

**ZHEN DING TECHNOLOGY HOLDING
LIMITED AND SUBSIDIARIES**
**CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS**
**FOR THE SIX-MONTH PERIODS ENDED
JUNE 30, 2022 AND 2021**

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

Independent Auditor's Report

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

Opinion

We have audited the accompanying consolidated balance sheets of Zhen Ding Technology Holding Limited and its subsidiaries (the "Group") as of June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three-month periods ended June 30, 2022 and 2021; consolidated statements of changes in equity and of cash flows for the six-month periods then ended; and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2022 and 2021; its consolidated financial performance for the three-month and six-month periods ended June 30, 2022 and 2021; and its consolidated cash flows for the six-month periods ended June 30, 2022 and 2021, in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Key audit matters on the consolidated financial statements of the Group for the second quarter of 2022 were as follows:

Cutoff of hub warehouse sales revenue

Description

Refer to Note 4(28) for accounting policies on revenue recognition.

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

As there are numerous daily sales transactions from hub warehouses and the transaction amounts prior to and after the balance sheet date are significant to the consolidated financial statements, we consider the cutoff 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:

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

Estimation of allowance for inventory valuation losses

Description

Refer to Note 4(14) for accounting policies on inventory valuation, Note 5 for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(6) for details of inventory. As of June 30, 2022, the Group's inventory cost and allowance for valuation losses were NT\$22,025,056 thousand and NT\$1,084,360 thousand, respectively.

The Group is primarily engaged in manufacturing and sales of printed circuit board. Due to rapid technological innovations, short lifespan of electronic products and fluctuations in market prices, there is a higher risk of loss on inventory devaluation 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 are subject to judgement, we consider 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:

1. Assessed the reasonableness of accounting policy on allowance for inventory valuation losses and checked whether it has been consistently applied.
2. Checked whether the logic in calculating inventory aging report was appropriate and confirmed whether inventory over normal age has been included in the aging report.
3. 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.
4. For net realisable value of inventories over normal age and those individually identified as obsolete and damaged inventory, discussed with the Group, obtained supporting documents and reviewed calculation of inventory loss.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting", as endorsed 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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. 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.
2. 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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.
5. 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.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Hsu, Sheng-Chung

Hsu, Chieh-Ju

For and on behalf of PricewaterhouseCoopers, Taiwan
August 9, 2022

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2022; DECEMBER 31, 2021 AND JUNE 30, 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	June 30, 2022		December 31, 2021		June 30, 2021		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	6(1) and 8	\$ 43,738,935	21	\$ 33,789,530	17	\$ 36,265,569	21
1136	Current financial assets at amortised cost	6(3) and 8	657,960	-	1,389,177	1	1,672,012	1
1170	Accounts receivable, net	6(4)	22,302,703	11	35,002,337	18	20,003,777	11
1180	Accounts receivable due from related parties, net	6(4) and 7	2,447,534	1	2,531,004	1	2,230,020	1
1200	Other receivables	6(5)	201,201	-	1,135,584	1	300,098	-
130X	Inventories	6(6)	20,940,696	10	17,675,165	9	19,261,829	11
1410	Prepayments	6(5)	5,126,741	3	4,297,594	2	4,728,387	3
1470	Other current assets	8	68,023	-	114,643	-	64,221	-
11XX	Total current assets		<u>95,483,793</u>	<u>46</u>	<u>95,935,034</u>	<u>49</u>	<u>84,525,913</u>	<u>48</u>
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,508,178	1	1,114,588	1	1,065,152	1
1517	Non-current financial assets at fair value through other comprehensive income	6(7)	637,504	-	476,619	-	444,910	-
1535	Non-current financial assets at amortised cost	6(3) and 8	83,074	-	78,408	-	-	-
1550	Investments recognized under the equity method		16,498	-	23,430	-	-	-
1600	Property, plant and equipment	6(8) and 8	96,597,159	47	86,072,884	44	76,891,133	44
1755	Right-of-use assets	6(9)	8,508,303	4	8,545,293	4	8,688,231	5
1780	Intangible assets	6(10)	2,058,503	1	2,079,308	1	2,078,949	1
1840	Deferred income tax assets		1,231,531	1	1,199,753	1	1,383,390	1
1990	Other non-current assets	6(11) and 8	668,620	-	229,977	-	364,755	-
15XX	Total non-current assets		<u>111,309,370</u>	<u>54</u>	<u>99,820,260</u>	<u>51</u>	<u>90,916,520</u>	<u>52</u>
1XXX	Total assets		<u>\$ 206,793,163</u>	<u>100</u>	<u>\$ 195,755,294</u>	<u>100</u>	<u>\$ 175,442,433</u>	<u>100</u>

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ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2022; DECEMBER 31, 2021 AND JUNE 30, 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	June 30, 2022		December 31, 2021		June 30, 2021	
			Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term borrowings	6(12)	\$ 16,125,075	8	\$ 19,636,568	10	\$ 15,533,901	9
2110	Short-term notes and bills payable	6(13)	-	-	-	-	600,105	-
2120	Financial liabilities at fair value through profit or loss- Current	6(2)	-	-	-	-	6,541	-
2170	Accounts payable		15,808,434	8	19,030,051	10	16,029,834	9
2180	Accounts payable to related parties	7	500,082	-	1,066,691	-	766,033	1
2200	Other payables	6(14)	20,827,782	10	14,820,927	8	20,144,179	12
2230	Current income tax liabilities		685,304	-	1,029,989	-	511,281	-
2280	Current lease liabilities		91,670	-	133,689	-	132,684	-
2320	Long-term liabilities, current portion	6(15)(16)	11,254,044	6	-	-	100,017	-
2399	Other current liabilities		1,666,375	1	1,161,811	1	146,676	-
21XX	Total current liabilities		<u>66,958,766</u>	<u>33</u>	<u>56,879,726</u>	<u>29</u>	<u>53,971,251</u>	<u>31</u>
	Non-current liabilities							
2530	Bonds payable	6(15)	-	-	10,383,152	5	10,351,626	6
2540	Long-term borrowings	6(16)	11,640,021	6	7,599,023	4	7,665,536	5
2570	Deferred income tax liabilities		2,717,471	1	2,750,027	2	1,780,665	1
2580	Non-current lease liabilities		376,999	-	383,627	-	458,241	-
2600	Other non-current liabilities		6,548,497	3	4,239,800	2	561,719	-
25XX	Total non-current liabilities		<u>21,282,988</u>	<u>10</u>	<u>25,355,629</u>	<u>13</u>	<u>20,817,787</u>	<u>12</u>
2XXX	Total liabilities		<u>88,241,754</u>	<u>43</u>	<u>82,235,355</u>	<u>42</u>	<u>74,789,038</u>	<u>43</u>
	Equity							
	Equity attributable to owners of parent							
	Share capital	6(19)						
3110	Ordinary share		9,470,492	5	9,470,492	5	9,470,492	5
	Capital surplus	6(20)						
3200	Capital surplus		37,917,506	18	36,937,742	19	35,934,624	21
	Retained earnings	6(21)						
3310	Legal reserve		6,995,473	3	6,029,763	3	6,029,763	4
3320	Special reserve		4,848,301	2	4,130,316	2	4,130,316	2
3350	Unappropriated retained earnings		30,986,702	15	32,898,629	17	24,948,730	14
	Other equity interest	6(22)						
3400	Other equity interest		(2,995,871)	(1)	(4,848,301)	(3)	(5,337,499)	(3)
3500	Treasury shares	6(19)	(257,489)	-	(257,489)	-	(257,489)	-
31XX	Total equity attributable to owners of parent		<u>86,965,114</u>	<u>42</u>	<u>84,361,152</u>	<u>43</u>	<u>74,918,937</u>	<u>43</u>
36XX	Non-controlling interests	6(32)	<u>31,586,295</u>	<u>15</u>	<u>29,158,787</u>	<u>15</u>	<u>25,734,458</u>	<u>14</u>
3XXX	Total equity		<u>118,551,409</u>	<u>57</u>	<u>113,519,939</u>	<u>58</u>	<u>100,653,395</u>	<u>57</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	Total liabilities and equity		<u>\$ 206,793,163</u>	<u>100</u>	<u>\$ 195,755,294</u>	<u>100</u>	<u>\$ 175,442,433</u>	<u>100</u>

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

Item	Notes	Three-month period ended June 30, 2022		Three-month period ended June 30, 2021		Six-month period ended June 30, 2022		Six-month period ended June 30, 2021		
		Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue	6(23), 7 and 14	\$ 34,534,315	100	\$ 29,768,200	100	\$ 68,449,555	100	\$ 56,961,300	100
5000	Operating costs	6(6) and 7	(27,931,677)	(81)	(24,932,578)	(84)	(55,460,053)	(81)	(47,373,706)	(83)
5950	Gross profit from operations		<u>6,602,638</u>	<u>19</u>	<u>4,835,622</u>	<u>16</u>	<u>12,989,502</u>	<u>19</u>	<u>9,587,594</u>	<u>17</u>
	Operating expenses	6(24)								
6100	Selling expenses		(444,124)	(1)	(395,804)	(1)	(823,626)	(1)	(776,372)	(1)
6200	Administrative expenses		(1,515,794)	(5)	(1,266,910)	(4)	(2,991,079)	(5)	(2,710,175)	(5)
6300	Research and development expenses		(1,858,964)	(5)	(1,948,271)	(7)	(3,493,049)	(5)	(3,576,167)	(6)
6450	Expected credit loss in accordance with IFRS 9	12	<u>6,833</u>	<u>-</u>	(8,597)	<u>-</u>	<u>4,729</u>	<u>-</u>	<u>21,990</u>	<u>-</u>
6000	Total operating expenses		(<u>3,812,049</u>)	(<u>11</u>)	(<u>3,619,582</u>)	(<u>12</u>)	(<u>7,303,025</u>)	(<u>11</u>)	(<u>7,040,724</u>)	(<u>12</u>)
6900	Net operating income		<u>2,790,589</u>	<u>8</u>	<u>1,216,040</u>	<u>4</u>	<u>5,686,477</u>	<u>8</u>	<u>2,546,870</u>	<u>5</u>
	Non-operating income and expenses									
7100	Interest income	6(26)	95,500	-	98,102	-	162,494	-	192,037	-
7010	Other income	6(27)	228,415	1	170,749	1	316,240	-	758,343	1
7020	Other gains and losses	6(28)	1,093,695	3	(171,100)	(1)	1,507,473	3	(147,739)	-
7050	Finance costs	6(29)	(187,547)	-	(126,212)	-	(325,052)	-	(251,279)	-
7060	Share of gain or loss from affiliates and joint ventures recognized under the equity method		(5,105)	-	-	-	(10,620)	-	-	-
7000	Total non-operating income and expenses		<u>1,224,958</u>	<u>4</u>	(<u>28,461</u>)	<u>-</u>	<u>1,650,535</u>	<u>3</u>	<u>551,362</u>	<u>1</u>
7900	Profit before income tax		<u>4,015,547</u>	<u>12</u>	<u>1,187,579</u>	<u>4</u>	<u>7,337,012</u>	<u>11</u>	<u>3,098,232</u>	<u>6</u>
7950	Income tax expense	6(30)	(285,351)	(1)	(89,223)	-	(831,323)	(1)	(609,103)	(1)
8200	Profit for the period		<u>\$ 3,730,196</u>	<u>11</u>	<u>\$ 1,098,356</u>	<u>4</u>	<u>\$ 6,505,689</u>	<u>10</u>	<u>\$ 2,489,129</u>	<u>5</u>

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ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

Item	Notes	Three-month period ended June 30, 2022		Three-month period ended June 30, 2021		Six-month period ended June 30, 2022		Six-month period ended June 30, 2021		
		Amount	%	Amount	%	Amount	%	Amount	%	
Other comprehensive income										
Components of other comprehensive income that will not be reclassified to profit or loss										
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(7)(22)	(\$ 55,737)	-	\$ 43,486	-	(\$ 113,544)	-	\$ 18,589	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	11,886	-	(7,521)	-	15,706	-	(4,300)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(43,851)	-	35,965	-	(97,838)	-	14,289	-
Components of other comprehensive income that will be reclassified to profit or loss										
8361	Exchange differences on translation of foreign financial statements	6(22)	(1,779,470)	(5)	(952,313)	(3)	2,527,318	4	(1,636,880)	(3)
8300	Other comprehensive (loss) income		(\$ 1,823,321)	(5)	(\$ 916,348)	(3)	\$ 2,429,480	4	(\$ 1,622,591)	(3)
8500	Total comprehensive income		\$ 1,906,875	6	\$ 182,008	1	\$ 8,935,169	14	\$ 866,538	2
Profit attributable to:										
8610	Owners of the parent		\$ 2,634,377	8	\$ 759,385	3	\$ 4,507,014	7	\$ 1,707,199	4
8620	Non-controlling interests		1,095,819	3	338,971	1	1,998,675	3	781,930	1
			\$ 3,730,196	11	\$ 1,098,356	4	\$ 6,505,689	10	\$ 2,489,129	5
Comprehensive income attributable to:										
8710	Owners of the parent		\$ 1,268,954	4	\$ 74,558	1	\$ 6,359,444	10	\$ 500,016	1
8720	Non-controlling interests		637,921	2	107,450	-	2,575,725	4	366,522	1
			\$ 1,906,875	6	\$ 182,008	1	\$ 8,935,169	14	\$ 866,538	2
Basic earnings per share										
9750	Basic earnings per share	6(31)	\$ 2.79		\$ 0.80		\$ 4.77		\$ 1.81	
Diluted earnings per share										
9850	Diluted earnings per share	6(31)	\$ 2.60		\$ 0.79		\$ 4.46		\$ 1.77	

