

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2021 AND 2020
(Stock Code : 2467)

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR 21000154

To the Board of Directors and Shareholders of C SUN MFG. LTD.

Introduction

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

Scope of Review

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

Basis for qualified conclusion

As explained in Note 4(3), the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Those statements reflect total assets of NT\$468,316 and NT\$422,322, constituting 6.33% and 6.85% of the consolidated total assets, and total liabilities of NT\$58,064 and NT\$50,526, constituting 1.26% and 1.37% of the consolidated total liabilities as at September 30, 2021 and 2020, respectively, and total comprehensive income(loss) of NT(\$6,084), NT\$55,647, NT(\$21,068) and NT(\$15,189), constituting (3.92%), 31.00%, (3.73%) and (7.84%) of the consolidated total comprehensive income for the three-month and nine-month periods then ended,

respectively. Furthermore, as described in Note 6(7), investments accounted for under equity method were based on the financial statements of the same reporting period which were not reviewed by independent auditors. The balance of these investments accounted for under the equity method amounted to \$1,060,491 and \$747,116 as at September 30, 2021 and 2020, respectively, and the comprehensive income recognised from associates accounted for under the equity method amounted to \$28,881, \$14,864, \$74,697 and \$19,676, constituting 18.60%, 8.28%, 13.23% and 10.16% of the consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively.

Qualified Conclusion

Expect for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under equity method been reviewed by independent auditors' as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of C SUN MFG. LTD. and subsidiaries as at September 30, 2021 and 2020, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended 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.

Li, Tien-Yi

Chiang, Tsai-Yen

For and on behalf of PricewaterhouseCoopers, Taiwan

November 4, 2021

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

Assets	Notes	September 30, 2021		December 31, 2020		September 30, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,134,354	16	\$ 1,621,979	24	\$ 1,332,994	22
1110	Financial assets at fair value through profit or loss - current	6(2)	86,088	1	126,366	2	82,492	1
1120	Financial assets at fair value through other comprehensive income - current	6(3)	241,705	3	1,555	-	1,380	-
1136	Financial assets at amortised cost - current	6(4)	98,768	1	-	-	-	-
1150	Notes receivable, net	6(5)	38,264	1	35,213	1	34,692	1
1170	Accounts receivable, net	6(5)	1,773,608	24	1,944,329	29	1,778,981	29
1200	Other receivables	7	32,577	1	11,505	-	26,238	-
130X	Inventories	6(6)	1,415,747	19	953,758	14	893,920	15
1410	Prepayments		93,001	1	81,478	1	69,877	1
1470	Other current assets	8	11,208	-	7,019	-	9,613	-
11XX	Current Assets		<u>4,925,320</u>	<u>67</u>	<u>4,783,202</u>	<u>71</u>	<u>4,230,187</u>	<u>69</u>
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	102,769	1	114,638	2	204,496	3
1535	Financial assets at amortised cost - non-current	6(4)	249,067	3	-	-	-	-
1550	Investments accounted for under equity method	6(7)	1,060,491	14	892,322	13	747,116	12
1600	Property, plant and equipment	6(8) and 8	784,613	11	709,219	10	717,213	12
1755	Right-of-use assets	6(9)	65,851	1	64,558	1	70,576	1
1780	Intangible assets	6(11)	47,749	1	51,373	1	52,265	1
1840	Deferred income tax assets		138,715	2	120,294	2	131,402	2
1900	Other non-current assets	6(5)	25,199	-	15,195	-	12,302	-
15XX	Non-current assets		<u>2,474,454</u>	<u>33</u>	<u>1,967,599</u>	<u>29</u>	<u>1,935,370</u>	<u>31</u>
1XXX	Total assets		<u>\$ 7,399,774</u>	<u>100</u>	<u>\$ 6,750,801</u>	<u>100</u>	<u>\$ 6,165,557</u>	<u>100</u>

(Continued)

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2021		December 31, 2020		September 30, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 816,783	11	\$ 570,600	8	\$ 487,679	8
2120	Financial liabilities at fair value through profit or loss - current	6(13)	-	-	166	-	409	-
2130	Contract liabilities - current	6(21)	530,448	7	560,006	8	450,485	7
2150	Notes payable		60,806	1	67,232	1	74,202	1
2170	Accounts payable		1,117,066	15	1,074,758	16	896,336	15
2180	Accounts payable - related parties	7	4,514	-	11,447	-	3,578	-
2200	Other payables	6(14)	718,953	10	615,136	9	585,921	10
2230	Current income tax liabilities		63,630	1	43,216	1	36,801	1
2280	Current lease liabilities		8,310	-	10,428	-	16,240	-
2300	Other current liabilities	6(15)	43,354	-	325,969	5	328,644	5
21XX	Current Liabilities		<u>3,363,864</u>	<u>45</u>	<u>3,278,958</u>	<u>48</u>	<u>2,880,295</u>	<u>47</u>
Non-current liabilities								
2540	Long-term borrowings	6(15)	845,000	12	432,000	7	482,000	8
2570	Deferred income tax liabilities		357,585	5	330,973	5	311,268	5
2580	Non-current lease liabilities		9,516	-	4,474	-	5,540	-
2600	Other non-current liabilities		15,336	-	21,904	-	19,611	-
25XX	Non-current liabilities		<u>1,227,437</u>	<u>17</u>	<u>789,351</u>	<u>12</u>	<u>818,419</u>	<u>13</u>
2XXX	Total Liabilities		<u>4,591,301</u>	<u>62</u>	<u>4,068,309</u>	<u>60</u>	<u>3,698,714</u>	<u>60</u>
Equity attributable to owners of parent								
	Share capital	6(17)						
3110	Common stock		1,521,897	21	1,492,055	22	1,492,055	24
	Capital surplus	6(18)						
3200	Capital surplus		232,800	3	232,800	3	232,800	3
	Retained earnings	6(19)						
3310	Legal reserve		273,986	4	227,431	3	227,431	4
3320	Special reserve		105,878	1	51,901	1	51,901	1
3350	Unappropriated retained earnings		603,521	8	611,356	9	455,971	8
	Other equity interest	6(20)						
3400	Other equity interest		(105,122)	(1)	(105,878)	(1)	(145,664)	(2)
3500	Treasury shares	6(17)	(41,977)	(1)	-	-	-	-
31XX	Equity attributable to owners of the parent		<u>2,590,983</u>	<u>35</u>	<u>2,509,665</u>	<u>37</u>	<u>2,314,494</u>	<u>38</u>
36XX	Non-controlling interest		<u>217,490</u>	<u>3</u>	<u>172,827</u>	<u>3</u>	<u>152,349</u>	<u>2</u>
3XXX	Total equity		<u>2,808,473</u>	<u>38</u>	<u>2,682,492</u>	<u>40</u>	<u>2,466,843</u>	<u>40</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 7,399,774</u>	<u>100</u>	<u>\$ 6,750,801</u>	<u>100</u>	<u>\$ 6,165,557</u>	<u>100</u>

