasons for Differences
		<p>be passed by a special resolution) shall be passed by a supermajority resolution.</p> <p>The aforementioned differences are caused by different regulations provided by the laws of the Cayman Islands. Although the Company only requires an ordinary resolution to proceed when "it is voluntarily liquidated and dissolved because it is unable to repay its debts due," this shall be regarded as more favorable to shareholders, and is only applicable in certain circumstances. This shall have a limited impact on the shareholders' equity.</p>
<ol style="list-style-type: none"> 1. The Articles of Incorporation shall stipulate that the distribution of earnings or make-up of deficit may be proposed at the end of each quarter or halfway through the fiscal year. 2. The proposal of earnings distribution or make-up of deficit for the first three quarters or first half of the fiscal year, together with the business report and financial statements, shall be forwarded to supervisors or the Audit Committee for their auditing, and afterwards be submitted to the Board of Directors for approval. 3. A company distributing earnings in accordance with the provision of the preceding paragraph shall estimate and reserve the taxes and dues to be paid, the losses to be covered and the legal reserve to be set aside. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. 4. A company shall distribute earnings in the form of new shares to be issued by the company in accordance with the provision of Paragraph 2 by a 	Article 228-1 of the Company Act	<p>According to the lawyers in the Cayman Islands, because the Company does not intend to handle distribution of earnings or make-up of deficit at the end of each quarter or halfway through the fiscal year, amendments to the Articles of Incorporation do not include rules on the distribution of earnings or make-up of deficit at the end of each quarter or halfway through the fiscal year. In addition, the amendments to the Articles of Incorporation have included matters concerning the protection of shareholders of issuer as indicated in the "Checklist of Shareholders Rights Protection with respect to Foreign Issuer's Place of Incorporation", which was announced by the Taiwan Stock Exchange on November 30, 2018.</p>

Important Matters Concerning the Protection of Shareholders' Equity	Provisions of the Company Act or Securities and Exchange Act	Provisions Contained in the Articles of Incorporation and Reasons for Differences
<p>resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares of the company. In the event the total number of shares represented by the shareholders present at a shareholders' meeting is not sufficient to meet the criteria specified in the preceding paragraph, the resolution to be made thereto may be adopted by two-thirds or more of the attending shareholders who represent a majority of the total outstanding shares of the Company. Distribution of cash shall be resolved by the Board of Directors.</p> <p>5. Earnings distribution or make up of deficit by a company in accordance with the provisions of the preceding four paragraphs shall be made based on the financial statements audited or reviewed by a CPA.</p>		
III. Authority and Responsibility of Directors		
<p>1. Supervisors of a company shall be elected by a shareholders' meeting, among them at least one supervisor shall have a domicile within the territory of the Republic of China.</p> <p>2. The term of office of a supervisor shall not exceed three years. However, a supervisor may be eligible for re-election.</p> <p>3. In case all supervisors of a company are discharged, the Board of Directors shall, within 60 days, convene an extraordinary shareholders' meeting to elect new supervisors.</p> <p>4. Supervisors shall supervise the business operations of the Company. The supervisors may,</p>	<p>Articles 216 to 222 of the Company Act.</p>	<p>The Companies Law of the Cayman Islands does not have the concept of supervisors. The Company has set up an Audit Committee; therefore, the Articles of Incorporation does not have any provisions relating to supervisors.</p>

Important Matters Concerning the Protection of Shareholders' Equity	Provisions of the Company Act or Securities and Exchange Act	Provisions Contained in the Articles of Incorporation and Reasons for Differences
<p>whenever deemed necessary, inspect the business and financial status of the Company, examine relevant accounting reports and documents and request the board of directors or managers to provide relevant reports.</p> <p>5. Supervisors shall audit the various statements and record prepared for submission to a shareholders' meeting by the Board of Directors, and shall make a report of their opinions at the shareholders' meeting.</p> <p>6. In performing their functional duties, supervisors may appoint, on behalf of the company, a CPA and a practicing lawyer to conduct the examination.</p> <p>7. Supervisors may be invited to present opinions in board of directors meetings. In the event that the Board of Directors or directors violate laws, articles of incorporation, or resolutions of shareholders' meetings when performing duties, the supervisors shall notify the Board of Directors or directors to cease such conducts.</p> <p>8. Supervisors may each exercise their supervision power individually.</p> <p>9. A supervisor shall not be concurrently a director, a managerial officer, or an employee of the company.</p>		



Zhen Ding Technology Holding Limited

Chairman: Chang-Fang Shen