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Equity attributable to owners of parent										Total equity
		Retained earnings					Other equity interest					
		Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interests	
Six-month period ended June 30, 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 period		-	-	-	-	1,707,199	-	-	-	1,707,199	781,930	2,489,129
Other comprehensive income (loss) for the period	6(22)	-	-	-	-	-	(1,213,938)	6,755	-	(1,207,183)	(415,408)	(1,622,591)
Total comprehensive income		-	-	-	-	1,707,199	(1,213,938)	6,755	-	500,016	366,522	866,538
Appropriation and distribution of 2020 earnings:												
General reserve		-	-	810,605	-	(810,605)	-	-	-	-	-	-
reversal of special reserve		-	-	-	(884,381)	884,381	-	-	-	-	-	-
Cash dividends		-	-	-	-	(4,261,721)	-	-	(4,261,721)	-	(4,261,721)	(4,261,721)
Compensation cost of employee restricted stock	6(20)	-	30,221	-	-	-	-	-	-	30,221	11,280	41,501
Change in non-controlling interests - issuance of common stock by subsidiaries		-	233,191	-	-	-	-	-	-	233,191	1,079,559	1,312,750
Change in non-controlling interests - distribution of retained earnings by subsidiaries		-	-	-	-	-	-	-	-	-	(1,343,549)	(1,343,549)
Balance at June 30, 2021		\$ 9,470,492	\$ 35,934,624	\$ 6,029,763	\$ 4,130,316	\$ 24,948,730	(\$ 5,350,883)	\$ 13,384	(\$ 257,489)	\$ 74,918,937	\$ 25,734,458	\$ 100,653,395
Six-month period ended June 30, 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 period		-	-	-	-	4,507,014	-	-	-	4,507,014	1,998,675	6,505,689
Other comprehensive income (loss) for the period	6(22)	-	-	-	-	-	1,907,794	(55,364)	-	1,852,430	577,050	2,429,480
Total comprehensive income		-	-	-	-	4,507,014	1,907,794	(55,364)	-	6,359,444	2,575,725	8,935,169
Appropriation and distribution of 2021 earnings:	6(21)											
General reserve		-	-	965,710	717,985	(1,683,695)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(4,735,246)	-	-	(4,735,246)	-	(4,735,246)	(4,735,246)
Compensation cost of employee restricted stock	6(20)	-	81,461	-	-	-	-	-	-	81,461	31,643	113,104
Difference between consideration and the carrying amount of subsidiaries disposed of	6(32)	-	755,262	-	-	-	-	-	-	755,262	547,116	1,302,378
Change in non-controlling interests - issuance of common stock by subsidiaries	6(32)	-	143,041	-	-	-	-	-	-	143,041	720,409	863,450
Change in non-controlling interests - distribution of retained earnings by subsidiaries		-	-	-	-	-	-	-	-	-	(1,447,385)	(1,447,385)
Balance at June 30, 2022		\$ 9,470,492	\$ 37,917,506	\$ 6,995,473	\$ 4,848,301	\$ 30,986,702	(\$ 2,978,578)	(\$ 17,293)	(\$ 257,489)	\$ 86,965,114	\$ 31,586,295	\$ 118,551,409

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 7,337,012	\$ 3,098,232
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	6,733,101	5,452,299
Amortisation expense	6(24)	217,655	185,551
Net gains on financial assets measured at fair value through profit or loss	6(2)	(50,305)	(202,526)
Impairment losses	6(8)	29,798	47,416
Expected credit impairment loss and reversal amount of impairment loss	12	(4,729)	(21,990)
Net gains on disposal of property, plant and equipment	6(28)	(2,234)	(6,472)
Interest income	6(26)	(162,494)	(192,037)
Interest expenses	6(29)	325,052	251,279
Share of loss from affiliates and joint ventures recognized under the equity method		10,620	-
Lease modification gains		(1,943)	-
Share-based payment	6(18)	113,104	41,501
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		-	25,303
Accounts receivable		13,797,631	10,629,253
Accounts receivable due from related parties		208,914	419,752
Other receivables		746,778	722,298
Inventories		(2,466,542)	(6,542,640)
Prepayments		(707,999)	(26,299)
Other current assets		91	(50,733)
Changes in operating liabilities			
Accounts payable		(3,571,608)	(6,552,952)
Accounts payable to related parties		(586,738)	(203,136)
Other payables		480,463	(545,578)
Other current liabilities		(56,551)	8,989
Cash inflow generated from operations		22,389,076	6,537,510
Income tax paid		(945,989)	(1,197,255)
Net cash from operating activities		<u>21,443,087</u>	<u>5,340,255</u>

(Continued)

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
<u>CASH FLOWS FROM INVESTING</u>			
<u>ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 338,029)	(\$ 116,641)
Decrease in financial assets at amortised cost		779,348	809,547
Proceeds from repayment of financial assets at amortised cost		(268,194)	-
Acquisition of property, plant and equipment	6(33)	(15,245,786)	(14,316,825)
Proceeds from disposal of property, plant and equipment		194,477	142,219
Acquisition of right-of-use assets		-	(394,213)
Decrease in restricted assets		48,754	-
Increase of other non-current assets		(297,297)	(263,180)
Increase in other non-current liabilities		320,940	5,012
Collected income distribution	6(2)	13,745	-
Interest received		201,356	191,788
Net cash used in investing activities		(14,590,686)	(13,942,293)
<u>CASH FLOWS FROM FINANCING</u>			
<u>ACTIVITIES</u>			
Increase (decrease) in short-term loans	6(33)	(4,114,746)	2,892,301
Decrease in short-term notes and bills payable	6(33)	-	(350,046)
Proceeds from long-term borrowings	6(33)	3,470,232	7,816,249
Repayments of long-term borrowings	6(33)	-	(8,612,039)
Increase (decrease) in guarantee deposits received	6(33)	2,236,524	(44,182)
Repayments of lease liabilities		(64,381)	(67,367)
Interest paid		(357,145)	(141,987)
Change in non-controlling interests - distribution of retained earnings by subsidiaries		(1,447,385)	(1,343,549)
Change in non-controlling interests - issuance of common stock by subsidiaries	6(32)	863,450	1,312,750
Change in non-controlling interests - disposal of shares from subsidiaries	6(32)	1,480,120	-
Net cash inflow from financing activities		2,066,669	1,462,130
Effect of exchange rate changes on cash and cash equivalents		1,030,335	(817,410)
Net increase (decrease) in cash and cash equivalents		9,949,405	(7,957,318)
Cash and cash equivalents at beginning of period		33,789,530	44,222,887
Cash and cash equivalents at end of period		\$ 43,738,935	\$ 36,265,569

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(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 Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands. The Company and its subsidiaries (collectively referred herein as the 'Group') are engaged in manufacturing, processing and selling printed circuit boards (PCBs). The Company has been listed on the Taiwan Stock Exchange since December 26, 2011.

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

The consolidated financial statements were authorized for issuance by the Board of Directors on August 9, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17 'Initial Application of IFRS 17 and IFRS 9—Comparative Information'	January 1, 2023
Amendments to IFRS 1 'Classification of Liabilities as Current or Non-current'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
The Company	Zhen Ding Technology Co., Ltd.	Trading company	100	100	100	
The Company	Monterey Park Finance Limited (B.V.I.)	Holding company	100	100	100	
The Company	Zhen Ding Technology Singapore Private Limited (Singapore)	Holding company	100	100	100	
The Company	BoardTek Electronics Corp.	Manufacturing company	100	100	100	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited (Cayman)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Coppertone Enterprises Limited (B.V.I.)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Pacific Fair International Limited (Hongkong)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Henley International Limited (formerly: Henley International Limited (Hongkong))	Trading company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Qi Ding Technology Qinhuangdao Co., Ltd.	Manufacturing company	-	-	100	(7)
Monterey Park Finance Limited (B.V.I.)	Huaian Jia Wei Industrial Development Co., Ltd.	Trading company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Manufacturing company	69.65	70.39	70.39	(2)
Coppertone Enterprises Limited (B.V.I.)	Mayco Industrial Limited (Hongkong)	Holding company	100	100	100	

Name of Investor	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
Mayco Industrial Limited (Hongkong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	66.10	66.09	66.09	(6)
Pacific Fair International Limited (Hongkong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	5.70	6.01	6.42	(6)
Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Fu Bo Industrial (Shenzhen) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Kui Sheng Technology (Shenzhen) Limited	Trading company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Holding (Shenzhen) Co., Limited	Name of Investor	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited (Hongkong)	Trading company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Singapore Private Limited (Singapore)	Holding company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Logistics Services (Shenzhen) Co., Ltd.	Property management company	100	-	-	(8)
Fu Bo Industrial (Shenzhen) Co., Ltd.	Guangdong Zhan Yang Intelligent Equipment Co., Ltd.	Trading company	-	-	60	(1)

Name of Investor	Name of subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
	(formerly: Zhan Yang Automation (Dongguan) Co., Ltd.)					
Garuda International Limited (Hongkong)	Garuda Technology Co., Ltd.	Trading company	100	100	100	
Garuda International Limited (Hongkong)	Avary Japan Co., Ltd. (Japan)	Trading company	100	100	100	
Avary Singapore Private Limited (Singapore)	Avary Technology (India) Private Limited (India)	Manufacturing company	100	100	100	
BoardTek Electronics Corp.	BoardTek Investment Co., Ltd.	Name of Investor	100	100	100	
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Manufacturing company	100	100	100	(3)
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Qi Ding Technology Qinhuangdao Co., Ltd.	Manufacturing company	100	100	-	(7)
Zhen Ding Technology Singapore Private Limited (Singapore)	Zhen Ding Technology India Private Limited (India)	Manufacturing company	37.50	37.50	37.50	(4)
Zhen Ding Technology Singapore Private Limited (Singapore)	Zhen Ding Developer India Private Limited (India)	Property management company	100	100	37.50	(5)
FAT Holding Limited (Cayman)	Zhen Ding Technology India Private Limited (India)	Manufacturing company	62.50	62.50	62.50	(4)
FAT Holding Limited (Cayman)	Zhen Ding Technology India Private Limited (India)	Property management company	-	-	62.50	(5)

- (a) The Group invested in Guangdong Zhan Yang Intelligent Equipment Co., Ltd. (formerly: Zhan Yang Automation (Dongguan) Co., Ltd.) in Dongguan and included the entity in the consolidated financial statement on February 3, 2020. The entity mainly engages in ATMs manufacturing business. The Group did not subscribe in percentage of their ownership ratios on September 15, 2021, which changed its ownership ratio to 44%, and did not include the entity in the consolidated financial statements as of the day it lost control. In accordance with the Articles of Incorporation of Guangdong Zhan Yang Intelligent Equipment Co., Ltd., the Group distributed earnings according to paid-in capital.
- (b) The Group invested in Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. in Shenzhen and included the entity in the consolidated financial statement on September 4, 2020. The entity mainly engages in electronics processing and manufacturing business. Monterey Park Finance Limited did not subscribe for the issuance of common stock by Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. in percentage of their ownership ratios in Q1 of 2022 and 2021, thus its ownership ratios became 69.65% and 70.39%, respectively.
- (c) The Group invested in Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd. in Qinhuangdao and included the entity in the consolidated financial statement on April 16, 2021. The entity mainly engages in electronics processing and manufacturing business.
- (d) The Group invested in Zhen Ding Technology India Private Limited in India and included the entity in the consolidated financial statements on May 27, 2021. The entity mainly engages in electronics processing and manufacturing.
- (e) The Group invested in Zhen Ding Developer India Private Limited in India and included the entity in the consolidated financial statements on April 16, 2021. The entity mainly engages in property leasing. Zhen Ding Technology Singapore Private Limited increased the cash capital of Zhen Ding Developer India Private Limited on July 26 and 27, 2021, causing the ownership ratio of Zhen Ding Technology Singapore Private Limited and FAT Holdings Limited to equal 99.997% and 0.003%.
- (f) Because Avary Holding issued employee restricted stocks, the ownership ratios of Mayco Industrial Limited (Hong Kong) and Pacific Fair International Limited (Hong Kong) became 66.09% and 6.42%, respectively, on June 23, 2021. Pacific Fair International Limited (Hongkong) sold some of the equity of Avary Holding on December 31, 2021 and March 31, 2022, causing its ownership ratio to become 6.01% and 5.70%. Because Avary Holding cancelled 320,000 shares after repurchasing restricted stocks, the ownership ratios of Mayco Industrial Limited (Hong Kong) and Pacific Fair International Limited (Hong Kong) became 66.10% and 5.70%, respectively, on June 23, 2021.
- (g) The Group adjusted its investment framework in 2021, prompting Monterey Park Finance Limited to transfer 100% of the equity of Qi Ding Technology Qinhuangdao Co., Ltd. to Qi Ding Technology Qinhuangdao Co., Ltd. on December 20, 2021.
- (h) The Group invested in vary Logistics Services (Shenzhen) Co., Ltd. in Shenzhen and included the entity in the consolidated financial statement on January 25, 2022. The entity mainly engages in property management business.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group:

As of June 30, 2022, December 31, 2021 and June 30, 2021, the non-controlling interests of the Group amounted to \$31,586,295, \$29,158,787 and \$25,734,458, respectively. The information on subsidiaries and their respective non-controlling interests is as follows:

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

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

Name of subsidiary	Principal place of business	Non-controlling interests		Description
		June 30, 2021		
		Amount	Ownership (%)	
Avary Holding (Shenzhen) Co., Limited	China	\$ 25,148,801	27.49%	

Summary of the financial information of subsidiaries

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

	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 62,035,695	\$ 70,532,575	\$ 57,276,871
Non-current assets	89,047,230	85,604,868	80,072,543
Current liabilities	(39,700,355)	(48,888,899)	(42,698,205)
Non-current liabilities	(4,423,645)	(3,938,671)	(3,182,487)
Total net assets	\$ 106,958,925	\$ 103,309,873	\$ 91,468,722

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

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021
Revenue	\$ 31,645,985	\$ 27,162,563
Profit before income tax	3,679,560	1,362,058
Income tax expense	(160,484)	(81,453)
Profit for the period	3,519,076	1,280,605
Other comprehensive income, net of tax	421,208	39,831
Total comprehensive income	<u>\$ 3,940,284</u>	<u>\$ 1,240,774</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 1,099,162</u>	<u>\$ 107,450</u>
	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Revenue	\$ 62,881,349	\$ 52,054,779
Profit before income tax	7,030,091	3,452,009
Income tax expense	(630,463)	(535,081)
Profit for the period	6,399,628	2,916,928
Other comprehensive income, net of tax	285,939	19,089
Total comprehensive income	<u>\$ 6,685,567</u>	<u>\$ 2,936,017</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 1,864,972</u>	<u>\$ 366,522</u>

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

	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Net cash from operating activities	\$ 22,723,118	\$ 5,638,806
Net cash used in investing activities	(9,205,553)	(12,985,711)
Net cash flows from financing activities	(8,578,705)	(1,571,505)
Effect of exchange rate changes on cash and cash equivalents	523,509	(348,636)
Net increase (decrease) in cash and cash equivalents	<u>5,462,369</u>	<u>(9,267,046)</u>
Cash and cash equivalents at beginning of period	13,783,793	24,797,571
Cash and cash equivalents at end of period	<u>\$ 19,246,162</u>	<u>\$ 15,530,525</u>

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

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

B. Translation of foreign operations

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

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

When presenting the Group's functional currency-denominated financial statements in NT dollar, the average exchange rates were US\$1=NT\$28.72 and US\$1=NT\$28.17 for the periods January 1 to June 30, 2022 and 2021, respectively. The closing rates were US\$1=NT\$29.72, US\$1=NT\$27.68 and US\$1=NT\$27.86 as of June 30, 2022; December 31, 2021 and June 30, 2021, respectively.