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

	Items	Notes	Three-month period ended September 30				Nine-month period ended September 30			
			2021		2020		2021		2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21)	\$ 1,319,864	100	\$ 1,068,478	100	\$ 4,234,591	100	\$ 2,741,501	100
5000	Operating costs	6(6) and 7	(880,763)	(67)	(691,807)	(65)	(2,791,785)	(66)	(1,641,070)	(60)
5900	Net operating margin		439,101	33	376,671	35	1,442,806	34	1,100,431	40
	Operating expenses	6(26)(27)								
6100	Selling expenses		(126,539)	(10)	(126,298)	(12)	(405,579)	(10)	(325,453)	(12)
6200	General and administrative expenses		(105,964)	(8)	(57,928)	(5)	(266,614)	(6)	(156,340)	(5)
6300	Research and development expenses		(70,476)	(5)	(71,043)	(7)	(187,503)	(4)	(185,572)	(7)
6450	Expected credit losses	12(2)	17,070	1	18,901	2	(36,512)	(1)	(89,161)	(3)
6000	Total operating expenses		(285,909)	(22)	(236,368)	(22)	(896,208)	(21)	(756,526)	(27)
6900	Operating profit		153,192	11	140,303	13	546,598	13	343,905	13
	Non-operating income and expenses									
7100	Interest income	6(22)	5,401	-	5,607	-	17,010	-	18,958	1
7010	Other income	6(23)	27,139	2	32,000	3	41,560	1	56,232	2
7020	Other gains and losses	6(24)	8,404	1	(15,583)	(1)	3,119	-	(23,683)	(1)
7050	Finance costs	6(25)	(4,278)	-	(3,237)	-	(12,022)	-	(14,900)	(1)
7060	Share of profit of associates and joint ventures accounted for under equity method		28,881	2	14,864	1	74,697	2	19,676	1
7000	Total non-operating income and expenses		65,547	5	33,651	3	124,364	3	56,283	2
7900	Profit before income tax		218,739	16	173,954	16	670,962	16	400,188	15
7950	Income tax expense	6(28)	(43,274)	(3)	(38,305)	(3)	(126,757)	(3)	(81,249)	(3)
8200	Profit for the period		\$ 175,465	13	\$ 135,649	13	\$ 544,205	13	\$ 318,939	12

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C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

Items	Notes	Three-month period ended September 30				Nine-month period ended September 30			
		2021		2020		2021		2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income									
Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	6(3)(20)							
		(\$ 14,658)	(1)	\$ 10,244	1	\$ 38,622	1	(\$ 113,099)	(4)
Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations								
		(15,567)	(1)	40,025	4	(23,570)	(1)	(14,981)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(28)							
		10,051	1	(6,392)	(1)	5,551	-	2,842	-
8360	Components of other comprehensive income that will be reclassified to profit or loss								
		(5,516)	-	33,633	3	(18,019)	(1)	(12,139)	(1)
8300	Other comprehensive income (loss) for the period								
		(\$ 20,174)	(1)	\$ 43,877	4	\$ 20,603	-	(\$ 125,238)	(5)
8500	Total comprehensive income for the period								
		\$ 155,291	12	\$ 179,526	17	\$ 564,808	13	\$ 193,701	7
Profit, attributable to:									
8610	Owners of the parent								
		\$ 155,161	11	\$ 130,676	13	\$ 492,464	12	\$ 299,415	11
8620	Non-controlling interest								
		20,304	2	4,973	-	51,741	1	19,524	1
	Profit for the period	\$ 175,465	13	\$ 135,649	13	\$ 544,205	13	\$ 318,939	12
Comprehensive income attributable to:									
8710	Owners of the parent								
		\$ 135,915	11	\$ 167,386	16	\$ 516,272	12	\$ 174,948	6
8720	Non-controlling interest								
		19,376	1	12,140	1	48,536	1	18,753	1
	Total comprehensive income for the period	\$ 155,291	12	\$ 179,526	17	\$ 564,808	13	\$ 193,701	7
Basic earnings per share									
9750	Total basic earnings per share	6(29)							
		\$ 1.02		\$ 0.86		\$ 3.24		\$ 1.97	
Diluted earnings per share									
9850	Total diluted earnings per share	6(29)							
		\$ 1.02		\$ 0.86		\$ 3.24		\$ 1.97	

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

C. SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Notes	Equity attributable to owners of the parent											Non-controlling interest	Total equity
	Retained earnings					Other equity interest							
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Other	Treasury shares	Total			
<u>Nine-month period ended September 30, 2020</u>													
	\$ 1,492,055	\$ 232,800	\$ 200,300	\$ 51,901	\$ 545,951	(\$ 160,813)	\$ 149,836	\$ 530	\$ -	\$ 2,512,560	\$ 137,760	\$ 2,650,320	
	-	-	-	-	299,415	-	-	-	-	299,415	19,524	318,939	
6(20)	-	-	-	-	-	(11,368)	(113,099)	-	-	(124,467)	(771)	(125,238)	
	-	-	-	-	299,415	(11,368)	(113,099)	-	-	174,948	18,753	193,701	
<u>Appropriation of 2019 earnings</u>													
6(19)	-	-	27,131	-	(27,131)	-	-	-	-	-	-	-	
	-	-	-	-	(373,014)	-	-	-	-	(373,014)	-	(373,014)	
	-	-	-	-	10,750	(10,750)	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	(4,164)	(4,164)	
	\$ 1,492,055	\$ 232,800	\$ 227,431	\$ 51,901	\$ 455,971	(\$ 172,181)	\$ 25,987	\$ 530	\$ -	\$ 2,314,494	\$ 152,349	\$ 2,466,843	
<u>Nine-month period ended September 30, 2021</u>													
	\$ 1,492,055	\$ 232,800	\$ 227,431	\$ 51,901	\$ 611,356	(\$ 135,531)	\$ 29,123	\$ 530	\$ -	\$ 2,509,665	\$ 172,827	\$ 2,682,492	
	-	-	-	-	492,464	-	-	-	-	492,464	51,741	544,205	
6(20)	-	-	-	-	-	(14,814)	38,622	-	-	23,808	(3,205)	20,603	
	-	-	-	-	492,464	(14,814)	38,622	-	-	516,272	48,536	564,808	
<u>Appropriation of 2020 earnings</u>													
	-	-	46,555	-	(46,555)	-	-	-	-	-	-	-	
	-	-	-	53,977	(53,977)	-	-	-	-	-	-	-	
	-	-	-	-	(373,014)	-	-	-	-	(373,014)	-	(373,014)	
	29,842	-	-	-	(29,842)	-	-	-	-	-	-	-	
	-	-	-	-	23,052	(23,052)	-	-	-	-	-	-	
6(18)	-	-	-	-	(19,963)	-	-	-	-	(19,963)	-	(19,963)	
	-	-	-	-	-	-	-	-	-	-	(3,873)	(3,873)	
6(17)	-	-	-	-	-	-	-	-	(41,977)	(41,977)	-	(41,977)	
	\$ 1,521,897	\$ 232,800	\$ 273,986	\$ 105,878	\$ 603,521	(\$ 150,345)	\$ 44,693	\$ 530	(\$ 41,977)	\$ 2,590,983	\$ 217,490	\$ 2,808,473	

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine-month period ended September 30	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 670,962	\$ 400,188
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(26)	59,519	72,054
Amortisation	6(26)	4,373	4,640
Expected credit losses	12(2)	36,512	89,161
Net gain on financial assets or liabilities at fair value through profit or loss	6(24)	(3,595)	(8,451)
Interest expense	6(25)	12,022	14,900
Interest income	6(22)	(17,010)	(18,958)
Dividend income	6(23)	(15,643)	(12,507)
Share of profit of associates and joint ventures accounted for under the equity method	6(7)	(74,697)	(19,676)
Loss on disposal of property, plant and equipment, net	6(24)	465	143
Gain on disposal of investment	6(24)	(4,517)	(8,691)
Impairment loss from non – financial assets	6(24)	976	959
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	(82,498)
Proceeds from disposal of financial assets at fair value through profit or loss		47,348	102,850
Notes receivable	(	3,102)	6,929
Accounts receivable		137,011	590,249
Other receivables	(	20,329)	1,257
Inventories	(	461,989)	(312,276)
Prepayments	(	11,523)	(13,235)
Other current assets	(	5,133)	(4,407)
Changes in operating liabilities			
Current contract liabilities	(	29,558)	331,242
Notes payable	(	6,426)	13,908
Accounts payable		35,375	139,563
Other payables		101,188	21,264
Other current liabilities		17,385	4,785
Accrued pension liabilities	(	6,619)	(6,583)
Cash inflow generated from operations		462,995	1,306,810
Dividend received		15,643	12,507
Interest paid	(	8,854)	(16,158)
Income tax paid	(98,181)	(50,625)
Net cash flows from operating activities		<u>371,603</u>	<u>1,252,534</u>

