

**ZHEN DING TECHNOLOGY HOLDING AND  
SUBSIDIARIES**

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

**DECEMBER 31, 2022 AND 2021**

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

## INDEPENDENT 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.

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Hsu, Sheng-Chung

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Chieh-Ju, Hsu

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 13, 2023

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and 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

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**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		<u>39,888,082</u>	<u>23</u>	<u>30,537,486</u>	<u>20</u>
	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		<u>22,446,761</u>	<u>13</u>	<u>15,781,456</u>	<u>10</u>
	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		<u>8,892</u>	<u>-</u>	<u>( 9,927)</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>1,021,743</u>	<u>1</u>	<u>437,351</u>	<u>1</u>
7900	<b>Profit before income tax</b>		<u>23,468,504</u>	<u>14</u>	<u>16,218,807</u>	<u>11</u>
7950	Income tax expense	6(30)	( 2,933,192)	( 2)	( 2,524,439)	( 2)
8200	<b>Profit</b>		<u>\$ 20,535,312</u>	<u>12</u>	<u>\$ 13,694,368</u>	<u>9</u>

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**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	%
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
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	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361 Exchange differences on translation of foreign financial statements	6(22)	2,584,339	1	( 1,157,715)	( 1)
8300 <b>Other comprehensive income (loss)</b>		\$ 2,584,986	1	( \$ 1,113,422)	( 1)
8500 <b>Total comprehensive income</b>		\$ 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			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	Legal reserve	Special reserve								
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)

		Year ended December 31	
	Notes	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
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 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(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		<u>\$ 55,243,562</u>	<u>\$ 33,789,530</u>

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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		
		December 31, 2021		
		Amount	Ownership (%)	Description
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	\$ 123,240,300	\$ 103,309,873

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	\$ 21,799,392	\$ 14,573,772
Comprehensive income attributable to non-controlling interest	\$ 6,081,049	\$ 3,618,123

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	365,153	( 274,744)
Net increase (decrease) in cash and cash equivalents	21,961,006	( 11,013,778)
Cash and cash equivalents at beginning of year	13,783,793	24,797,571
Cash and cash equivalents at end of year	\$ 35,744,799	\$ 13,783,793

#### (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	(	<u>15,226)</u>
	\$	<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)
		\$ 12,966,168
Interest rate		1.97%~4.73%



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					
		Recognised	Recognised	Net	
	January 1	in profit or loss	in other comprehensive income	exchange differences	December 31
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

	December 31, 2021			Year ended December 31, 2021	
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Sensitivity analysis Degree of variation	Effect on comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD: NTD	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:

December 31, 2022	Within one year	Over one year	Total
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:

December 31, 2021	Within one year	Over one year	Total
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	<u>10,162,913</u>	<u>-</u>	<u>10,141,616</u>	<u>-</u>
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	<u>4,600,762</u>	<u>-</u>	<u>4,594,789</u>	<u>-</u>
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	Balance at December 31, 2022	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
					(Note 3)	(Note 4)							Item	Value			
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:												Price determination and supporting reference materials	Purpose and use of acquisition	Other commitments
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				
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	

							Differences in transaction terms compared to third party transactions				
			Transaction						Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
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	

Table 6, Page 3

							Differences in transaction terms compared to third party transactions				
			Transaction				transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
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

Table 8, Page 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 )	Amount remitted from Taiwan to Mainland China/				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	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						
					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.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
MAJOR SHAREHOLDERS INFORMATION  
DECEMBER 31, 2022

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Foxconn (Far East) Limited	305,515,627	32.26%