(5) Classification of current and non-current items

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

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

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

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

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off within twelve months from the balance sheet date; or

- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

(6) Cash equivalents

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

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

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

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

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

the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

- (b) Except for the impairment losses, interest income and foreign exchange gains or losses which are recognised in profit or loss, the changes in fair value of debt instruments are recognised in other comprehensive income before derecognition. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

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

(10) Notes and accounts receivable

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

(13) Leasing (lessor)

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

(14) Inventories

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

(15) Investments recognized under the equity method—Associate

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

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:
- | | |
|--------------------------|------------|
| Buildings and structures | 3~54 years |
| Machinery and equipment | 2~11 years |
| Leasehold improvements | 5 years |
| Other facilities | 2~16 years |

(17) Leasing (lessee)

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

(18) Intangible assets

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

(19) Impairment of non-financial assets

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

(20) Borrowings

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

(21) Accounts and notes payable

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

(22) Derecognition of financial liabilities

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

(23) Financial liabilities and equity instruments

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

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

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

significant curtailments, settlements, or other significant one-off events since that time. Also, relevant information will be disclosed in conjunction with the above policy.

C. Employees' remuneration and directors' remuneration

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

(25) Employee share-based payment

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

B. Employee restricted stocks:

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

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. Different tax regulations are applicable to the Group according to the countries where the companies are registered:

- (a) Companies that are registered in Cayman Islands and British Virgin Islands are exempted from income tax in accordance with local regulations.
 - (b) For the companies that are registered in the Republic of China, except for income tax that is estimated in accordance with the tax laws, an additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings. When calculating income tax, except for applying the tax laws to calculate regular tax, the basic tax is calculated under the 'Income Basic Tax Act.' If regular tax is lower than basic tax, the difference between the two shall be added to income tax payable. The aforementioned difference shall not be offset with investment tax credits under other regulations.
 - (c) Income taxes of companies that are registered in Mainland China are calculated in accordance with 'Law of the People's Republic of China on Enterprise Income Tax' and its implementation and related notification letters.
 - (d) Income taxes of companies that are registered in the Government of the Hong Kong Special Administrative Region of the People's Republic of China are calculated based on the revenue earned in Hong Kong and in accordance with 'Hong Kong Inland Revenue Ordinance'.
 - (e) For companies registered in Singapore, India, and Japan, they shall estimate business income tax of the current year pursuant to local laws and regulations.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. The interim period income tax expense is accrued based on the estimated average annual effective income tax rate applied to the pretax income of the interim period, and the related information is disclosed accordingly.

- G. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(27) Dividends

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

(28) Revenue recognition

A. Sales of goods

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

B. Financial components

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

(29) Government grants

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

(30) Business combinations

- A. The Group accounts for a business combination by applying the acquisition method, unless it is a combination involving entities or businesses under common control or the acquiree is a subsidiary of an investment entity, as defined in IFRS 10, 'Consolidated financial statements', which is required to be measured at fair value through profit or loss. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and

contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

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

(31) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, The Group has taken into consideration the economic impact caused by the novel coronavirus in its significant accounting estimates and will continue to evaluate such impact on its financial conditions and financial performance. and the related information is addressed below:

Critical accounting estimates and assumptions

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

Evaluation of inventories

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

As of June 30, 2022, the carrying amount of inventories was \$20,940,696.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Cash on hand and petty cash	\$ 82	\$ 137	\$ 307
Checking accounts and demand deposits	29,946,229	16,326,795	22,440,935
Cash equivalents			
Time deposits	13,792,624	17,462,598	13,824,327
	<u>\$ 43,738,935</u>	<u>\$ 33,789,530</u>	<u>\$ 36,265,569</u>

A. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group's time deposits with maturity of over three months which are recognised within 'financial assets at amortised cost' are referred to in Note 6(3).

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

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

<u>Item</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Assets - Non-current items			
Private fund	\$ 1,126,210	\$ 698,688	\$ 655,702
Unlisted partnership share	349,096	402,029	404,266
	<u>1,475,306</u>	<u>1,100,717</u>	<u>1,059,968</u>
Net exchange differences	32,872	13,871	5,184
Total	<u>\$ 1,508,178</u>	<u>\$ 1,114,588</u>	<u>\$ 1,065,152</u>
Liabilities - Current items			
Forward foreign exchange contracts	\$ -	\$ -	(\$ 6,541)

A. The Group recognised net gain of \$110,507, \$136,855, \$50,305 and \$202,526 within 'financial assets at fair value through profit or loss' for the three-month and six-month periods ended June 30, 2022 and 2021, respectively.

B. The distribution of income from private equity funds for the six-month period ended June 30, 2022 and 2021 amounted to \$13,745 and \$0, respectively.

C. The Group has no outstanding forward foreign exchange contracts as of June 30, 2022 and December 31, 2021.

The Group's derivative financial assets not applicable for hedging and contract information as of June 30, 2021 are as follows:

<u>Item</u>	<u>June 30, 2021</u>		<u>Contract Period</u>
	<u>Contract Amount</u>		
	<u>(Notional Principal in Thousands)</u>		
Current items:			
Forward foreign exchange contracts	RMB(BUY)	\$ 127,920	2021/6~2021/8
	USD(SELL)	20,000	

The Group entered into forward foreign exchange contracts to sell USD forward transactions in advance (sell USD to purchase RMB) and hedge exchange rate risk of import and export transactions. However, these forward foreign exchange contracts do not meet the criteria of hedge accounting.

D. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at amortised cost

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Current items:			
Guaranteed income financial products	\$ 401,220	\$ 830,400	\$ 1,671,600
Time deposits with maturity of over three months	256,740	558,777	412
	<u>\$ 657,960</u>	<u>\$ 1,389,177</u>	<u>\$ 1,672,012</u>
Non-current items:			
Time deposits with maturity of over three months	<u>\$ 83,074</u>	<u>\$ 78,408</u>	<u>\$ -</u>

- A. The Group recognised interest income in profit or loss for amortised cost for the three-month and six-month periods ended June 30, 2022 and 2021, respectively. Please refer to Note 6(26).
- B. Principal- and interest-guaranteed wealth management products held by the Group are revenue notes aimed at collecting contractual cash flows. Principal is redeemed on the agreed date of maturity and interest is calculated at a fixed rate of 3.5%.
- C. Except for time deposits with maturity of over three months, whose purpose is restricted to paying customs duty guarantees and government-subsidised security, that are recognised within other current assets and time deposits due for more than a year that are recognised within other non-current assets, the Group has no financial assets at amortised cost pledged to others as referred to in Note 8.
- D. Please refer to Note 12(2) for relevant credit risk information.

(4) Notes and accounts receivable

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Notes receivable	\$ 9,071	\$ -	\$ -
Accounts receivable	22,375,772	35,088,596	20,084,497
	<u>22,384,843</u>	<u>35,088,596</u>	<u>20,084,497</u>
Less: Allowance for bad debts	(82,140)	(86,259)	(80,720)
	<u>\$ 22,302,703</u>	<u>\$ 35,002,337</u>	<u>\$ 20,003,777</u>
Accounts receivable due from related parties	\$ 2,454,890	\$ 2,535,410	\$ 2,233,885
Less: Allowance for bad debts	(7,356)	(4,406)	(3,865)
	<u>\$ 2,447,534</u>	<u>\$ 2,531,004</u>	<u>\$ 2,230,020</u>

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Not past due	\$ 24,567,079	\$ 36,996,371	\$ 21,909,133
Between 1 and 90 days	235,962	601,247	342,647
Between 91 and 180 days	14,853	2,336	33,683
Over 180 days	21,839	24,052	32,919
	<u>\$ 24,839,733</u>	<u>\$ 37,624,006</u>	<u>\$ 22,318,382</u>

- B. The balance of accounts and notes receivable as of June 30, 2022, December 31, 2021 and June 30, 2021 is generated from customer contracts. The balance of receivables on customer contracts as of January 1, 2021 was \$33,848,614.
- C. The Group does not hold any collateral as security.
- D. Please refer to Note 12(2) for relevant credit risk information.

(5) Other receivables and prepayments

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>Other receivables</u>			
Receivables from disposal of investments	\$ -	\$ 177,742	\$ -
Interest income receivable	85,388	123,566	204,728
Business tax refundable	40,666	791,807	14,602
Other	75,147	42,469	80,768
	<u>\$ 201,201</u>	<u>\$ 1,135,584</u>	<u>\$ 300,098</u>
	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Prepayments</u>			
Excess business tax paid	\$ 1,929,157	\$ 1,836,797	\$ 2,275,343
Prepaid expenses	3,197,584	2,460,797	2,453,044
	<u>\$ 5,126,741</u>	<u>\$ 4,297,594</u>	<u>\$ 4,728,387</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>June 30, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation losses</u>	<u>Carrying amount</u>
Raw materials	\$ 5,007,053	(\$ 104,605)	\$ 4,902,448
Work in process	6,260,545	(424,149)	5,836,396
Finished goods	10,757,458	(555,606)	10,201,852
	<u>\$ 22,025,056</u>	<u>(\$ 1,084,360)</u>	<u>\$ 20,940,696</u>
	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for valuation losses</u>	<u>Carrying amount</u>
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>
	<u>June 30, 2021</u>		
	<u>Cost</u>	<u>Allowance for valuation losses</u>	<u>Carrying amount</u>
Raw materials	\$ 4,134,710	(\$ 142,055)	\$ 3,992,655
Work in process	6,014,299	(363,689)	5,650,610
Finished goods	10,484,946	(866,382)	9,618,564
	<u>\$ 20,633,955</u>	<u>(\$ 1,372,126)</u>	<u>\$ 19,261,829</u>

Expenses and losses incurred on inventories for the six-month periods ended June 30, 2022 and 2021 are as follows:

	<u>Three-month period ended June 30, 2022</u>	<u>Three-month period ended June 30, 2021</u>	<u>Six-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2021</u>
Cost of goods sold	\$ 28,650,858	\$ 25,408,725	\$ 56,606,204	\$ 47,665,248
Impairment losses on equipment	-	19,994	-	47,416
Losses (gains on price recovery) on inventory valuation	(132,519)	(133,811)	(94,592)	360,117
Income from sale of scraps and wastes	(586,662)	(362,330)	(1,051,559)	(699,075)
	<u>\$ 27,931,677</u>	<u>\$ 24,932,578</u>	<u>\$ 55,460,053</u>	<u>\$ 47,373,706</u>

Gain on price recovery was created because loss on allowance valuation decreased due to clearance of inventory, which is recognised as allowance for valuation losses, in the first half of 2022 and between April 1 and June 30, 2021.

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Equity instruments			
Listed/OTC-traded shares	\$ 70,927	\$ -	\$ -
Unlisted shares	606,711	409,954	409,954
Valuation adjustment	(42,406)	71,138	42,097
Net exchange differences	2,272	(4,473)	(7,141)
Total	<u>\$ 637,504</u>	<u>\$ 476,619</u>	<u>\$ 444,910</u>

- A. The Group has elected to classify the stocks that are considered to be strategic investment as financial assets at fair value through other comprehensive income.
- B. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Three-month period ended June 30, 2022</u>	<u>Three-month period ended June 30, 2021</u>	<u>Six-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2021</u>
Equity instruments	(\$ 55,737)	\$ 43,486	(\$ 113,544)	\$ 18,589

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

(8) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
January 1, 2021						
Cost	\$ 2,390,675	\$ 26,672,561	\$ 55,750,789	\$ 21,315,866	\$ 8,410,005	\$ 114,539,896
Accumulated depreciation and impairment	-	(9,090,514)	(27,570,839)	(9,701,368)	-	(46,362,721)
	<u>\$ 2,390,675</u>	<u>\$ 17,582,047</u>	<u>\$ 28,179,950</u>	<u>\$ 11,614,498</u>	<u>\$ 8,410,005</u>	<u>\$ 68,177,175</u>
<u>2021</u>						
At January 1	\$ 2,390,675	\$ 17,582,047	\$ 28,179,950	\$ 11,614,498	\$ 8,410,005	\$ 68,177,175
Additions (transfers)	-	1,429,877	6,339,419	3,780,074	3,708,488	15,257,858
Disposal	-	-	(65,031)	(70,716)	-	(135,747)
Depreciation	-	(862,365)	(2,552,677)	(1,835,301)	-	(5,250,343)
Impairment losses	-	-	(47,416)	-	-	(47,416)
Net exchange differences	(40,037)	(262,197)	(451,578)	(200,610)	(155,972)	(1,110,394)
At June 30	<u>\$ 2,350,638</u>	<u>\$ 17,887,362</u>	<u>\$ 31,402,667</u>	<u>\$ 13,287,945</u>	<u>\$ 11,962,521</u>	<u>\$ 76,891,133</u>
June 30, 2021						
Cost	\$ 2,350,638	\$ 26,080,660	\$ 60,766,614	\$ 24,652,440	\$ 11,962,521	\$ 125,812,873
Accumulated depreciation and impairment	-	(8,193,298)	(29,363,947)	(11,364,495)	-	(48,921,740)
	<u>\$ 2,350,638</u>	<u>\$ 17,887,362</u>	<u>\$ 31,402,667</u>	<u>\$ 13,287,945</u>	<u>\$ 11,962,521</u>	<u>\$ 76,891,133</u>

- A. The significant parts of the Group's buildings and structures include main plants and auxiliary improvements, which are depreciated over 20~54 years and 3~10 years, respectively.
- B. The Group evaluates the recoverable amount of assets at the end of the reporting period of the financial statements. The recoverable amount is calculated on the basis of value in use and fair value minus costs to sell. The discount rate for estimating value in use was 5.73% and 6.43%. In addition, fair value is recognised with reference to the replacement cost in accordance with market approach, and the fair value is categorised within Level 3. According to the results of evaluation using the aforementioned method, the Group recognised \$29,798 and \$47,416 in impairment losses on disposal of property, plant and equipment for the six-month period ended June 30, 2022 and 2021, respectively. For the six-month period ended June 30, 2022 and 2021, cost of goods sold was \$0 and \$47,416, respectively; while other gains and losses were \$29,798 and \$0, respectively. The aforementioned losses were attributed to the PCB segment.
- C. Please refer to Note 8 for details on the pledging of property, plant and equipment.

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

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land right-of-use	\$ 8,386,530	\$ 8,375,406	\$ 8,452,512
Buildings	93,210	154,404	216,519
Transportation equipment (official vehicles)	25,079	10,986	13,669
Other facilities	3,484	4,497	5,531
	<u>\$ 8,508,303</u>	<u>\$ 8,545,293</u>	<u>\$ 8,688,231</u>

	<u>Three-month period ended June 30, 2022</u>	<u>Three-month period ended June 30, 2021</u>	<u>Six-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2021</u>
	<u>Depreciation</u>	<u>Depreciation</u>	<u>Depreciation</u>	<u>Depreciation</u>
Land right-of-use	\$ 73,676	\$ 71,433	\$ 146,598	\$ 140,840
Buildings	32,688	27,166	58,775	55,068
Transportation equipment (official vehicles)	5,094	2,467	10,236	4,968
Other facilities	553	899	1,101	1,080
	<u>\$ 112,011</u>	<u>\$ 101,965</u>	<u>\$ 216,710</u>	<u>\$ 201,956</u>

The acquisition of the right-of-use assets for the six-month period ended June 30, 2022 and 2021 amounted to \$61,089 and \$413,938, respectively.