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C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine-month period ended September 30	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 246,827)	(\$ 22,150)
Proceeds from disposal of financial assets at fair value through other comprehensive income		1,984	19,774
Capital reduction of financial assets at fair value through other comprehensive income		7,602	1,680
Acquisition of financial assets at amortised cost		(347,835)	-
Dividend received by investments accounted for under equity method		58,705	52,776
Acquisition of investments accounted for under equity method		(113,721)	(124,487)
Acquisition of property, plant, and equipment	6(30)	(129,155)	(15,423)
Proceeds from disposal of property, plant and equipment		594	42
Acquisition of intangible assets		(1,585)	(1,963)
(Increase) decrease in refundable deposits		(8,867)	1,653
(Increase) decrease in other financial assets		944	(311)
(Increase) decrease in other non-current assets		(1,000)	403
Interest received		16,267	20,048
Net cash flows used in investing activities		(762,894)	(67,958)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(31)	4,110,164	4,029,413
Repayment of short-term borrowings	6(31)	(3,863,981)	(4,489,694)
Proceeds from long-term borrowings	6(31)	1,153,000	792,000
Repayment of long-term borrowings	6(31)	(1,040,000)	(860,000)
Increase in guarantee deposits received	6(31)	51	204
Treasury stock repurchase	6(17)	(41,977)	-
Repayment of principal portion of lease liabilities	6(31)	(11,231)	(20,051)
Cash dividends		(373,014)	(373,014)
Cash dividends of the subsidiaries		(3,873)	(4,164)
Net cash flows used in financing activities		(70,861)	(925,306)
Effect of exchange rate		(25,473)	(31,798)
Net (decrease) increase in cash and cash equivalents		(487,625)	227,472
Cash and cash equivalents at beginning of period	6(1)	1,621,979	1,105,522
Cash and cash equivalents at end of period	6(1)	<u>\$ 1,134,354</u>	<u>\$ 1,332,994</u>

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

C SUN MFG. LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(Unaudited)

1. HISTORY AND ORGANIZATION

C SUN MFG. LTD. (the “Company”) was incorporated in April, 1978. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in electronics, semiconductors, liquid crystal displays (LCD), printed circuit boards, textiles, plastics, rubber, printing, chemical industry, aerospace and other industrial box ovens, tunnel ovens, UV drying equipment, UV exposure equipment, automatic equipment, plasma generator (PRS series), automatic system integration technology, research, development, related parts manufacturing, maintenance, sales, import and export business of the aforementioned products.

In September, 2001, the Company’s shares were listed on the Taiwan Stock Exchange (TWSE).

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

These consolidated financial statements were authorized for issuance by the Board of Directors on November 4, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

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

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

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

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

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

(3) IFRSs issued by 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 Standards, Interpretations and Amendments</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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2020, except for the compliance statement, basis of preparations, basis of consolidation and interim financial statements apply as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. 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 International Accounting Standard 34, ‘Interim financial reporting’ as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “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 areas involving a higher degree of judgement or complexity, or areas 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:
Basis for preparation of consolidated financial statements is consistent with the 2020 consolidated financial statements.

(Blank below)

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Note
			September 30, 2021	December 31, 2020	September 30, 2020	
C SUN MFG. LTD.	C Sun (B.V.I.) Ltd.	Holding company	100%	100%	100%	Note 2
C SUN MFG. LTD.	K Sun (Samoa) Ltd.	Holding company	100%	100%	100%	Note 2
C SUN MFG. LTD.	Wat Sun. Intelligent Technology Co., Ltd.	Manufacturing and Selling	100%	100%	100%	
C SUN MFG. LTD.	Abcon Technology Inc.	Manufacturing and Selling	-	66.67%	66.67%	Notes 1 and 2
C Sun (B.V.I.) Ltd.	Csun Technology (Guangzhou) Co., Ltd.	Manufacturing and Selling	100%	100%	100%	
C Sun (B.V.I.) Ltd.	Alpha Joint Ltd.	Holding company	100%	100%	100%	Note 2
C Sun (B.V.I.) Ltd.	Power Ever Enterprises Limited	Holding company	77.47%	77.47%	77.47%	Note 2
Power Ever Enterprises Limited	Good Team International Enterprises Limited	Holding company	100%	100%	100%	Note 2
Good Team International Enterprises Limited	Suzhou Top Creation Machines Co., Ltd.	Manufacturing and Selling	100%	100%	100%	
Suzhou Top Creation Machines Co., Ltd.	Top Creation Machines Co., Ltd.	Manufacturing and Selling	100%	100%	100%	Note 2
Csun Technology (Guangzhou) Co., Ltd.	Guangzhou Y SUN Machinery Tech. Co., Ltd.	Manufacturing and Selling	100%	100%	100%	Note 2
Csun Technology (Guangzhou) Co., Ltd.	Jiangsu Chunag Gao Xin Materials Technology Co., Ltd.	Manufacturing and Selling	100%	100%	100%	Note 2

Note 1: Abcon Technology Inc. was dissolved on February 26, 2021. As of September 30, 2021, the liquidation process has not yet been completed.

Note 2: As these subsidiaries did not meet the definition of significant subsidiaries, the financial statements as of September 30, 2021 and 2020 were not reviewed by independent auditors.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

Pensions - Defined benefit plan

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 since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(5) Income tax

- A. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- B. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

There have been no significant changes as of September 30, 2021. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2020.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Cash on hand and revolving funds	\$ 2,177	\$ 2,805	\$ 2,515
Checking accounts and demand deposits	1,130,177	1,483,412	1,231,363
Time deposits	<u>2,000</u>	<u>135,762</u>	<u>99,116</u>
Total	<u>\$ 1,134,354</u>	<u>\$ 1,621,979</u>	<u>\$ 1,332,994</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. Information about cash and cash equivalents that were pledged to others as collateral and classified as other current assets is provided in Note 8.

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

Items	September 30, 2021	December 31, 2020	September 30, 2020
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 80,723	\$ 124,940	\$ 81,851
Derivatives	413	705	249
	81,136	125,645	82,100
Valuation adjustment	4,952	721	392
Total	\$ 86,088	\$ 126,366	\$ 82,492

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 1,700	(\$ 111)
Derivatives	742	-
Total	\$ 2,442	(\$ 111)
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 4,270	\$ 989
Derivatives	(347)	-
Total	\$ 3,923	\$ 989

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

September 30, 2021		
Derivative financial instruments	Contract amount (notional principal) (in thousands)	Contract period
Current items:		
Foreign exchange swap contracts	USD 3,700	2021/8-2021/12
	CNY 64,700	2021/7-2021/11
	JPY 200,000	2021/9-2021/11
	TWD 27,975	2021/8-2021/10

December 31, 2020		
Derivative financial instruments	Contract amount (notional principal) (in thousands)	Contract period
Current items:		
Foreign exchange swap contracts	CNY 10,000	2020/12-2021/2
	USD 1,000	2020/12-2021/3

September 30, 2020		
Derivative financial instruments	Contract amount (notional principal) (in thousands)	Contract period
Current items:		
Foreign exchange swap contracts	CNY 10,000	2020/8-2020/10

Foreign exchange swap contracts

The Group entered into foreign exchange swap contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations. However, these foreign exchange contracts are not accounted for under hedge accounting.

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

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

Items	September 30, 2021	December 31, 2020	September 30, 2020
Current items:			
Equity instruments			
Listed stocks	\$ 235,761	\$ 1,272	\$ 1,272
Valuation adjustment	5,944	283	108
Total	\$ 241,705	\$ 1,555	\$ 1,380
Non-current items:			
Equity instruments			
Listed stocks	\$ -	\$ -	\$ 63,146
Emerging stocks	26,909	27,228	26,362
Unlisted stocks	61,962	74,814	95,557
	88,871	102,042	185,065
Valuation adjustment	13,898	12,596	19,431
Total	\$ 102,769	\$ 114,638	\$ 204,496

- A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$344,474, \$116,193 and \$205,876 as at September 30, 2021, December 31, 2020 and September 30, 2020, respectively.
- B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 14,658)	\$ 10,244
Cumulative losses reclassified to retained earnings due to derecognition	(\$ 194)	(\$ 1,092)
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 38,622	(\$ 113,099)
Cumulative losses reclassified to retained earnings due to derecognition	(\$ 23,052)	(\$ 10,750)

C. On March 30, 2020, the Group increased its shareholding ratio in Gallant Precision Machining Co., Ltd. whose shares were held by the Group to 20.15% and has significant impact over the company, thus, the investment was transferred from “financial assets at fair value through other comprehensive income” to “investments accounted for using equity method”.

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

(4) Financial assets at amortised cost

Items	September 30, 2021	December 31, 2020	September 30, 2020
Current items:			
Three month time deposits	\$ 98,768	\$ -	\$ -
Non-current items:			
Time deposits over three months	\$ 249,067	\$ -	\$ -

A. Details of the Group’s financial assets at amortised cost pledged to others as collateral are not provided.

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Notes and accounts receivable

	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivable	\$ 38,338	\$ 35,236	\$ 34,718
Less: Allowance for uncollectible accounts	(74)	(23)	(26)
	\$ 38,264	\$ 35,213	\$ 34,692
Accounts receivable	\$ 2,033,201	\$ 2,170,212	\$ 1,997,441
Less: Allowance for uncollectible accounts	(259,593)	(225,883)	(218,460)
	\$ 1,773,608	\$ 1,944,329	\$ 1,778,981
Overdue receivable (shown as other non-current assets)	\$ 61,723	\$ 69,321	\$ 67,104
Less: Allowance for uncollectible accounts	(61,723)	(69,321)	(67,104)
	\$ -	\$ -	\$ -

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

	September 30, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due to 60 days	\$ 1,895,826	\$ 38,337	\$ 2,065,346	\$ 35,236
61 to 120 days	15,066	-	62,647	-
121 to 180 days	16,981	1	2,208	-
Over 180 days	105,328	-	40,011	-
	\$ 2,033,201	\$ 38,338	\$ 2,170,212	\$ 35,236

	September 30, 2020	
	Accounts receivable	Notes receivable
Not past due to 60 days	\$ 1,861,834	\$ 34,718
61 to 120 days	1,703	-
121 to 180 days	38,223	-
Over 180 days	95,681	-
	<u>\$ 1,997,441</u>	<u>\$ 34,718</u>

The above ageing analysis was based on past due date.

- B. As of September 30, 2021, December 31, 2020 and September 30, 2020, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2020, the balance of receivables from contracts with customers amounted to \$2,632,338.
- C. The Group has no notes and accounts receivable pledged to others as collateral.
- D. As at September 30, 2021, December 31, 2020 and September 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$38,264, \$35,213 and \$34,692; \$1,773,608, \$1,944,329 and \$1,778,981, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	September 30, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 411,470	(\$ 120,521)	\$ 290,949
Work in progress	820,666	(96,695)	723,971
Finished goods	495,499	(94,672)	400,827
Total	<u>\$ 1,727,635</u>	<u>(\$ 311,888)</u>	<u>\$ 1,415,747</u>
	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 240,334	(\$ 135,650)	\$ 104,684
Work in progress	610,241	(85,535)	524,706
Finished goods	425,091	(100,723)	324,368
Total	<u>\$ 1,275,666</u>	<u>(\$ 321,908)</u>	<u>\$ 953,758</u>

	September 30, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 270,867	(\$ 148,555)	\$ 122,312
Work in progress	579,361	(90,015)	489,346
Finished goods	355,572	(73,310)	282,262
Total	<u>\$ 1,205,800</u>	<u>(\$ 311,880)</u>	<u>\$ 893,920</u>

The cost of inventories recognised as expense for the period:

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Cost of goods sold and others	\$ 874,480	\$ 763,306
Gain on reversal of decline in market value	6,283	(71,499)
Total	<u>\$ 880,763</u>	<u>\$ 691,807</u>

	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Cost of goods sold	\$ 2,801,805	\$ 1,866,024
Gain on reversal of decline in market value	(10,020)	(224,954)
Total	<u>\$ 2,791,785</u>	<u>\$ 1,641,070</u>

For the three-month periods ended September 30, 2021 and 2020, the Group reversed an inventory write-down and accounted for as reduction of cost of goods sold because inventory that has been appropriated as loss on decline in market value was partially sold.

(7) Investments accounted for under equity method

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Associates:			
Gallant Precision Machining Co., Ltd.	\$ 867,179	\$ 734,188	\$ 684,581
Gallant Micro. Machining Co., Ltd.	84,545	86,153	-
Alpha-Cure Asia Co., Ltd.	70,722	71,981	62,535
Viewmove Technologies, Inc.	38,045	-	-
	<u>\$ 1,060,491</u>	<u>\$ 892,322</u>	<u>\$ 747,116</u>

A. Associates

(a) The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio			Nature of relationship	Methods of measurement
		September 30, 2021	December 31, 2020	September 30, 2020		
Gallant Precision Machining Co., Ltd.	Taiwan	27.04%	23.94%	23.58%	Business strategy	Equity method
Gallant Micro. Machining Co., Ltd.	Taiwan	22.71% (Note 1)	20.10% (Note 1)	-	Business strategy	Equity method
Alpha-Cure Asia Co., Ltd.	China	25.00%	25.00%	25.00%	Business strategy	Equity method
Viewmove Technologies, Inc.	Taiwan	20.70% (Note 2)	-	-	Business strategy	Equity method

Note 1: It refers to the comprehensive shareholding ratio including shares of investees directly held by the Group and indirectly held through the associate.

Note 2: On February 1, 2021, the Group increased the shareholding of ViewMove Technologies, Inc. whose shares were directly held by the Group and has significant impact on it, thus, the investment was transferred from “financial assets at fair value through other comprehensive income” to “investments accounted for under equity method”.