- D. As of June 30, 2022, the amount of \$719,677 was still under the registration process in the land use rights contract signed between the Group's subsidiary and local government.
- E. The Group recognised as rental expense for either the lease term of less than 12 months or leases for which the underlying asset is of low value. The information on the lease contract affecting profit or loss is as follows:

	<u>Three-month period ended June 30, 2022</u>	<u>Three-month period ended June 30, 2021</u>	<u>Six-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2021</u>
<u>Items affecting current profit or loss</u>				
Interest expense from lease liabilities	<u>\$ 4,223</u>	<u>\$ 4,559</u>	<u>\$ 8,176</u>	<u>\$ 9,492</u>
Rental expenses for short- term lease contracts	<u>\$ 69,428</u>	<u>\$ 93,651</u>	<u>\$ 138,918</u>	<u>\$ 124,259</u>
Lease modification gains	<u>\$ 1,943</u>	<u>\$ -</u>	<u>\$ 1,943</u>	<u>\$ -</u>

F. The total cash outflow from leases for the six-month period ended June 30, 2022 and 2021 amounted to \$210,916 and \$595,331, respectively.

(10) Intangible assets

	2022			
	Patents and Technical Skills	Computer software	Goodwill	Total
At January 1				
Cost	\$ 400,522	\$ 1,400,642	\$ 1,203,863	\$ 3,005,027
Cumulative amortisation	(95,971)	(829,748)	-	(925,719)
	<u>\$ 304,551</u>	<u>\$ 570,894</u>	<u>\$ 1,203,863</u>	<u>\$ 2,079,308</u>
At January 1	\$ 304,551	\$ 570,894	\$ 1,203,863	\$ 2,079,308
Addition	-	76,312	-	76,312
Amortisation	(41,942)	(175,713)	-	(217,655)
Net exchange differences	20,961	10,853	88,724	120,538
At June 30	<u>\$ 283,570</u>	<u>\$ 482,346</u>	<u>\$ 1,292,587</u>	<u>\$ 2,058,503</u>
At June 30				
Cost	\$ 430,040	\$ 1,541,453	\$ 1,292,587	\$ 3,264,080
Cumulative amortisation	(146,470)	(1,059,107)	-	(1,205,577)
	<u>\$ 283,570</u>	<u>\$ 482,346</u>	<u>\$ 1,292,587</u>	<u>\$ 2,058,503</u>
	2021			
	Patents and Technical Skills	Computer software	Goodwill	Total
At January 1				
Cost	\$ 412,098	\$ 1,088,808	\$ 1,238,657	\$ 2,739,563
Cumulative amortisation	(13,459)	(561,075)	-	(574,534)
	<u>\$ 398,639</u>	<u>\$ 527,733</u>	<u>\$ 1,238,657</u>	<u>\$ 2,165,029</u>
At January 1	\$ 398,639	\$ 527,733	\$ 1,238,657	\$ 2,165,029
Addition	-	138,658	-	138,658
Amortisation	(41,943)	(140,211)	-	(182,154)
Net exchange differences	(8,217)	(7,402)	(26,965)	(42,584)
At June 30	<u>\$ 348,479</u>	<u>\$ 518,778</u>	<u>\$ 1,211,692</u>	<u>\$ 2,078,949</u>
At June 30				
Cost	\$ 403,126	\$ 1,196,085	\$ 1,211,692	\$ 2,810,903
Cumulative amortisation	(54,647)	(677,307)	-	(731,954)
	<u>\$ 348,479</u>	<u>\$ 518,778</u>	<u>\$ 1,211,692</u>	<u>\$ 2,078,949</u>

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

B. Goodwill is allocated to the cash-generating units of the Group which are recognised by the operating segment, and the recoverable amount is evaluated on the basis of value in use. Value in use is calculated mainly by considering the operating net interest rate, growth rate, and discount rate. Management determined budgeted operating profit margin based on its expectations of market development; the growth rates used are based on industry expectations; the discount rates used are based on the weighted average capital cost of peer industry. The discount rate used in 2022 and 2021 was 5.73% and 6.43%, respectively.

(11) Other non-current assets

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Prepayments for fixed assets	\$ 444,060	\$ 16,549	\$ 170,359
Refundable deposits	111,659	103,179	119,060
Net defined benefit assets	55,732	47,408	-
Other	57,169	62,841	75,336
	<u>\$ 668,620</u>	<u>\$ 229,977</u>	<u>\$ 364,755</u>

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

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>June 30, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Credit loans	<u>\$ 16,125,075</u>	0.51%~6.75%	No
	<u>December 31,</u>		
	<u>2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Credit loans	<u>\$ 19,636,568</u>	0.38%~6.40%	No
	<u>June 30, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Credit loans	<u>\$ 15,533,901</u>	0.34%~6.40%	No

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

(13) Short-term notes and bills payable

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Commercial papers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600,105</u>
Interest rate	<u>-</u>	<u>-</u>	<u>1.10%~1.11%</u>

(14) Other payables

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Payable on machinery and equipment	\$ 6,658,297	\$ 6,255,970	\$ 7,882,183
Stock dividends payable	4,735,246	-	4,261,721
Wages and bonuses payable	4,424,870	4,328,423	4,113,985
Payable on mold and jig	1,010,831	649,026	1,313,722
Repairs and maintenance fees payable	517,200	652,163	656,897
Processing expenses payable	507,791	259,730	214,416
Other	2,973,547	2,675,615	1,701,255
	<u>\$ 20,827,782</u>	<u>\$ 14,820,927</u>	<u>\$ 20,144,179</u>

(15) Bonds payable

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
3rd overseas unsecured convertible bonds:			
Bonds payable	\$ 11,888,000	\$ 11,072,000	\$ 11,144,000
Less: Discount on bonds payable	(633,956)	(688,848)	(792,374)
	<u>\$ 11,254,044</u>	<u>\$ 10,383,152</u>	<u>\$ 10,351,626</u>
Less: Current portion of long-term borrowings (within 'Long-term liabilities, current portion')	(11,254,044)	-	-
Bonds payable	<u>\$ -</u>	<u>\$ 10,383,152</u>	<u>\$ 10,351,626</u>

- A. Conditions for 3rd issuance of overseas unsecured convertible bonds are as follows:
- (a) The competent authority has approved the Company's third issuance of overseas unsecured corporate bonds on June 16, 2020. The total issue amount of the bonds is USD 400,000 thousand, at a coupon rate of 0% and maturity of 5 years from June 30, 2020 to June 30, 2025.
 - (b) The conversion price of the bonds is adjusted based on the pricing model in the terms of the bonds. As of June 30, 2022, the conversion price was NT\$138.45 (exchange rate of NTD 29.593 to USD 1), and no convertible bonds had been converted to ordinary shares.
 - (c) The bondholders have the right to require the Company to repurchase all or any portion of bonds at the price of the bonds' principal amount with an annual rate of 0% as interest compensation (100% of the principal amount of the corporate bonds) on the day when three years have elapsed since issuance of the bonds. Because of the above conditions, the Group transferred all convertible corporate bonds to current liabilities.
 - (d) Except for bonds redeemed before maturity, repurchased and retired, or converted by the bondholders, the Company will fully redeem the bonds at the maturity date with an annual rate of 0% based on the principal amount. The redemption amount is about 100% of the principal amount of the corporate bonds, and the bonds will be redeemed in full.
 - (e) According to the terms of the bonds, all bonds repurchased (including bonds repurchased from the secondary market), redeemed before or at maturity, or converted by the bondholders are retired and not to be re-issued.
 - (f) According to the terms of the bonds, the rights and obligations of newly issued shares after conversion are the same as other issued ordinary shares.
 - (g) The effective rate of the corporate bonds is 1.86%.
- B. Regarding the issuance of overseas unsecured corporate bonds, the equity conversion options were separated from the liability component in accordance with IAS 32. The issuance of the 3rd overseas unsecured corporate bonds in 2020 was recognised as 'capital surplus-stock options' of \$996,753 as of June 30, 2022.

(16) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>June 30, 2022</u>
Syndicated loans	Borrowing period is from April 6, 2021 to April 6, 2024; principal is repayable semiannually from October 6, 2023 in two installments; 50% of principal has to be repaid respectively.	\$ 7,430,000
Credit loans	Borrowing period is from March 24, 2022 to March 24, 2036; principal is repayable semiannually after four years since the first withdrawal in twenty installments; 5% of principal has to be repaid respectively.	2,320,827
	Borrowing period is from May 9, 2022 to May 9, 2035; principal has to be repaid at maturity.	318,837
	Borrowing period is from May 26, 2022 to May 9, 2035; principal has to be repaid at maturity.	311,784
	Borrowing period is from June 23, 2022 to May 9, 2035; principal has to be repaid at maturity.	70,955
	Borrowing period is from June 29, 2022 to June 28, 2035; principal has to be repaid at maturity.	454,716
	Borrowing period is from January 25, 2021 to July 25, 2024; principal has to be repaid at maturity.	297,495
	Borrowing period is from March 18, 2021 to July 25, 2024; principal has to be repaid at maturity.	148,747
	Borrowing period is from June 29, 2021 to July 25, 2024; principal has to be repaid at maturity.	297,495
Subtotal		<u>11,650,856</u>
Less: Syndicated loan arrangement fees		(<u>10,835</u>)
		<u>\$ 11,640,021</u>
Interest rate		<u>1.01%~4.20%</u>
<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>December 31, 2021</u>
Syndicated loans	Borrowing period is from April 6, 2021 to April 6, 2024; principal is repayable semiannually from October 6, 2023 in two installments; 50% of principal has to be repaid respectively.	\$ 6,920,000
Credit loans	Borrowing period is from January 25, 2021 to July 25, 2024; principal has to be repaid at maturity.	276,799
	Borrowing period is from March 18, 2021 to July 25, 2024; principal has to be repaid at maturity.	138,400
	Borrowing period is from June 29, 2021 to July 25, 2024; principal has to be repaid at maturity.	276,799
Subtotal		<u>7,611,998</u>
Less: Syndicated loan arrangement fees		(<u>12,975</u>)
		<u>\$ 7,599,023</u>
Interest rate		<u>1.01%~2.04%</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>June 30, 2022</u>
Syndicated loans	Borrowing period is from April 6, 2021 to April 6, 2024; principal is repayable semiannually from October 6, 2023 in two installments; 50% of principal has to be repaid respectively.	\$ 6,965,000
Credit loans	Borrowing period is from December 3, 2018 to December 3, 2021; principal is repayable every 3 months; 20% of principal has to be repaid respectively.	60,010
	Borrowing period is from November 18, 2019 to November 17, 2022; principal is repayable every 3 months; 10% of principal has to be repaid respectively.	60,010
	Borrowing period is from January 25, 2021 to July 25, 2024; principal has to be repaid at maturity.	278,598
	Borrowing period is from March 18, 2021 to July 25, 2024; principal has to be repaid at maturity.	139,299
	Borrowing period is from June 29, 2021 to July 25, 2024; principal has to be repaid at maturity.	278,598
Subtotal		<u>7,781,515</u>
Less: Syndicated loan arrangement fees		(15,962)
Less: Current portion of long-term borrowings (within ‘Long-term liabilities, current portion’)		(100,017)
		<u>\$ 7,665,536</u>
Interest rate		<u>1.06%~2.04%</u>

During the terms of the syndicated loans, in accordance with the syndicated loan agreement, the Company is required to calculate and maintain certain level of current ratio, liability ratio, times-interest-earned ratio and net tangible asset balance based on the audited and reviewed annual and semi-annual consolidated financial statements. The Company complied with the terms of the syndicated loans as of June 30, 2022.

(17) Pensions

A. Defined benefit plan

- (a) The Group's subsidiary in Taiwan, Zhen Ding Technology Co., Ltd. and BoardTek Electronics Corp., has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent Supervisory Committee of Labor Retirement Reserve Fund (the ‘Fund’). Before the end of each year, the Taiwan subsidiary assesses the balance in the aforementioned Fund. If the balance in the Fund is inadequate to pay the retirement benefits of employees who are eligible for retirement in the following year by the aforementioned method, the Taiwan

subsidiary is required to fund the deficit in one appropriation before the end of next March.

- (b) The pension costs recognised by the Group in accordance with the above pension plan were \$10, \$10, \$20 and \$19 for the three-month and six-month periods ended June 30, 2022 and 2021, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group are \$15 for the year ended December 31, 2023.

B. Defined contribution plan

- (a) Effective July 1, 2005, the Taiwan subsidiaries of the Group have established a defined contribution pension plan (the 'New Plan') under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Taiwan subsidiaries of the Group contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The contribution plan accrued dividends from an employee's individual account is paid monthly or in lump sum upon retirement of an employee. The pension expenses recognised by the Group in accordance with the New Plan were \$20,031, \$19,391, \$39,931 and \$39,259 for the three-month and six-month periods ended June 30, 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 \$390,113, \$297,937, \$776,236 and \$588,806 for the three-month and six-month periods ended June 30, 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) 20% of employee subscription right are subscribed in installment each year when an employee remains employed by Avary Holding (Shenzhen) Co., Ltd. for 2 years starting from the subscription date. For an employee who does not satisfy the vesting conditions, the employee's investment will be refunded net by the Group at the investment amount or the carrying amount of assets, whichever is lower. However, appropriated dividends are not required to be returned.
- (b) 20% of employee subscription right are subscribed in installment each year when an employee remains employed by Avary Holding (Shenzhen) Co., Ltd. for 1 year starting from the subscription date. For an employee who does not satisfy the vesting conditions, the employee's investment will be repurchased and cancelled by the Group at the subscription price.

- (c) Until the achievement of the vesting conditions, the right and obligations are as follows: cannot sell, pledge, transfer, give to others, create a right in rem over the stocks, or any other form of disposal.
- (d) Outstanding restricted stock awards are released from trading restrictions only when the annual operating revenues reach the set target and employee's individual performance meets criteria. If the vesting conditions are not satisfied, the employee's investment will be repurchased and cancelled by the Group at the subscription price.