(b) The summarised financial information of the associates that are material to the Group is as follows:

Balance sheet

	<u>Gallant Precision Machining Co., Ltd. and subsidiaries</u>		
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current assets	\$ 4,615,064	\$ 4,797,281	\$ 4,480,009
Non-current assets	1,812,981	1,298,789	1,198,788
Current liabilities	(3,041,456)	(2,902,762)	(2,286,426)
Non-current liabilities	(699,851)	(521,349)	(878,654)
Total net assets	<u>\$ 2,686,738</u>	<u>\$ 2,671,959</u>	<u>\$ 2,513,717</u>
Share in associate's net assets	\$ 627,277	\$ 546,176	\$ 592,821
Goodwill	<u>239,902</u>	<u>188,012</u>	<u>91,760</u>
Carrying amount of the associate	<u>\$ 867,179</u>	<u>\$ 734,188</u>	<u>\$ 684,581</u>

	<u>Gallant Micro Machining Co., Ltd. and subsidiaries</u>	
	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 1,667,292	\$ 1,364,254
Non-current assets	661,281	587,931
Current liabilities	(1,201,504)	(732,326)
Non-current liabilities	(262,338)	(264,964)
Total net assets	<u>\$ 864,731</u>	<u>\$ 954,895</u>
Share in associate's net assets	\$ 58,584	\$ 60,192
Goodwill	<u>25,961</u>	<u>25,961</u>
Carrying amount of the associate	<u>\$ 84,545</u>	<u>\$ 86,153</u>

Statement of comprehensive income

	Gallant Precision Machining Co., Ltd. and subsidiaries	
	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Revenue	\$ 1,175,496	\$ 923,019
Profit or loss for the period from continuing operations	\$ 93,924	\$ 60,131
Other comprehensive (loss) income, net of tax	(97,496)	40,460
Total comprehensive (loss) income	(\$ 3,572)	\$ 100,591
Dividends received from associates	\$ 42,497	\$ 52,776
	Gallant Precision Machining Co., Ltd. and subsidiaries	
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Revenue	\$ 3,701,201	\$ 2,288,274
Profit or loss for the period from continuing operations	\$ 304,084	\$ 76,441
Other comprehensive income, net of tax	47,919	17,400
Total comprehensive income	\$ 352,003	\$ 93,841
Dividends received from associates	\$ 42,497	\$ 52,776
	Gallant Micro Machining Co., Ltd. and subsidiaries	
	For the three-month period ended September 30, 2021	For the nine-month period ended September 30, 2021
Revenue	\$ 380,637	\$ 1,091,464
Profit for the period from continuing operations	\$ 43,502	\$ 128,086
Other comprehensive (loss) income, net of tax	(27,311)	11,691
Total comprehensive income	\$ 16,191	\$ 139,777
Dividends received from associates	\$ 5,436	\$ 5,436

- (c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As at September 30, 2021, December 31, 2020 and September 30, 2020, the carrying amount of the Group's individually immaterial associates amounted to \$108,767, \$71,981 and \$62,535, respectively.

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Profit or loss for the period from continuing operations	\$ 26,774	(\$ 5,735)
Other comprehensive income, net of tax	-	-
Total comprehensive income (loss)	<u>\$ 26,774</u>	<u>(\$ 5,735)</u>
Dividends received from associates	<u>\$ 10,772</u>	<u>\$ -</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Profit or loss for the period from continuing operations	\$ 22,924	(\$ 18,058)
Other comprehensive income, net of tax	-	-
Total comprehensive income (loss)	<u>\$ 22,924</u>	<u>(\$ 18,058)</u>
Dividends received from associates	<u>\$ 10,772</u>	<u>\$ -</u>

- (d) The Group's material associate Gallant Precision Machining Co., Ltd. has a quoted market price. As at September 30, 2021, December 31, 2020 and September 30, 2020, the fair value were \$1,392,177, \$1,654,658 and \$930,781, respectively.
- (e) The Group's material associate Gallant Micro Machining Co., Ltd. has a quoted market price. As at September 30, 2021, December 31, 2020 and September 30, 2020, the fair values were \$163,805, \$106,908 and \$79,909, respectively.
- (f) The Group is the single largest shareholder of Gallant Precision Machining Co., Ltd. with a 27.04% equity interest. Given that the key management of the Company and Gallant Precision Machining Co., Ltd. is not the same and the remaining shares are widely held, which indicates that the Group has no current ability to direct the relevant activities of Gallant Precision Machining Co., Ltd., the Group has no control, but only has significant influence, over the investee.
- (g) For the three-month and nine-month periods ended September 30, 2021 and 2020, the share of profit of associates and joint ventures accounted for under equity method were \$28,881, \$14,864, \$74,697 and \$19,676, respectively.

(Blank below)

(8) Property, plant and equipment

2021

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Construction in progress and prepayment for equipment</u>	<u>Total</u>
At January 1								
Cost	\$ 174,128	\$ 642,066	\$ 122,697	\$ 108,383	\$ 30,521	\$ 177,480	\$ 3,388	\$ 1,258,663
Accumulated depreciation	-	(215,894)	(99,839)	(78,506)	(25,892)	(129,313)	-	(549,444)
	<u>\$ 174,128</u>	<u>\$ 426,172</u>	<u>\$ 22,858</u>	<u>\$ 29,877</u>	<u>\$ 4,629</u>	<u>\$ 48,167</u>	<u>\$ 3,388</u>	<u>\$ 709,219</u>
Opening net book amount	\$ 174,128	\$ 426,172	\$ 22,858	\$ 29,877	\$ 4,629	\$ 48,167	\$ 3,388	\$ 709,219
Additions	72,848	26,383	805	8,295	9,069	3,572	7,751	128,723
Disposals	-	-	(437)	(390)	(148)	(84)	-	(1,059)
Reclassifications(Note)	-	-	-	280	-	-	(896)	(616)
Depreciation charge	-	(16,745)	(4,491)	(9,778)	(1,744)	(14,849)	-	(47,607)
Net exchange differences	-	(2,582)	(316)	(168)	(331)	(573)	(77)	(4,047)
Closing net book amount	<u>\$ 246,976</u>	<u>\$ 433,228</u>	<u>\$ 18,419</u>	<u>\$ 28,116</u>	<u>\$ 11,475</u>	<u>\$ 36,233</u>	<u>\$ 10,166</u>	<u>\$ 784,613</u>
At September 30								
Cost	\$ 246,976	\$ 664,251	\$ 117,792	\$ 112,073	\$ 35,355	\$ 177,356	\$ 10,166	1,363,969
Accumulated depreciation	-	(231,023)	(99,373)	(83,957)	(23,880)	(141,123)	-	(579,356)
	<u>\$ 246,976</u>	<u>\$ 433,228</u>	<u>\$ 18,419</u>	<u>\$ 28,116</u>	<u>\$ 11,475</u>	<u>\$ 36,233</u>	<u>\$ 10,166</u>	<u>\$ 784,613</u>

Note : It refers to construction in progress and prepayment for equipment transferred to office equipment amounting to \$280, and intangible assets amounting to \$616.

2020

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Construction in progress and prepayment for equipment</u>	<u>Total</u>
At January 1								
Cost	\$ 174,128	\$ 622,805	\$ 121,824	\$ 92,862	\$ 30,846	\$ 171,935	\$ 24,147	\$ 1,238,547
Accumulated depreciation	-	(191,283)	(93,026)	(66,363)	(23,856)	(108,768)	-	(483,296)
	<u>\$ 174,128</u>	<u>\$ 431,522</u>	<u>\$ 28,798</u>	<u>\$ 26,499</u>	<u>\$ 6,990</u>	<u>\$ 63,167</u>	<u>\$ 24,147</u>	<u>\$ 755,251</u>
Opening net book amount	\$ 174,128	\$ 431,522	\$ 28,798	\$ 26,499	\$ 6,990	\$ 63,167	\$ 24,147	\$ 755,251
Additions	-	2,918	523	5,839	-	3,900	1,591	14,771
Disposals	-	-	(103)	(37)	-	(45)	-	(185)
Reclassifications	-	12,386	-	9,855	-	-	(23,198)	(957)
Depreciation charge	-	(17,565)	(5,154)	(10,366)	(1,941)	(15,002)	-	(50,028)
Net exchange differences	-	(975)	(158)	(69)	(38)	(400)	1	(1,639)
Closing net book amount	<u>\$ 174,128</u>	<u>\$ 428,286</u>	<u>\$ 23,906</u>	<u>\$ 31,721</u>	<u>\$ 5,011</u>	<u>\$ 51,620</u>	<u>\$ 2,541</u>	<u>\$ 717,213</u>
At September 30								
Cost	\$ 174,128	\$ 636,656	\$ 120,876	\$ 106,690	\$ 30,028	\$ 173,644	\$ 2,541	\$ 1,244,563
Accumulated depreciation	-	(208,370)	(96,970)	(74,969)	(25,017)	(122,024)	-	(527,350)
	<u>\$ 174,128</u>	<u>\$ 428,286</u>	<u>\$ 23,906</u>	<u>\$ 31,721</u>	<u>\$ 5,011</u>	<u>\$ 51,620</u>	<u>\$ 2,541</u>	<u>\$ 717,213</u>

Note : It refers to construction in progress and prepayment for equipment transferred to buildings and structures amounting to \$12,386, office equipment amounting to \$9,855, software amounting to \$857, and office equipment transferred to expense amounting to \$100.

- A. There were no borrowing costs capitalized as part of property, plant and equipment for the three-month and nine-month periods ended September 30, 2021 and 2020.
- B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.
- C. The Group's buildings and structures include buildings and improvements, decoration works and hydroelectric engineering which are depreciated over 56 years, 4 to 6 years and 4 to 11 years, respectively.

(9) Leasing arrangements – lessee

- A. The Group leases various assets including land, buildings, multifunction printers, business vehicles. Land contract is typically made for periods of 26 to 50 years and other rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise of photocopiers and business vehicles, which were excluded from the right-of-use assets.
- C. The carrying amount of the depreciation charge are as follows:

	Carrying amount		
	September 30, 2021	December 31, 2020	September 30, 2020
Land	\$ 48,104	\$ 50,016	\$ 49,336
Buildings	1,078	6,893	12,325
Transportation equipment (Business vehicles)	16,485	7,114	8,176
Office equipment (Photocopiers)	184	535	739
	<u>\$ 65,851</u>	<u>\$ 64,558</u>	<u>\$ 70,576</u>
	Depreciation charge		
	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020	
Land	\$ 368	\$ 364	
Buildings	211	5,578	
Transportation equipment (Business vehicles)	2,028	1,165	
Office equipment (Photocopiers)	69	207	
	<u>\$ 2,676</u>	<u>\$ 7,314</u>	

	Depreciation charge	
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Land	\$ 1,114	\$ 1,095
Buildings	5,782	16,718
Transportation equipment (Business vehicles)	4,669	3,542
Office equipment (Photocopiers)	347	671
	<u>\$ 11,912</u>	<u>\$ 22,026</u>

D. For the three-month and nine-month periods ended September 30, 2021 and 2020, the additions to right-of-use assets were \$6,481, \$3,156, \$14,048 and \$9,029, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 37	\$ 187
Expense on short-term lease contracts	2,451	124
Expense on leases of low-value assets	55	50
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 152	\$ 753
Expense on short-term lease contracts	4,465	1,346
Expense on leases of low-value assets	208	219

F. For the nine-month periods ended September 30, 2021 and 2020, the Group's total cash outflow for leases were \$16,056 and \$22,369, respectively.

(10) Leasing arrangements – lessor

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 6 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. For the three-month and nine-month periods ended September 30, 2021 and 2020, the Group recognised rent income in the amounts of \$3,040, \$2,995, \$9,162 and \$7,495, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	2021		2020		2020			
2021	\$	2,973	2021	\$	11,273	2020	\$	2,806
2022		12,113	2022		11,493	2021		11,224
2023		8,355	2023		7,783	2022		11,423
2024		8,012	2024		7,444	2023		7,749
2025		8,012	2025		7,444	2024		7,412
After 2026		33,148	After 2026		31,017	2025		7,412
	\$	<u>72,613</u>		\$	<u>76,454</u>	After 2026		<u>30,902</u>
							\$	<u>78,928</u>

(11) Intangible assets

	2021			
	Software	Patent	Goodwill	Total
At January 1				
Cost	\$ 20,904	\$ 4,354	\$ 200,170	\$ 225,428
Accumulated amortisation and impairment	(13,765)	(2,465)	(157,825)	(174,055)
	<u>\$ 7,139</u>	<u>\$ 1,889</u>	<u>\$ 42,345</u>	<u>\$ 51,373</u>
Opening net book amount as at January 1	\$ 7,139	\$ 1,889	\$ 42,345	\$ 51,373
Additions	1,489	96	-	1,585
Reclassifications (Note)	616	-	-	616
Impairment loss	-	-	(976)	(976)
Amortisation charge	(3,339)	(279)	-	(3,618)
Net exchange differences	(377)	(27)	(827)	(1,231)
Closing net book amount as at September 30	<u>\$ 5,528</u>	<u>\$ 1,679</u>	<u>\$ 40,542</u>	<u>\$ 47,749</u>
At September 30				
Cost	\$ 22,553	\$ 4,380	\$ 198,999	\$ 225,932
Accumulated amortisation and impairment	(17,025)	(2,701)	(158,457)	(178,183)
	<u>\$ 5,528</u>	<u>\$ 1,679</u>	<u>\$ 40,542</u>	<u>\$ 47,749</u>

Note : It refers to construction in process and prepayment for equipment transferred to software amounting to \$616.

	2020			
	Software	Patent	Goodwill	Total
At January 1				
Cost	\$ 30,849	\$ 4,217	\$ 201,163	\$ 236,229
Accumulated amortisation and impairment	(23,250)	(2,062)	(156,443)	(181,755)
	<u>\$ 7,599</u>	<u>\$ 2,155</u>	<u>\$ 44,720</u>	<u>\$ 54,474</u>
Opening net book amount as at January 1	\$ 7,599	\$ 2,155	\$ 44,720	\$ 54,474
Additions	1,917	46	-	1,963
Reclassifications (Note)	1,561	-	-	1,561
Impairment loss	-	-	(959)	(959)
Amortisation charge	(3,594)	(271)	-	(3,865)
Net exchange differences	(3)	(14)	(892)	(909)
Closing net book amount as at September 30	<u>\$ 7,480</u>	<u>\$ 1,916</u>	<u>\$ 42,869</u>	<u>\$ 52,265</u>
At September 30				
Cost	\$ 19,807	\$ 4,238	\$ 200,094	\$ 224,139
Accumulated amortisation and impairment	(12,327)	(2,322)	(157,225)	(171,874)
	<u>\$ 7,480</u>	<u>\$ 1,916</u>	<u>\$ 42,869</u>	<u>\$ 52,265</u>

Note : It refers to construction in progress and prepayment for equipment transferred to software amounting to \$857, and prepaid expense transferred to software amounting to \$704.