B. Employee restricted stocks

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

	<u>2022</u>	<u>2021</u>
Outstanding as of January 1	109,917	146,618
Numbers vested for the current period	(36,639)	(36,654)
Outstanding as of June 30	<u>73,278</u>	<u>109,964</u>

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

	<u>2022</u>	<u>2021</u>
Outstanding as of January 1	9,760	-
Numbers granted for the current period	-	10,045
Numbers vested for the current period	(1,931)	-
Numbers returned for the current period	(105)	-
Outstanding as of June 30	<u>7,724</u>	<u>10,045</u>

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

	<u>Three-month period ended June 30, 2022</u>	<u>Three-month period ended June 30, 2021</u>	<u>Six-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2021</u>
Expenses incurred on employees restricted stocks	<u>\$ 57,143</u>	<u>\$ 25,997</u>	<u>\$ 113,104</u>	<u>\$ 41,501</u>

(19) Share capital

- A. As of June 30, 2022, the Company's authorised capital was \$16,000,000, and the issued capital was \$9,470,492, consisting of 947,049 thousand ordinary shares with a par value of NTD 10 per share.
- B. As of June 30, 2022, the number of ordinary shares of the Company held by the Group's subsidiary, BoardTek Investment Co., Ltd., was 2,093 thousand shares, and the acquisition cost amounted to \$257,489 within the 'treasury shares'. The treasury shares shall not be pledged to others, and the shareholders' rights shall not be enjoyed before transfer under Securities and Exchange Act.

(20) Capital surplus

Six-month period ended June 30, 2022

	Additional paid-in capital arising from ordinary share	Additional paid-in capital arising from bonds conversion	Share options	Expired share options	Changes in non-controlling interests	Difference between the actual and the carrying amount of subsidiaries acquired or disposed of	Treasury shares	Total
At January 1	\$ 10,754,926	\$ 13,624,555	\$ 996,753	\$ 59,426	\$ 10,389,506	\$ 1,103,156	\$ 9,420	\$ 36,937,742
Employee restricted stocks	-	-	-	-	81,461	-	-	81,461
Changes in subsidiaries' equity recognised	-	-	-	-	143,041	755,262	-	898,303
At June 30	<u>\$ 10,754,926</u>	<u>\$ 13,624,555</u>	<u>\$ 996,753</u>	<u>\$ 59,426</u>	<u>\$ 10,614,008</u>	<u>\$ 1,858,418</u>	<u>\$ 9,420</u>	<u>\$ 37,917,506</u>

Six-month period ended June 30, 2021

	Additional paid-in capital arising from ordinary share	Additional paid-in capital arising from bonds conversion	Share options	Expired share options	Changes in non-controlling interests	Total
At January 1	\$ 10,754,926	\$ 13,624,555	\$ 996,753	\$ 59,426	\$ 10,235,552	\$ 35,671,212
Employee restricted stocks	-	-	-	-	30,221	30,221
Changes in subsidiaries' equity recognised	-	-	-	-	233,191	233,191
At June 30	<u>\$ 10,754,926</u>	<u>\$ 13,624,555</u>	<u>\$ 996,753</u>	<u>\$ 59,426</u>	<u>\$ 10,498,964</u>	<u>\$ 35,934,624</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. Please refer to Note 6(15) for the details of capital surplus-share options.
- C. Please refer to Note 6(32) for the details of capital surplus from changes in subsidiaries' equity recognised.

(21) Retained earnings

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

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

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

- B. The appropriations of 2021 and 2022 earnings have been approved in the shareholders' meeting on May 31, 2022 and after the electronic voting rate in the shareholders' meeting reached the statutory threshold of a resolution on June 15, 2021. Details are summarised as follows:

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	Amount	Dividends per share (in New Taiwan dollars)	Amount	Dividends per share (in New Taiwan dollars)
Allocation to general reserve	\$ 965,710		\$ 810,605	
Allocation to (Reversal of) special reserve	717,985		(884,381)	
Cash dividends	4,735,246	5.00	4,261,721	4.50
Total	<u>\$ 6,418,941</u>		<u>\$ 4,187,945</u>	

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

(22) Other equity interest

	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		Exchange differences on translation of foreign financial statements		Total
January 1, 2022	\$	38,071	(\$	4,886,372)	(\$ 4,848,301)
Valuation adjustment	(	55,364)	-	(	55,364)
Currency translation differences:					
- Group		-		1,907,794	1,907,794
June 30, 2022	(\$	<u>17,293</u>)	(\$	<u>2,978,578</u>)	(\$ <u>2,995,871</u>)

	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
January 1, 2021	\$ 6,629	(\$ 4,136,945)	(\$ 4,130,316)
Valuation adjustment	6,755	-	6,755
Currency translation differences:			
- Group	-	(1,213,938)	(1,213,938)
June 30, 2021	<u>\$ 13,384</u>	<u>(\$ 5,350,883)</u>	<u>(\$ 5,337,499)</u>

(23) Operating revenue

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Revenue from contracts with customers	<u>\$ 34,534,315</u>	<u>\$ 29,768,200</u>	<u>\$ 68,449,555</u>	<u>\$ 56,961,300</u>

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

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Revenue from contracts with customers				
U.S.A.	\$ 24,009,946	\$ 19,056,658	\$ 48,027,030	\$ 35,963,231
Mainland China	6,516,843	6,481,870	12,505,310	12,499,213
Taiwan	2,263,087	2,115,704	4,588,668	4,050,518
Other regions	1,744,439	2,113,968	3,328,547	4,448,338
	<u>\$ 34,534,315</u>	<u>\$ 29,768,200</u>	<u>\$ 68,449,555</u>	<u>\$ 56,961,300</u>

(24) Expenses by nature

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Employee benefit expenses	\$ 5,392,860	\$ 5,115,257	\$ 10,449,062	\$ 9,621,329
Depreciation	3,430,039	2,777,679	6,733,101	5,452,299
Amortisation	108,056	82,991	217,655	185,551
	<u>\$ 8,930,955</u>	<u>\$ 7,975,927</u>	<u>\$ 17,399,818</u>	<u>\$ 15,259,179</u>

(25) Employee benefit expenses

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Wages and salaries	\$ 4,234,414	\$ 4,131,986	\$ 8,172,123	\$ 7,771,566
Employees' remuneration	68,438	9,181	146,654	18,226
Labor and health insurance fees	230,508	223,127	459,511	435,710
Pension expenses	410,154	317,338	816,187	628,084
Other personnel expenses	449,346	433,625	854,587	767,743
	<u>\$ 5,392,860</u>	<u>\$ 5,115,257</u>	<u>\$ 10,449,062</u>	<u>\$ 9,621,329</u>

- A. In accordance with the Company's Articles of Incorporation, the Company shall distribute employee's remuneration between zero point five percent (0.5%) and twenty percent (20%) and distribute directors' remuneration no higher than zero point five percent (0.5%) of the distributed earnings covering accumulated losses.
- B. In accordance with the above Articles of Incorporation, the Company recognised employees' remuneration of \$68,438, \$9,181, \$146,654 and \$18,226; and directors' remuneration of \$4,438, \$4,414, \$8,813 and \$8,789 for the three-month and six-month periods ended June 30, 2022 and 2021, respectively.
- C. Employees' remuneration and directors' remuneration of the Board of Directors' resolution for the year ended December 31, 2021 were equal to the amount recognised in the financial statements for the year ended December 31, 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

	Three-month period ended <u>June 30, 2022</u>	Three-month period ended <u>June 30, 2021</u>	Six-month period ended <u>June 30, 2022</u>	Six-month period ended <u>June 30, 2021</u>
Interest income from bank deposits	\$ 90,658	\$ 97,593	\$ 140,780	\$ 160,610
Interest income from financial assets measured at amortised cost	<u>4,842</u>	<u>509</u>	<u>21,714</u>	<u>31,427</u>
	<u>\$ 95,500</u>	<u>\$ 98,102</u>	<u>\$ 162,494</u>	<u>\$ 192,037</u>

(27) Other income

	Three-month period ended <u>June 30, 2022</u>	Three-month period ended <u>June 30, 2021</u>	Six-month period ended <u>June 30, 2022</u>	Six-month period ended <u>June 30, 2021</u>
Government grants revenue	\$ 180,811	\$ 99,499	\$ 254,807	\$ 666,561
Other income	<u>47,604</u>	<u>71,250</u>	<u>61,433</u>	<u>91,782</u>
	<u>\$ 228,415</u>	<u>\$ 170,749</u>	<u>\$ 316,240</u>	<u>\$ 758,343</u>

(28) Other gains and losses

	<u>Three-month period ended June 30, 2022</u>	<u>Three-month period ended June 30, 2021</u>	<u>Six-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2021</u>
Net currency exchange gains (losses)	\$ 1,033,235	(\$ 257,250)	\$ 1,488,568	(\$ 246,564)
Net gains on financial assets and liabilities measured at fair value through profit or loss	110,507	136,855	50,305	202,526
Net gains (losses) on disposal of property, plant and equipment	(16,413)	21,116	2,234	6,472
Impairment losses on property, plant and equipment	(29,798)	-	(29,798)	-
Other	(3,836)	(71,821)	(3,836)	(110,173)
	<u>\$ 1,093,695</u>	<u>(\$ 171,100)</u>	<u>\$ 1,507,473</u>	<u>(\$ 147,739)</u>

(29) Finance costs

	<u>Three-month period ended June 30, 2022</u>	<u>Three-month period ended June 30, 2021</u>	<u>Six-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2021</u>
Interest expenses				
Bank borrowings	\$ 126,122	\$ 66,958	\$ 208,454	\$ 134,889
Amortisation of convertible bond discounts	55,574	49,719	105,336	100,149
Amortisation of syndicated loan arrangement fees	1,628	4,976	3,086	6,749
Interest expense from lease liabilities	4,223	4,559	8,176	9,492
	<u>\$ 187,547</u>	<u>\$ 126,212</u>	<u>\$ 325,052</u>	<u>\$ 251,279</u>

(30) Income tax

A. Components of income tax expense

	<u>Three-month period ended June 30, 2022</u>	<u>Three-month period ended June 30, 2021</u>	<u>Six-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2021</u>
Current tax:				
Tax payable arising from the current period	\$ 359,445	\$ 161,511	\$ 832,656	\$ 646,609
Adjustments in respect of prior years	(125,588)	(18,674)	(136,186)	4,696
Total current tax	<u>233,857</u>	<u>142,837</u>	<u>696,470</u>	<u>651,305</u>
Deferred tax:				
Origination and reversal of temporary differences	<u>51,494</u>	(53,614)	<u>134,853</u>	(42,202)
Total deferred tax	<u>51,494</u>	(53,614)	<u>134,853</u>	(42,202)
Income tax expense	<u>\$ 285,351</u>	<u>\$ 89,223</u>	<u>\$ 831,323</u>	<u>\$ 609,103</u>

B. The income tax returns of the Group's subsidiaries, Zhen Ding Technology Co., Ltd., Garuda Technology Co., Ltd., BoardTek Electronics Corp., and BoardTek Investment Co., Ltd. have been assessed and approved through 2019 and 2020, 2019 and 2020 by the Tax Authority.

(31) Earnings per share

	<u>Three-month period ended June 30, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in New Taiwan dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 2,634,377</u>	<u>944,956</u>	<u>\$ 2.79</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,634,377	944,956	
Assumed conversion of all dilutive potential ordinary shares			
Overseas convertible bonds	52,359	85,498	
Employees' remuneration	<u>-</u>	<u>1,424</u>	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,686,736</u>	<u>1,031,878</u>	<u>\$ 2.60</u>

<u>Three-month period ended June 30, 2021</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in New Taiwan dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 759,385	944,956	\$ 0.80
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 759,385	944,956	
Assumed conversion of all dilutive potential ordinary shares			
Overseas convertible bonds	49,719	78,005	
Employees' remuneration	-	174	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	\$ 809,104	1,023,135	\$ 0.79
<u>Six-month period ended June 30, 2022</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in New Taiwan dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,507,014	944,956	\$ 4.77
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,507,014	944,956	
Assumed conversion of all dilutive potential ordinary shares			
Overseas convertible bonds	102,121	85,498	
Employees' remuneration	-	1,960	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	\$ 4,609,135	1,032,414	\$ 4.46

	Six-month period ended June 30, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in New Taiwan dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,707,199	944,956	\$ 1.81
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,707,199	944,956	
Assumed conversion of all dilutive potential ordinary shares			
Overseas convertible bonds	100,149	78,005	
Employees' remuneration	-	437	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	\$ 1,807,348	1,023,398	\$ 1.77

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

(32) Non-controlling interest transactions

A. The Group did not subscribe to shares in accordance with its ownership ratios following the cash capital increase of its subsidiary.

The Group's subsidiaries, Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. issued new shares in the first quarter of 2022. The Group's ownership reduced by 0.74% because it did not subscribe to shares in accordance with shareholding ratio. This transaction increased non-controlling interests by \$720,409, and equity attributable to owners of parent increased by \$143,041.

Impact of equity changes from the six-month period ended June 30, 2022 on equity attributable to owners of parent is as follows:

	Six-month period ended June 30, 2022
Cash	\$ 863,450
Increase in carrying amount of non-controlling interests (	720,409)
Capital surplus- Changes in subsidiaries' equity recognised	\$ 143,041

B. Disposal of subsidiaries' equity (which did not cause loss of control)

(a) The Group's subsidiary Pacific Fair International Limited sold the equity of Avary Holding (Shenzhen) Co., Limited in January 2022, causing the Group's ownership to reduce by 0.31%. The consideration was \$1,302,378. The carrying amount of the Group's non-controlling interest was \$547,116 on the day of sale.

This transaction increased non-controlling interests by \$547,116, and equity attributable to owners of parent increased by \$755,262.