Details of amortisation on intangible assets are as follows:

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Operating costs	\$ 120	\$ 176
Selling expenses	74	104
Administrative expenses	632	705
Research and development expenses	257	297
	<u>\$ 1,083</u>	<u>\$ 1,282</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Operating costs	\$ 466	\$ 551
Selling expenses	299	281
Administrative expenses	2,064	2,155
Research and development expenses	789	878
	<u>\$ 3,618</u>	<u>\$ 3,865</u>

(12) Short-term borrowings

Type of borrowings	September 30, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 816,783</u>	0.75%~1.00%	None
Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 570,600</u>	0.61%~0.95%	None
Type of borrowings	September 30, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 487,679</u>	0.75%~1.05%	None

(13) Financial liabilities at fair value through profit or loss

Items	September 30, 2021	December 31, 2020	September 30, 2020
Current items:			
Financial liabilities held for trading			
Derivative instruments	<u>\$ -</u>	<u>\$ 166</u>	<u>\$ 409</u>

A. Amounts recognised in profit or loss and other comprehensive income in relation to financial liabilities at fair value through profit or loss are as follows:

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	\$ <u>340</u>	\$ <u>6,000</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	(\$ <u>328</u>)	\$ <u>7,462</u>

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Group does not adopt hedge accounting are as follows:

	December 31, 2020		September 30, 2020	
	Contract amount (Notional principal)	Contract period	Contract amount (Notional principal)	Contract period
Derivative financial liabilities	(in thousands)	(in thousands)	(in thousands)	(in thousands)
Current items:				
Foreign exchange swap contracts	USD 6,990	2020/11-2021/2	USD 7,300	2020/8-2020/10

Foreign exchange swap contracts

The Group entered into foreign exchange swap contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations. However, these foreign exchange contracts are not accounted for under hedge accounting.

(14) Other payables

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Salary and bonus payable	\$ 306,437	\$ 264,074	\$ 252,908
Employees' compensation and directors' remuneration payable	24,570	17,360	11,743
Pension payable under the new labor pension system	25,479	24,887	24,774
Accrued annual leave	23,492	20,513	20,244
Payable on machinery and equipment	72	504	448
Other	338,903	287,798	275,804
	<u>\$ 718,953</u>	<u>\$ 615,136</u>	<u>\$ 585,921</u>

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2021
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 28, 2021 to January 27, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 100,000
Secured borrowings	Borrowing period is from September 24, 2021 to September 24, 2024; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and Buildings	33,000
Secured borrowings	Borrowing period is from August 27, 2021 to August 27, 2024; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and Buildings	180,000
Unsecured borrowings	Borrowing period is from August 20, 2021 to January 27, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	100,000
Secured borrowings	Borrowing period is from February 20, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note 1	300,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note 1	24,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2021
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note 1	<u>108,000</u> 845,000
Less: Current portion (shown as other current liabilities)				-
				<u>\$ 845,000</u>

Interest rate range: 0.52%~0.88%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 29, 2019 to July 28, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 100,000
Unsecured borrowings	Borrowing period is from November 18, 2019 to May 18, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	200,000
Secured borrowings	Borrowing period is from February 20, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note 1	300,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note 1	24,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note 1	108,000
				732,000
Less: Current portion (shown as other current liabilities)				(300,000)
				<u>\$ 432,000</u>

Interest rate range: 0.52%~0.88%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2020
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 29, 2019 to July 28, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 100,000
Unsecured borrowings	Borrowing period is from November 18, 2019 to May 18, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	200,000
Secured borrowings	Borrowing period is from February 20, 2020 to February 20, 2024; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note 1	300,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2024; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note 1	24,000
Secured borrowings	Borrowing period is from July 20, 2020 to February 20, 2024; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note 1	108,000
Secured borrowings	Borrowing period is from August 21, 2020 to November 19, 2020; interest is repayable monthly. The payment can be redrawn in the credit period during June 9, 2020 to June 9, 2023.	Fixed	Note 2	50,000
				782,000
Less: Current portion (shown as other current liabilities)				(300,000)
				<u>\$ 482,000</u>

Interest rate range: 0.52%~0.88%

Note 1 : In order to repay the existing bank loans and replenish the medium-term working capital, the Company appointed Taipei Fubon Commercial Bank Co., Ltd. to provide a loan amounting to \$500 million with a credit term of five years from the date of first drawdown. The Company has pledged the property (please refer to Note 8 for details) to the management bank as collateral.

According to the abovementioned loan agreement, the Company agreed to provide the consolidated financial statements audited by CPA annually and maintain the following financial ratios and agreements before the full settlement of the debts during the duration of agreement:

- A. Current ratio: Current assets against current liabilities shall be at least 120%.
- B. Debt ratio: Debt against net tangible assets shall be no more than 200%.
- C. Interest coverage ratio: The net profit before tax plus interest expense plus depreciation expense and amortization expense divided by interest expense shall be at least three times.
- D. Net tangible assets: the net asset value less intangible shall be no less than \$2 billion.

For the nine-month periods ended September 30, 2021 and 2020, the consolidated financial statements of the Group met the requirements of the financial ratio limits.

Note 2 : In order to repay the existing bank loans and replenish the medium-term working capital, the Company appointed Yuanta Commercial Bank Co., Ltd. to provide a loan amounting to \$143 million with a credit term of three years from the date of contraction. The Company has pledged the property (please refer to Note 8 for details) to the management bank as collateral. The company could drawdown anytime during the credit period, every drawdown cannot exceed 180 days and expiration date.

(16) Pensions

- A. (a) The Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute monthly an amount equal to 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for

the deficit by next March.

- (b) For the aforementioned pension plan, the Group recognized pension costs of \$178, \$192, \$533 and \$572 for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$9,536.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries (Wat Sun. Intelligent Technology Co., Ltd., Top Creation Machines Co., Ltd. and Abcon Technology Inc.) have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries 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 benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s mainland China subsidiaries 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 (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage was 10%~20%, respectively. Other than the monthly contributions, the Group has no further obligations.
- (c) The pension costs under defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2021 and 2020, were \$6,168, \$5,870, \$12,844 and \$12,162, respectively.

(17) Share capital

- A. As of September 30, 2021, the Company’s authorised capital was \$2,000,000, consisting of 200,000 thousand shares of ordinary stock, and the paid-in capital was \$1,521,897 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number of the Company’s ordinary shares outstanding(thousands shares) are as follows:

	2021	2020
At January 1	149,206	149,206
Stock dividends	2,984	-
Shares reacquisition	(715)	-
At September 30	<u>151,475</u>	<u>149,206</u>

- B. On May 25, 2021, the Board of Directors of the Company resolved to repurchase treasury shares in the expected amount of 1,000 thousand shares which will all be transferred to the employees. As of September 30, 2021, the accumulated numbers of shares repurchased by the Company amounted to 715 thousand shares.

C. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	September 30, 2021	
		Number of shares (thousand shares)	Carrying amount
The Company	To be reissued to employees	715	\$ 41,977

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

2021						
	Share premium	Combined premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Employee stock option	Total
At January 1/ September 30	<u>\$ 85,584</u>	<u>\$ 133,672</u>	<u>\$ 11,761</u>	<u>\$ 1,776</u>	<u>\$ 7</u>	<u>\$232,800</u>

2020

	Share premium	Combined premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Employee stock option	Total
At January 1/ September 30	\$ 85,584	\$ 133,672	\$ 11,761	\$ 1,776	\$ 7	\$232,800

(19) Retained earnings

- A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Stock dividends should be appropriated at a rate of 10% per annum. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders’ meeting.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company’s paid-in capital.
- C. Special reserve
- (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- D. The appropriation of 2020 and 2019 earnings had been resolved at the stockholders’ meeting on July 8, 2021 and May 21, 2020, respectively. Details are summarized below:

	2020		2019	
	Amount	Dividends per share (in NT dollars)	Amount	Dividends per share (in NT dollars)
Legal reserve	\$ 46,555		\$ 27,131	
Special reserve	53,977		-	
Cash dividends	373,014	\$ 2.5	373,014	\$ 2.5
Stock dividends	29,842	0.2	-	-
Total	<u>\$ 503,388</u>	<u>\$ 2.7</u>	<u>\$ 400,145</u>	<u>\$ 2.5</u>