- (b) Impact of the Group's equity changes from the six-month period ended June 30, 2022 on equity attributable to owners of parent is as follows:

	<u>Six-month period ended June 30, 2022</u>
Carrying amount of non-controlling interests disposed of	(\$ 535,112)
Consideration of non-controlling interest received	1,302,378
Other equity (e.g., exchange differences arising from the translation of the financial statements of foreign operations)	(12,004)
Capital surplus - Difference between the actual and the carrying amount of subsidiaries acquired or disposed of	<u>\$ 755,262</u>

(33) Additional information of cash flows

A. Investing activities with partial cash payment:

	<u>Six-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2021</u>
Acquisition of property, plant and equipment	\$ 15,525,860	\$ 15,257,858
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')	(6,658,297)	(7,882,183)
Net exchange differences	122,253	(119,517)
Cash paid during the period	<u>\$ 15,245,786</u>	<u>\$ 14,316,825</u>

B. Financing activities without cash flow effects:

	<u>Six-month period ended June 30, 2022</u>	<u>Six-month period ended June 30, 2021</u>
Declared cash dividends	<u>\$ 4,735,246</u>	<u>\$ 4,261,721</u>

C. Changes in liabilities from financing activities

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

	Six-month period ended June 30, 2021						
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Bonds payable	Long-term borrowings	Guarantee deposits received	Total liabilities from financing activities
At January 1	\$ 12,838,545	\$ 949,666	\$ 655,821	\$ 10,480,741	\$ 8,928,523	\$ 186,613	\$ 34,039,909
Change in cash flow from financing activities	2,892,301	(350,046)	(76,859)	-	(795,790)	(44,182)	1,625,424
Change in right-of-use assets	-	-	9,837	-	-	-	9,837
Amortisation of interest expenses	-	-	9,492	100,149	6,749	-	116,390
Effect of exchange rate fluctuation	(196,945)	485	(7,366)	(229,264)	(373,929)	(2,536)	(809,555)
At June 30	\$ 15,533,901	\$ 600,105	\$ 590,925	\$ 10,351,626	\$ 7,765,553	\$ 139,895	\$ 34,982,005

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

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

(2) Significant related parties transactions and balances

A. Sales

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Sale of goods:				
- Entity with significant influence over the Company	\$ 1,474,141	\$ 1,573,035	\$ 2,857,971	\$ 3,192,271
- Other related parties	829,431	420,984	1,496,104	933,891
	<u>\$ 2,303,572</u>	<u>\$ 1,994,019</u>	<u>\$ 4,354,075</u>	<u>\$ 4,126,162</u>

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

B. Purchases

	Three-month period ended <u>June 30, 2022</u>	Three-month period ended <u>June 30, 2021</u>	Six-month period ended <u>June 30, 2022</u>	Six-month period ended <u>June 30, 2021</u>
Purchase of goods:				
- Entity with significant influence over the Company	\$ 186,454	\$ 228,635	\$ 397,222	\$ 463,260
- Other related parties	687,761	677,387	1,662,795	1,174,119
- Associate	<u>1,401</u>	<u>-</u>	<u>1,586</u>	<u>-</u>
Total	<u>\$ 875,616</u>	<u>\$ 906,022</u>	<u>\$ 2,061,603</u>	<u>\$ 1,637,379</u>

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

C. Accounts receivable

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Accounts receivable - related parties:			
- Entity with significant influence over the Company	\$ 1,551,739	\$ 1,719,990	\$ 1,803,413
- Other related parties	<u>903,151</u>	<u>815,420</u>	<u>430,472</u>
	2,454,890	2,535,410	2,233,885
Less: Allowance for bad debts	(<u>7,356</u>)	(<u>4,406</u>)	(<u>3,865</u>)
Total	<u>\$ 2,447,534</u>	<u>\$ 2,531,004</u>	<u>\$ 2,230,020</u>

D. Notes and accounts payable

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Accounts payable - Related parties:			
- Entity with significant influence over the Company	61,286	104,229	112,538
- Other related parties	437,384	962,343	653,495
- Associate	<u>1,412</u>	<u>119</u>	<u>-</u>
	<u>\$ 500,082</u>	<u>\$ 1,066,691</u>	<u>\$ 766,033</u>

(3) Key management compensation

	Three-month period ended <u>June 30, 2022</u>	Three-month period ended <u>June 30, 2021</u>	Six-month period ended <u>June 30, 2022</u>	Six-month period ended <u>June 30, 2021</u>
Short-term employee benefits	<u>\$ 36,961</u>	<u>\$ 13,903</u>	<u>\$ 82,236</u>	<u>\$ 40,025</u>

8. PLEDGED ASSETS

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

Pledged assets	Carrying amount			Collateral purpose
	June 30, 2022	December 31, 2021	June 30, 2021	
Other current assets				
- Time deposits with maturity of over three months	\$ 4,699	\$ 4,648	\$ 12,361	Tariff guarantee and government subsidy guarantee
- Demand deposit	63,324	109,903	51,708	Standby Letters of Credit and Other
Other non-current assets				
- Time deposits with maturity of over one year	28,193	27,891	28,104	Tariff guarantee
	<u>\$ 96,216</u>	<u>\$ 142,442</u>	<u>\$ 92,173</u>	

9. Significant contingent liabilities and unrecognised contract commitments

(1) Contingencies

None.

(2) Commitments

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

	June 30, 2022	December 31, 2021	June 30, 2021
Property, plant and equipment	<u>\$ 16,105,296</u>	<u>\$ 17,239,436</u>	<u>\$ 7,145,854</u>

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

	June 30, 2022	December 31, 2021	June 30, 2021
Unused letters of credit	<u>\$ 4,036,379</u>	<u>\$ 3,542,469</u>	<u>\$ 5,100,221</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. Other

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Financial assets</u>			
Financial assets at amortised cost	\$ 69,527,623	\$ 74,068,574	\$ 60,563,801
Financial assets at fair value through profit or loss	1,508,178	1,114,588	1,065,152
Financial assets at fair value through other comprehensive income	637,504	476,619	444,910
	<u>\$ 71,673,305</u>	<u>\$ 75,659,781</u>	<u>\$ 62,073,863</u>
	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost	\$ 83,291,524	\$ 77,137,174	\$ 71,331,126
Financial liabilities at fair value through profit or loss	-	-	6,541
Lease liabilities	468,669	517,316	590,925
	<u>\$ 83,760,193</u>	<u>\$ 77,654,490</u>	<u>\$ 71,928,592</u>

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

B. Risk management policies

(a) Risk categories:

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

(b) Management objectives

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

- (c) Management system
 - i. Risk management is carried out by a central treasury department (the Group treasury) under policies approved by the Board of Directors. The Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.
 - ii. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- C. Significant financial risks and degrees of financial risks
 - (a) Market risk
 - Foreign exchange risk
 - i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from (a) the timing of recognition for accounts receivable, accounts payable, borrowings, and payables on machinery and equipment denominated in non-functional currencies is different, (b) recognised assets and liabilities and (c) net investments in foreign operations. Since the transacting currencies are different from functional currencies, foreign exchange risks arise.
 - ii. Management has set up a policy to require all subsidiaries within the Group to manage their foreign exchange risk against their functional currency. However, the overall foreign exchange risk is managed by the Group treasury for hedging.
 - iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.
 - iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: USD; other certain subsidiaries' functional currency: RMB or NTD) so it is impacted by the exchange rate fluctuations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	June 30, 2022			Six-month period ended June 30, 2022	
	Foreign currency (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Sensitivity analysis	
				Degree of variation	Effect on comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD: NTD	297,154	29.72	\$ 8,831,417	1%	\$ 88,314
USD: RMB	1,122,031	6.7114	33,346,762	1%	333,468
<u>Net effect in consolidated entities with foreign currencies</u>					
USD: NTD	3,619,917	29.72	107,583,933	1%	1,075,839
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD: NTD	178,327	29.72	5,299,878	1%	52,999
USD: RMB	812,428	6.7114	24,145,359	1%	241,454
JPY: RMB	13,184,383	0.0491	2,868,768	1%	28,688
	December 31, 2021			For the year ended December 31, 2021	
	Foreign currency (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Sensitivity analysis	
				Degree of variation	Effect on comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD: NTD	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 currencies</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

	June 30, 2021			Six-month period ended June 30, 2021	
	Foreign currency (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Sensitivity analysis	
				Degree of variation	Effect on comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD: NTD	243,597	27.86	\$ 6,786,612	1%	\$ 67,866
USD: RMB	1,391,997	6.4601	38,748,424	1%	387,484
<u>Net effect in consolidated entities with foreign currencies</u>					
USD: NTD	3,133,681	27.86	87,304,353	1%	873,044
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD: NTD	172,380	27.86	4,802,507	1%	48,025
USD: RMB	607,846	6.4601	16,920,349	1%	169,203
JPY: RMB	9,514,903	0.0584	2,395,533	1%	23,955

- v. Please refer to Note 6(28) Next Foreign Exchange Gain (Loss) for the total exchange gain (including realised and unrealised) arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six-month periods ended June 30, 2022 and 2021.

Interest rate risk for cash flow and fair value

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

Based on the simulations performed, the impact on after-tax profit of a quarter-point shift would be a maximum increase or decrease of \$34,706 and \$28,999 for the six-month periods ended June 30, 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 significant increase in credit risk on that instrument since initial recognition:

(i) If the contract payments were an underlying more than 30 days past due based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

(ii) If the credit rating grade of an underlying investment degrades two grades, there has been a significant increase in credit risk on that instrument since initial recognition.

iii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Delinquency or default in interest or principal payments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- iv. The default occurs when the contract payment are more than 90 days past due.
 - v. The credit quality information of financial assets that are neither overdue nor impaired is as follows:

Cash and cash equivalents

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

Financial assets at amortised cost

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

Accounts receivable (including from related parties)

- (i) The Group applies the following approaches to assess the expected credit losses (the 'ECLs') of accounts receivable:
 - 1 Assess the ECLs on an individual basis if a significant default has been occurred to the certain customers.
 - 2 Classifies the other customers' accounts receivables based on the Group's credit rating standards and estimates the ECLs using loss rate methodology or provision matrix.
 - 3 Adjust the loss rates constructed from historical and recent information by taking into account the business cycle indicators of the National Development Council and forecasts of the Basel Committee on Banking Supervision.
 - 4 As of June 30, 2022, December 31, 2021, and June 30, 2021, the individual provision for impairment of accounts receivable using loss rate methodology or provision matrix is as follows:

	<u>Individual</u>	<u>Group 1</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Group 4</u>	<u>Total</u>
<u>June 30, 2022</u>						
Expected loss rate		0.03%	0.07%	0.1%~1%	1%~5%	
Total book value	\$ -	\$ 13,782,390	\$ 6,983,071	\$ 2,207,527	\$ 1,866,745	\$ 24,839,733
Loss provisions	\$ -	(\$ 4,135)	(\$ 4,888)	(\$ 22,075)	(\$ 58,398)	(\$ 89,496)
<u>December 31, 2021</u>						
Expected loss rate		0.03%	0.07%	0.1%~1%	1%~5%	
Total book value	\$ -	\$ 26,473,187	\$ 7,404,212	\$ 1,155,112	\$ 2,591,495	\$ 37,624,006
Loss provisions	\$ -	(\$ 7,942)	(\$ 5,183)	(\$ 5,776)	(\$ 71,764)	(\$ 90,665)
<u>June 30, 2021</u>						
Expected loss rate		0.03%	0.07%	0.1%~1.00%	1%~5%	
Total book value	\$ -	\$ 11,843,981	\$ 7,316,977	\$ 773,103	\$ 2,384,321	\$ 22,318,382
Loss provisions	\$ -	(\$ 3,553)	(\$ 5,122)	(\$ 3,865)	(\$ 72,045)	(\$ 84,585)

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

- Group 2: Standard Poor's or Fitch Ratings in BBB category, Moody's ratings in Baa category, or in B or C category rated based on the Group's Credit Quality Control Policy for those that have no external credit ratings.
- Group 3: Standard Poor's or Fitch Ratings in BB+ category or below, or Moody's ratings in Bal category or below.
- Group 4: Having no external agency rating. Ratings other than A, B, or C based on the Group's Credit Quality Control Policy.

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

	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Beginning balance	\$ 90,665	\$ 107,459
Impairment losses (reversal) (	4,729) (	21,990)
Net exchange differences	3,560 (	884)
Ending balance	<u>\$ 89,496</u>	<u>\$ 84,585</u>

Other receivables

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

(c) Liquidity risk

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Expiring within one year	\$ 61,049,031	\$ 48,705,892	\$ 61,375,827
Expiring beyond one year	13,219,837	6,359,990	4,033,577
	<u>\$ 74,268,868</u>	<u>\$ 55,065,882</u>	<u>\$ 65,409,404</u>

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

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

December 31, 2021	<u>Less than one year</u>	<u>Over one year</u>	<u>Total</u>
Bonds payable (Note 1)	\$ -	\$ 11,072,000	\$ 11,072,000
Long-term borrowings (Note 2)	83,844	7,690,534	7,774,378
Guarantee deposits received	1,020,495	3,580,267	4,600,762
Lease liabilities	153,535	421,134	574,669
	<u>\$ 1,257,874</u>	<u>\$ 22,763,935</u>	<u>\$ 24,021,809</u>

Non-derivative financial liabilities:

June 30, 2021	<u>Less than one year</u>	<u>Over one year</u>	<u>Total</u>
Bonds payable (Note 1)	\$ -	\$ 11,144,000	\$ 11,144,000
Long-term borrowings (Note 2)	107,902	7,909,915	8,017,817
Guarantee deposits received	-	139,895	139,895
Lease liabilities	148,694	514,491	663,185
	<u>\$ 256,596</u>	<u>\$ 19,708,301</u>	<u>\$ 19,964,897</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 June 30, 2022; Please refer to Note 6(25) for the conditions of issuance of bonds payable.

2. Including imputed interest payable.

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

(d) Cash flow risk of changes from interest rate

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

(3) Fair value estimation

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

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

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

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

B. Financial instruments not measured at fair value

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

	June 30, 2022			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 11,254,044	\$ -	\$ 11,344,804	\$ -
Guarantee deposits received	7,136,086	-	7,126,821	-
Total	<u>\$ 18,390,130</u>	<u>\$ -</u>	<u>\$ 18,471,625</u>	<u>\$ -</u>
	December 31, 2021			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 10,383,152	\$ -	\$ 10,726,468	\$ -
Guarantee deposits received	4,600,762	-	4,594,789	-
Total	<u>\$ 14,983,914</u>	<u>\$ -</u>	<u>\$ 15,321,257</u>	<u>\$ -</u>

	June 30, 2021			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 10,351,626	\$ -	\$ 10,754,222	\$ -
Guarantee deposits received	139,895	-	139,713	-
Total	<u>\$ 10,491,521</u>	<u>\$ -</u>	<u>\$ 10,893,935</u>	<u>\$ -</u>

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

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

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

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

June 30, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ -	\$ 286,510	\$ 1,221,668	\$ 1,508,178
Financial assets at fair value through other comprehensive income	\$ 69,504	\$ -	\$ 568,000	\$ 637,504
December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ -	\$ 308,554	\$ 806,034	\$ 1,114,588
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 476,619	\$ 476,619

June 30, 2021	<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> 332,137</u>	\$ <u> 733,015</u>	\$ <u> 1,065,152</u>
Financial assets at fair value through other comprehensive income	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 444,910</u>	\$ <u> 444,910</u>
Liabilities				
<u>Recurring fair value</u> <u>measurements</u>				
Financial liabilities at fair value through profit or loss	\$ <u> -</u>	\$ <u> 6,541</u>	\$ <u> -</u>	\$ <u> 6,541</u>

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

- vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

D. The Level-3 movement for the six-month periods ended June 30, 2022 and 2021, is as follows:

	Six-month period ended June 30, 2022		Six-month period ended June 30, 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
Beginning balance	\$ 806,034	\$ 476,619	\$ 753,522	\$ 431,266
Acquisition of financial assets	338,029	197,267	116,641	-
Income distribution (	13,745)	-	-	-
Unrealized gains (losses) from financial assets	79,371 (	113,259)	209,067	18,589
Transfer out from Level 3	-	-	(332,137)	-
Net exchange differences	11,979	7,373 (	14,078)	(4,945)
Ending balance	<u>\$ 1,221,668</u>	<u>\$ 568,000</u>	<u>\$ 733,015</u>	<u>\$ 444,910</u>

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

(b) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

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

	Fair value at 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	7.86~30.44 [8.72]	The higher the EBIT, the higher the fair value
			Price to net value multiple	2.37~7.23 [3.21]	The higher the net value of shares, the higher the fair value
Unlisted shares	\$ 168,512	Market comparable companies	Fluctuation rate of share price	50.59%	The higher the fluctuation rate of share price, the higher the fair value
Unlisted shares	\$ 24,645	Market comparable companies	Enterprise value to EBIT multiple	3.27~15.14 [4.58]	The higher the EBIT, the higher the fair value
			Price to net value multiple	0.90~1.88 [1.46]	The higher the net value of shares, the higher the fair value
Unlisted shares	\$ 169,181	Market comparable companies	Enterprise value to EBIT multiple	2.62~20.88 [9.42]	The higher the EBIT, the higher the fair value
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	\$ 21,720	The last transaction price	Not applicable	Not applicable	Not applicable
	Fair value at June 30, 2021	Valuation technique	Significant unobservable input	Range [Weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted shares	\$ 92,809	Market comparable companies	Enterprise value to EBIT multiple	7.26~42.79 [8.05]	The higher the EBIT, the higher the fair value
			Price to net value multiple	2.35~6.74 [2.47]	The higher the net value of shares, the higher the fair value
Unlisted shares	\$ 207,553	Market comparable companies	Not applicable	Not applicable	Not applicable
Unlisted shares	\$ 20,258	Income approach	Weighted average cost of capital	9.61%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	\$ 124,290	Market comparable companies	Enterprise value to EBIT multiple	4~20.65 [8.42]	The higher the EBIT, the higher the fair value

	Fair value at June 30, 2021	Valuation technique	Significant unobservable input	Range [Weighted average]	Relationship of inputs to fair value
Debt Securities:					
Private fund	\$ 559,722	Net asset value	Not applicable	Not applicable	Not applicable
Private fund	\$ 103,205	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted partnership share	\$ 70,088	The last transaction price	Not applicable	Not applicable	Not applicable

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

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

				Six-month period ended June 30, 2021			
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavoura ble change	Favourable change	Unfavoura ble change
Financial assets							
Debt instruments	Enterprise value to EBIT		± 1%	\$ 7,330	\$ 7,330	\$ -	\$ -
Equity instruments	multiples		± 1%	-	-	4,449	(4,449)
Total				\$ 7,330	(\$ 7,330)	\$ 4,449	(\$ 4,449)

- E. For the six-month periods ended June 30, 2022 and 2021, there was no transfer between Level 1 and Level 2.
- F. For the six-month period ended June 30, 2022, there was no transfer into or out from Level 3; for the six-month period ended June 30, 2021, the fair value of the debt instruments held by the Group is the quoted price in the markets and therefore was transferred from Level 6 to 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: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exxceding NT\$300 million or 20% of paid-in capital or more: Please refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative financial instruments: None.
- J. The business relationship and significant transactions between the inter-companies: Please refer to table 7.

(2) Information on investees

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

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

(3) Information on investments in Mainland China

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

(4) INFORMATION ON MAJOR SHAREHOLDERS

Information on major shareholders: Please refer to Table 10.

14. SEGMENT INFORMATION

(1) General information

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

based on the Group's internal policy, accounting policies of operating segments are in agreement with Note 4, 'Summary of significant accounting policies'.

(2) Reportable segment information

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

	Three-month period ended <u>June 30, 2022</u>	Three-month period ended <u>June 30, 2021</u>	Six-month period ended <u>June 30, 2022</u>	Six-month period ended <u>June 30, 2021</u>
Revenue from external customers	\$ 34,534,315	\$ 29,768,200	\$ 68,449,555	\$ 56,961,300
Inter-segment revenue	-	-	-	-
Segments' revenue	<u>\$ 34,534,315</u>	<u>\$ 29,768,200</u>	<u>\$ 68,449,555</u>	<u>\$ 56,961,300</u>
Measure of segment profit	<u>\$ 2,126,670</u>	<u>\$ 1,030,208</u>	<u>\$ 4,426,223</u>	<u>\$ 2,373,691</u>

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

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

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

	Three-month period ended <u>June 30, 2022</u>	Three-month period ended <u>June 30, 2021</u>	Six-month period ended <u>June 30, 2022</u>	Six-month period ended <u>June 30, 2021</u>
Reportable segment's revenue	<u>\$ 34,534,315</u>	<u>\$ 29,768,200</u>	<u>\$ 68,449,555</u>	<u>\$ 56,961,300</u>
Reportable segment's profit	\$ 2,126,670	\$ 1,030,208	\$ 4,426,223	\$ 2,373,691
Interest income and finance costs	(92,047)	(28,110)	(162,558)	(59,242)
Net currency exchange gains (losses)	1,033,235	(257,250)	1,488,568	(246,564)
Net gains (losses) on disposal of property, plant and equipment	(16,413)	21,116	2,234	6,472
Net gains (losses) on financial assets and liabilities measured at fair value through profit or loss	110,507	136,855	50,305	202,526
Others	568,244	195,537	700,917	212,246
Profit for the period	<u>\$ 3,730,196</u>	<u>\$ 1,098,356</u>	<u>\$ 6,505,689</u>	<u>\$ 2,489,129</u>

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
LOANS TO OTHERS
Six-month period ended June 30, 2022

Table 1 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

No.	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the current period (Note 3)	Ending balance (Note 4)	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transaction	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Notes 1 & 2)	Limit on total lender's loans granted (Notes 1 & 2)	Footnote
													Name	Value			
1	Mayco Industrial Limited	Qi Ding Technology Qinquangdao Co., Ltd.	Other receivables	Yes	\$ 2,080,400	\$ 2,080,400	\$ 1,129,360	1.0055%-1.8116%	Short-term financing	\$ -	Operation requirements	\$ -	No	\$ -	\$ 397,286,144	\$ 556,200,602	
1	Mayco Industrial Limited	Leading Interconnect International Limited	Other receivables	Yes	891,600	891,600	59,440	1.0553%	Short-term financing	-	Operation requirements	-	No	-	397,286,144	556,200,602	
1	Mayco Industrial Limited	Zhen Ding Technology India Private Limited	Other receivables	Yes	1,486,000	1,486,000	-	-	Short-term financing	-	Operation requirements	-	No	-	397,286,144	556,200,602	
1	Mayco Industrial Limited	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	4,160,800	4,160,800	-	-	Short-term financing	-	Operation requirements	-	No	-	31,782,892	31,782,892	
1	Mayco Industrial Limited	BoardTek Electronics Corp.	Other receivables	Yes	2,377,600	2,377,600	1,188,800	1.0055%	Short-term financing	-	Operation requirements	-	No	-	31,782,892	31,782,892	
2	Pacific Fair International Limited	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	2,674,800	2,674,800	-	-	Short-term financing	-	Operation requirements	-	No	-	5,199,793	5,199,793	
2	Pacific Fair International Limited	Leading Interconnect Semiconductor Technology Qinquangdao Co., Ltd.	Other receivables	Yes	891,600	891,600	891,600	1.8116%	Short-term financing	-	Operation requirements	-	No	-	64,997,410	90,996,374	
3	Qi Ding Technology Qinquangdao Co., Ltd.	Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	664,244	664,244	-	-	Short-term financing	-	Operation requirements	-	No	-	1,497,216	1,497,216	
3	Qi Ding Technology Qinquangdao Co., Ltd.	Leading Interconnect Semiconductor Technology Qinquangdao Co., Ltd.	Other receivables	Yes	2,214,145	2,214,145	936,769	3.70%	Short-term financing	-	Operation requirements	-	No	-	18,715,194	26,201,272	
4	Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	1,486,000	1,486,000	594,400	0.65%	Short-term financing	-	Operation requirements	-	No	-	44,691,428	62,567,999	

No.	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the current period (Note 3)	Ending balance (Note 4)	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transaction	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Notes 1 & 2)	Limit on total lender's loans granted (Notes 1 & 2)	Footnote
													Name	Value			
4	Garuda International Limited	Avary Technology (India) Private Limited	Other receivables	Yes	\$ 2,377,600	\$ 2,377,600	\$ -	\$ -	Short-term financing	\$ -	Operation requirements	\$ -	No	\$ -	\$ 44,691,428	\$ 62,567,999	
5	Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Other receivables	Yes	4,428,290	4,428,290	-	-	Short-term financing	-	Operation requirements	-	No	-	42,783,570	42,783,570	
5	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	15,499,015	15,499,015	7,933,282	3.70%~3.85%	Short-term financing	-	Operation requirements	-	No	-	42,783,570	42,783,570	
5	Avary Holding (Shenzhen) Co., Limited	Fu Bo Industrial (Shenzhen) Co., Ltd.	Other receivables	Yes	88,566	88,566	22,141	3.70%	Short-term financing	-	Operation requirements	-	No	-	42,783,570	42,783,570	
5	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	6,642,435	6,642,435	3,861,469	3.70%~3.85%	Short-term financing	-	Operation requirements	-	No	-	42,783,570	42,783,570	
5	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	885,658	885,658	433,972	3.70%~3.8%	Short-term financing	-	Operation requirements	-	No	-	42,783,570	42,783,570	

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

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

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

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

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

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

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
PROVISION OF ENDORSEMENTS/GUARANTEES TO OTHERS
Six-month period ended June 30, 2022

Table 2

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

No. (Note 1)	Endorser/ guarantor	Entity for which the endorsement/guarantee is made		Relationship (Note 2)	Limit on endorsements/ guarantees to a single enterprise (Note 3)	Maximum outstanding endorsement/ guarantee amount during the current period (Note 5)	Ending balance of endorsements/ guarantees at June 30, 2022 (Note 6)	Actual amount drawn down (Note 7)	Endorsed/ Guaranteed amount with property as collateral	Cumulative endorsed/guarantee d amount as a percentage of the net value in the most recent financial statements	Maximum endorsed/ guaranteed amount (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 8)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 8)	Provision of endorsements/ guarantees to the party in Mainland China (Note 8)	Footnote
		Company													
0	Zhen Ding Technology Holding Limited	BoardTek Electronics Corp.		2	\$ 8,696,511	\$ 6,400,000	\$ 6,400,000	\$ -	\$ -	7.36%	\$ 86,965,114	Y	N	N	

Note 1: The explanation for numbers is as follows:

(1) Issuer is 0.

(2) Investees are numbered in order starting from '1'.

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

(1) Companies in a business relationship with the Company.

(2) Subsidiaries in which the Company directly holds more than 50% of its total outstanding ordinary shares.

(3) Investees in which parent company and subsidiary hold more than 50% of total outstanding ordinary shares combined.

(4) Parent company in which the Company directly or indirectly (along with subsidiary) holds more than 50% of its total outstanding ordinary shares.

(5) Companies providing mutual endorsements/guarantees for industry peers for purposes of undertaking a construction project.

(6) Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

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

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

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

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

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

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD (EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
June 30, 2022

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

Securities held by	Marketable securities (Note 1)	Relationship with securities issuer (Note 2)	General ledger account	As of June 30, 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	\$ 96,651	8.12%	\$ 96,651	
Avary Holding (Shenzhen) Co., Limited	Jiangsu Aisen Semiconductor Material Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,600,000	88,079	3.93%	88,079	
Avary Holding Investment (Shenzhen) Co., Ltd.	Dongguan Liuchun Intelligent Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income	1,461,039	147,839	3.55%	147,839	
Avary Holding Investment (Shenzhen) Co., Ltd.	Sanying Precision Instruments Co.,Ltd.	None	Financial assets at fair value through other comprehensive income	1,212,009	69,504	3.70%	69,504	
Avary Holding Investment (Shenzhen) Co., Ltd.	Sanying Precision Instruments (Tianjin) Co.,Ltd.	None	Financial assets at fair value through other comprehensive income	540,580	55,058	5.18%	55,058	
Avary Holding Investment (Shenzhen) Co., Ltd.	Sevnce Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income	1,351,351	66,424	2.09%	66,424	
Avary Holding Investment (Shenzhen) Co., Ltd.	Wuxi iData Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income	1,352,651	88,566	3.46%	88,566	
BoardTek Electronics Corp.	Chipboard Technology Corporation	None	Financial assets at fair value through other comprehensive income	1,337,068	25,383	15.60%	25,383	
Avary Holding (Shenzhen) Co., Limited	Jingning Dingqing Electronic Technology Partnership	None	Financial assets at fair value through profit or loss	-	286,510	12.53%	286,510	
Avary Holding Investment (Shenzhen) Co., Ltd.	Beijing Firstred Acquisition Fund	None	Financial assets at fair value through profit or loss	-	1,046,542	2.94%	1,046,542	
Avary Holding Investment (Shenzhen) Co., Ltd.	Zhuhai Hengqin Urban Enterprise Zone Leishi Tianhe Technology Industry Investment Partnership	None	Financial assets at fair value through profit or loss	-	58,036	99.39%	58,036	
Avary Holding Investment (Shenzhen) Co., Ltd.	Beijing Chunhua Jingzhi Equity Investment Partnership	None	Financial assets at fair value through profit or loss	-	15,293	19.42%	15,293	
Zhen Ding Technology Co., Ltd.	Zhuoyi II Investment Limited Partnership	None	Financial assets at fair value through profit or loss	-	101,797	11.06%	101,797	

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

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

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

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exccerding NT\$300 million or 20% of paid-in capital or more
Six-month period ended June 30, 2022

Table 4

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

Companies purchased and sold	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship (Note 2)	Initial period		Buy-in (Note 3)		Sell-out (Note 3)			As of June 30, 2022		
					Number of shares	Amount (Note 5)	Number of shares	Amount	Number of shares	Selling price	Carrying amount (Note 5)	Gain or loss on disposal (Note 4)	Number of shares	Amount (Note 5)
Pacific Fair International Limited	Shares of Avary Holding (Shenzhen) Co., Limited	Investments recognized under the equity method	Sell-out in public trading market	Non-related party	139,633,809	\$ 6,244,753	-	\$ -	7,231,034	\$ 1,302,378	\$ 547,116	\$ 755,262	132,402,775	\$ 6,123,614
Avary Holding Investment (Shenzhen) Co., Ltd.	Beijing Firstred Acquisition Fund	Financial assets at fair value through profit or loss	Not applicable	Not applicable	-	618,538	-	311,778	-	-	-	-	-	1,046,542

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

Note 2: Filling in the two fields is not required, except for investors whose securities are recognised under the equity method.

Note 3: Cumulative amount of acquisition or sale shall be separately calculated by their market value to determine whether it exceeds NT\$300 million or 20% of paid-in capital.

Note 4: Non-controlling interest transactions and gain/loss on disposal are reconised as Capital surplus - Difference between the actual and the carrying amount of subsidiaries acquired or disposed of.

Note 5: Investment income is included.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
PURCHASE OR SALE OF GOODS FROM OR TO RELATED PARTIES REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE
Six-month period ended June 30, 2022

Table 5 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Purchaser/Seller	Counterparty	Relationship	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)	Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	\$ 19,983,413	80	60 days from the shipping date	Note 2	Note 2	\$ 8,550,492	77
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	3,880,033	16	90 days from the shipping date	Note 2	Note 2	2,010,041	18
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	16,576,738	85	90 days from the shipping date	Note 2	Note 2	8,268,279	85
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	2,696,241	14	90 days from the shipping date	Note 2	Note 2	1,348,939	14
Hong Heng Sheng Electrical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	2,090,077	62	60 days from the shipping date	Note 2	Note 2	594,675	45
Hong Heng Sheng Electrical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	970,693	29	90 days from the shipping date	Note 2	Note 2	494,336	37
Hong Heng Sheng Electrical Technology (Huaian) Co., Ltd.	BoardTek Electronics Corp.	An indirect wholly-owned subsidiary	Sales	223,344	7	90 days from the shipping date	Note 2	Note 2	193,549	15
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	19,152,670	93	60 days from the invoice date	Note 2	Note 2	5,596,586	87
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	975,990	5	90 days from the shipping date	Note 2	Note 2	527,156	8
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Avary Technology (India) Private Limited	An indirect wholly-owned subsidiary	Sales	339,697	2	90 days from the shipping date	Note 2	Note 2	256,142	4
Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	2,389,245	81	90 days from the shipping date	Note 2	Note 2	682,215	71
Avary Technology (India) Private Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	203,311	52	90 days from the shipping date	Note 2	Note 2	135,912	49
Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	574,482	100	90 days from the shipping date	Note 2	Note 2	298,340	100
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	3,513,718	6	90 days from the month following the shipping date	Note 2	Note 2	2,405,847	12

Purchaser/Seller	Counterparty	Relationship	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	\$ 299,068	1	90 days from the month following the shipping date	Note 2	Note 2	\$ 107,421	1
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	1,454,538	3	90 days from the month following the shipping date	Note 2	Note 2	895,117	5
Garuda International Limited	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	2,512,067	4	90 days from the month following the shipping date	Note 2	Note 2	1,291,305	7
Garuda International Limited	General Interface Solution Holding Limited and its subsidiaries	An indirect subsidiary of Hon Hai Precision Industry Co., Ltd., evaluated using the equity method	Sales	237,888	-	60 days from the month following the shipping date	Note 2	Note 2	99,665	1
Garuda Technology Co., Ltd.	General Interface Solution Holding Limited and its subsidiaries	An indirect subsidiary of Hon Hai Precision Industry Co., Ltd., evaluated using the equity method	Sales	1,248,577	14	90 days from the first day of next month of shipping	Note 2	Note 2	778,562	16
BoardTek Electronics Corp.	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	232,851	8	90 days from the month following the shipping date	Note 2	Note 2	173,701	10
Avary Holding (Shenzhen) Co., Limited	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	287,538	2	90 days from invoice date	Note 2	Note 2	(35,796)	-
Avary Holding (Shenzhen) Co., Limited	Foxconn Interconnect Technology Limited and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	523,186	3	90 days from invoice date	Note 2	Note 2	(196,395)	3
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	General Interface Solution Holding Limited and its subsidiaries	An indirect subsidiary of Hon Hai Precision Industry Co., Ltd., evaluated using the equity method	Purchases	871,742	8	30 days from invoice date	Note 2	Note 2	(154,924)	3
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Foxconn Interconnect Technology Limited and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	266,207	2	90 days from invoice date	Note 2	Note 2	(84,386)	2

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

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

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
June 30, 2022

Table 6 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Creditor	Counterparty	Relationship	Receivables from related parties	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	An indirect wholly-owned subsidiary	\$ 8,550,492	2	\$ -	-	\$ 3,769,010	\$ -
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	2,010,041	2	-	-	607,209	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	8,268,279	2	476,891	Subsequent collection	2,815,843	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	1,348,939	2	-	-	417,736	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	594,675	3	-	-	346,726	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	494,336	3	-	-	262,082	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	BoardTek Electronics Corp.	An indirect wholly-owned subsidiary	193,549	0	49,097	Subsequent collection	29,711	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	5,596,586	3	-	-	2,449,520	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	527,156	3	-	-	168,894	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Avary Technology (India) Private Limited	An indirect wholly-owned subsidiary	256,142	2	78,755	Subsequent collection	-	-
Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	An indirect wholly-owned subsidiary	682,215	4	-	-	46,270	-
Avary Technology (India) Private Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	135,912	8	1	Subsequent collection	47,159	-
Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	298,340	2	-	-	103,071	-
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	2,405,847	1	-	-	406,501	-

Creditor	Counterparty	Relationship	Receivables from related parties	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	An indirect wholly-owned subsidiary	\$ 107,421	1	\$ -	-	\$ 26,913	-
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	895,117	1	-	-	166,537	-
Garuda International Limited	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	1,291,305	2	2	Subsequent collection	291,905	-
Garuda Technology Co., Ltd.	General Interface Solution Holding Limited and its subsidiaries	An indirect subsidiary of Hon Hai Precision Industry Co., Ltd., evaluated using the equity method	778,562	2	-	-	212,166	-
BoardTek Electronics Corp.	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	173,701	1	9,664	Subsequent collection	431	-

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
THE BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT COMPANY AND THE SUBSIDIARIES AND BETWEEN EACH SUBSIDIARY
Six-month period ended June 30, 2022

Table 7

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

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount (Note 3)	Transaction terms	
1	Mayco Industrial Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	3	Other receivables	\$ 1,129,360	Note 5	-
1	Mayco Industrial Limited	BoardTek Electronics Corp.	3	Other receivables	1,188,800	"	-
2	FAT Holdings Limited	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	3	Other receivables	891,600	"	-
3	Qi Ding Technology Qinhuangdao Co., Ltd.	Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	3	Other receivables	936,769	"	-
4	Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Other receivables	594,400	"	-
5	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Other receivables	7,933,282	"	4
5	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	3,861,469	"	2
5	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	433,972	"	-
5	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Sales	19,983,413	Note 8	29
5	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Accounts receivable	8,550,492	"	4
5	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Sales	3,880,033	Note 7	6
5	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Accounts receivable	2,010,041	"	1
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Sales	16,576,738	Note 8	24
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Accounts receivable	8,268,279	"	4
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	2,696,241	Note 7	4
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	1,348,939	"	1
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	2,090,077	Note 8	3
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	594,675	"	-
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	970,693	Note 7	1
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	494,336	"	-
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	BoardTek Electronics Corp.	3	Sales	223,344	"	-
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	BoardTek Electronics Corp.	3	Accounts receivable	193,549	"	-
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	19,152,670	Note 8	28
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	5,596,586	"	3
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	975,990	Note 7	1
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	527,156	"	-
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Avary Technology (India) Private Limited	3	Sales	339,697	Note 6	-
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Avary Technology (India) Private Limited	3	Accounts receivable	256,142	"	-
9	Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	3	Sales	2,389,245	"	3
9	Qi Ding Technology Qinhuangdao Co., Ltd.	Zhen Ding Technology Co., Ltd.	3	Accounts receivable	682,215	"	-
10	Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	3	Sales	574,482	Note 7	1
10	Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	298,340	"	-
11	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Sales	3,513,718	Note 6	5
11	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	2,405,847	"	1
11	Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Sales	299,068	"	-

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount (Note 3)	Transaction terms	
11	Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Accounts receivable	\$ 107,421	"	-
11	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Sales	1,454,538	"	2
11	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Accounts receivable	895,117	"	-
12	Avary Technology (India) Private Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Sales	203,311	Note 7	-
12	Avary Technology (India) Private Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Accounts receivable	135,912	"	-

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

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

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

for transactions between subsidiaries, if disclosure is made by one of the subsidiaries, then repeated disclosure is not required for the part regarding the other subsidiary):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

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

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

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

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

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

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

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
NAMES, LOCATIONS AND OTHER INFORMATION ON INVESTEE COMPANIES (EXCLUDING THE INVESTEE COMPANIES IN MAINLAND CHINA)
Six-month period ended June 30, 2022

Table 8

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

Name of Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of June 30, 2022			Net profit (loss) of investee for the current period	Investment income (loss) recognised by the Company for the current period	Footnote
				Balance as of June 30, 2022	Balance as of December 31, 2021	Number of shares	Ownership (%)	Carrying amount			
The Company	Monterey Park Finance Limited	British Virgin Islands	Holding company	\$ 29,014,150	\$ 26,933,750	976,250,000	100	\$ 100,398,370	\$ 4,796,205	\$ 4,796,205	
The Company	Zhen Ding Technology Co., Ltd.	Taiwan	Trading company	125,488	125,488	12,548,800	100	2,123,641 (	81,350) (	81,334)	
The Company	BoardTek Electronics Corp.	Taiwan	Manufacturing company	5,512,771	5,512,771	95,918,453	100	4,225,432 (	149,094) (	183,915)	
The Company	Zhen Ding Technology Singapore Private Limited	Singapore	Holding company	891,600	891,600	30,000,000	100	853,747	15,837	15,837	
Monterey Park Finance Limited	Coppertone Enterprises Limited	British Virgin Islands	Holding company	3,054,794	3,054,794	102,785,806	100	79,507,794	4,083,604	4,083,604	
Monterey Park Finance Limited	Pacific Fair International Limited	Hong Kong	Holding company	8,128,420	8,128,420	2,133,300,000	100	12,999,482	228,219	228,219	
Monterey Park Finance Limited	Leading Interconnect International Limited	Hong Kong	Trading company	-	-	1	100	805 (	3,862) (	3,862)	
Coppertone Enterprises Limited	Mayco Industrial Limited	Hong Kong	Holding company	35,518,608	35,518,608	9,321,841,932	100	79,457,229	4,084,076	4,084,076	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited	Cayman Islands	Holding company	149	149	5,000	100	748,260	2,209	2,209	
BoardTek Electronics Corp.	BoardTek Investment Co., Ltd.	Taiwan	Name of Investor	248,294	170,000	24,829,362	100	281,256 (	78) (	78)	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	Hong Kong	Trading company	1,753,480	1,753,480	460,200,000	72	6,200,263	471,762	240,405	
Avary Holding (Shenzhen) Co., Limited	Avary Singapore Private Limited	Singapore	Holding company	1,905,944	1,905,944	64,130,000	72	588,016 (	302,351) (	218,008)	
Garuda International Limited	Garuda Technology Co., Ltd.	Taiwan	Trading company	1,525,000	1,525,000	152,500,000	72	1,407,774	255,974	184,568	
Garuda International Limited	Avary Japan Co., Ltd.	Japan	Trading company	36,555	21,324	3,260	72	10,203 (	7,303) (	5,265)	
Avary Singapore Private Limited	Avary Technology (India) Private Limited	India	Manufacturing company	269,248	269,248	71,620,000	72 (	566,440) (	302,038) (	217,319)	
FAT Holdings Limited	Zhen Ding Technology India Private Limited	India	Manufacturing company	23	23	6,250	63 (	186)	3	2	
Zhen Ding Technology Singapore Private Limited	Zhen Ding Technology India Private Limited	India	Manufacturing company	14	14	3,750	37 (	111)	3	1	
FAT Holdings Limited	Zhen Ding Developer India Private Limited	India	Property management company	24	23	6,250	-	24	11,552	-	
Zhen Ding Technology Singapore Private Limited	Zhen Ding Developer India Private Limited	India	Property management company	789,487	14	210,003,750	100	802,704	11,552	11,552	

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
INFORMATION ON THE INVESTMENTS IN MAINLAND CHINA
Six-month period ended June 30, 2022

Table 9

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

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China as of April 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2022	Net profit (loss) of investee for the current period	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company in the current period (Note 3)	Carrying amount of investments as of June 30, 2022	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacture and sales of PCB	\$ 10,355,353	2	\$ -	\$ -	\$ -	\$ -	\$ 2,541,147	72	\$ 1,785,993	\$ 22,377,910	\$ -	
Hong Heng Sheng Electrical Technology (Huaian) Co., Ltd.	Manufacture and sales of PCB	4,102,750	2	-	-	-	-	51,613	72	37,584	69,294	-	
Avary Holding (Shenzhen) Co., Limited	Manufacture and sales of PCB	10,278,742	2	-	-	-	-	6,415,100	72	4,604,010	77,172,589	-	Note 4
Fu Bo Industrial (Shenzhen) Co., Ltd.	Manufacture and sales of PCB	487,421	2	-	-	-	-	17,799	72	12,858	480,772	-	
Yu Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	1,066,952	2	-	-	-	(	1,950)	72	(	1,319)	706,311	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	13,995,962	2	-	-	-	-	847,037	72	539,014	14,902,548	-	
Qi Ding Technology Qinhuangdao Co., Ltd.	Development, manufacture and sales of electronic products	2,112,408	2	-	-	-	-	776,951	70	541,578	2,608,400	-	
Kui Sheng Technology (Shenzhen) Limited	Manufacture and sales of PCB	88,566	2	-	-	-	-	4,496	72	3,062	118,358	-	
Huaian Jia Wei Industrial Development Co., Ltd.	Production and sale of construction materials, furniture and hardware tools	722,641	2	-	-	-	(	70)	100	(	70)	715,319	-
Avary Holding Investment (Shenzhen) Co., Ltd.	Investments	1,394,910	2	-	-	-	-	60,899	72	43,911	1,095,645	-	
Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd.	Development, manufacture and sales of electronic products	2,617,591	2	-	-	-	-	696,325	70	484,975	4,020,326	-	
Leading Interconnect Semiconductor Technology Qinhuangdao Co., Ltd.	Development, manufacture and sales of electronic products	1,771,314	2	-	-	-	-	1,191	70	830	1,229,118	-	
Avary Logistics Services (Shenzhen) Co., Ltd.	Property management business	22,141	2	-	-	-	(	4,897)	72	(	3,531)	12,455	-

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China as of April 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2022	Net profit (loss) of investee for the current period	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company in the current period (Note 3)	Carrying amount of investments as of June 30, 2022	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Guangdong Zhan Yang Intelligent Equipment Co., Ltd.	Research, development, sales, and processing of automated equipment and cargo or technology import/export	\$ 42,270	2	\$ -	\$ -	\$ -	\$ -	(\$ 23,989)	32	(\$ 10,620)	\$ 16,498	\$	

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

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

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

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

Note 4: The cumulative earnings distributed to the parent company by Avary Holding (Shenzhen) Co., Ltd. amounted to RMB 5,614,870 thousand as of June 30, 2022.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
INFORMATION ON MAJOR SHAREHOLDERS
June 30, 2022

Table 10

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