(20) Other equity items

	2021			
	Unrealised gains(losses) on valuation	Foreign currency translation	Other	Total
At January 1	\$ 29,123	(\$ 135,531)	\$ 530	(\$ 105,878)
Valuation adjustment	38,622	-	-	38,622
Disposal transferred out from retained earnings	(23,052)	-	-	(23,052)
Currency translation differences:				
-Group	-	(14,814)	-	(14,814)
At September 30	<u>\$ 44,693</u>	<u>(\$ 150,345)</u>	<u>\$ 530</u>	<u>(\$ 105,122)</u>

	2020			
	Unrealised gains(losses) on valuation	Foreign currency translation	Other	Total
At January 1	\$ 149,836	(\$ 160,813)	\$ 530	(\$ 10,447)
Valuation adjustment	(113,099)	-	-	(113,099)
Disposal transferred out from retained earnings	(10,750)	-	-	(10,750)
Currency translation differences:				
-Group	-	(11,368)	-	(11,368)
At September 30	<u>\$ 25,987</u>	<u>(\$ 172,181)</u>	<u>\$ 530</u>	<u>(\$ 145,664)</u>

(21) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

For the three-month period ended September 30, 2021	Taiwan	China	Other	Total
Timing of revenue recognition				
At a point in time	\$ 326,337	\$ 834,266	\$ 136,844	\$ 1,297,447
Over time	22,417	-	-	22,417
	<u>\$ 348,754</u>	<u>\$ 834,266</u>	<u>\$ 136,844</u>	<u>\$ 1,319,864</u>
For the three-month period ended September 30, 2020	Taiwan	China	Other	Total
Timing of revenue recognition				
At a point in time	\$ 158,099	\$ 881,881	\$ 15,018	\$ 1,054,998
Over time	13,480	-	-	13,480
	<u>\$ 171,579</u>	<u>\$ 881,881</u>	<u>\$ 15,018</u>	<u>\$ 1,068,478</u>
For the nine-month period ended September 30, 2021	Taiwan	China	Other	Total
Timing of revenue recognition				
At a point in time	\$ 1,012,207	\$ 2,946,427	\$ 213,265	\$ 4,171,899
Over time	62,692	-	-	62,692
	<u>\$ 1,074,899</u>	<u>\$ 2,946,427</u>	<u>\$ 213,265</u>	<u>\$ 4,234,591</u>
For the nine-month period ended September 30, 2020	Taiwan	China	Other	Total
Timing of revenue recognition				
At a point in time	\$ 491,951	\$ 2,061,312	\$ 134,373	\$ 2,687,636
Over time	53,865	-	-	53,865
	<u>\$ 545,816</u>	<u>\$ 2,061,312</u>	<u>\$ 134,373</u>	<u>\$ 2,741,501</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	September 30, 2021	December 31, 2020	September 30, 2020	January 1, 2020
Contract liabilities	<u>\$ 530,448</u>	<u>\$ 560,006</u>	<u>\$ 450,485</u>	<u>\$ 119,243</u>

Revenue recognised that was included in the contract liability balance at the beginning of the period

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Contract liabilities	\$ 56,682	\$ 16,815
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Contract liabilities	\$ 507,790	\$ 80,902
(22) <u>Interest income</u>		
	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Interest income from bank deposits	\$ 5,401	\$ 5,607
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Interest income from bank deposits	\$ 17,010	\$ 18,958
(23) <u>Other income</u>		
	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Rent income	\$ 3,040	\$ 2,995
Dividend income	15,643	12,507
Other	8,456	16,498
	\$ 27,139	\$ 32,000
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Rent income	\$ 9,162	\$ 7,495
Dividend income	15,643	12,507
Other	16,755	36,230
	\$ 41,560	\$ 56,232

(24) Other gains and losses

	For the three-month period ended <u>September 30, 2021</u>	For the three-month period ended <u>September 30, 2020</u>
Losses on disposals of property, plant and equipment	(\$ 25)	(\$ 49)
Gains on disposals of investments	1,187	6,833
Foreign exchange gains (losses)	5,429	(27,244)
Gain on financial assets (liabilities) at fair value through profit or loss	2,782	5,889
Impairment loss from non-financial assets	(323)	(319)
Other gains and losses	(646)	(693)
	<u>\$ 8,404</u>	<u>(\$ 15,583)</u>

	For the nine-month period ended <u>September 30, 2021</u>	For the nine-month period ended <u>September 30, 2020</u>
Losses on disposal of property, plant and equipment	(\$ 465)	(\$ 143)
Gains on disposal of investments	4,517	8,691
Foreign exchange losses	(1,374)	(36,958)
Gain on financial assets (liabilities) at fair value through profit	3,595	8,451
Impairment loss from non-financial assets	(976)	(959)
Other gains and losses	(2,178)	(2,765)
	<u>\$ 3,119</u>	<u>(\$ 23,683)</u>

(25) Finance costs

	For the three-month period ended <u>September 30, 2021</u>	For the three-month period ended <u>September 30, 2020</u>
Interest expense :		
Bank loan	\$ 4,241	\$ 3,050
Lease liabilities	37	187
	<u>\$ 4,278</u>	<u>\$ 3,237</u>

	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Interest expense :		
Bank loan	\$ 11,870	\$ 14,147
Lease liabilities	152	753
	<u>\$ 12,022</u>	<u>\$ 14,900</u>

(26) Expenses by nature

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Employee benefit expenses	\$ 229,045	\$ 143,286
Depreciation	18,523	23,412
Amortisation	1,838	1,545

	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Employee benefit expenses	\$ 657,152	\$ 441,291
Depreciation	59,519	72,054
Amortisation	4,373	4,640

(27) Employee benefit expenses

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Wages and salaries	\$ 202,990	\$ 123,315
Labour and health insurance fees	13,005	7,469
Pension costs	6,346	6,062
Other personnel expenses	6,704	6,440
	<u>\$ 229,045</u>	<u>\$ 143,286</u>

	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Wages and salaries	\$ 588,539	\$ 393,081
Labour and health insurance fees	36,278	21,816
Pension costs	13,377	12,734
Other personnel expenses	18,958	13,660
	<u>\$ 657,152</u>	<u>\$ 441,291</u>

A. The current year’s earnings, if any, shall be distributed a ratio of 1%~9% as employees’ compensation in the form of shares or in cash as resolved by the Board of Directors. Qualification requirements of employees include the employees of subsidiaries of the company meeting certain specific requirements. The Company shall distribute directors’ remuneration no more than 2.25% of the total distributable amount as resolved by the Board of Directors. The appropriation of employees’ compensation and directors’ remuneration shall be submitted to the shareholders’ meeting.

If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated as employees’ compensation and directors’ remuneration based on the abovementioned ratios.

B. For the three-month and nine-month periods ended September 30, 2021 and 2020, employees’ compensation was accrued at \$2,057, \$1,620, \$5,916 and \$3,629, respectively; while directors’ remuneration was accrued at \$4,630, \$3,937, \$13,312 and \$6,629, respectively. The aforementioned amounts were recognised in salary expenses.

The employees’ compensation and directors’ remuneration were estimated and accrued based on 1% and 2.25% of distributable profit of current year as of the end of reporting period.

Employees’ compensation and directors’ remuneration of 2021 as resolved by the stockholders’ meeting in the amounts of \$5,341 and \$12,018, respectively, were in agreement with those amounts recognised in the 2020 financial statements.

Information about employees’ compensation and directors’ remuneration of the Company as resolved by the Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Current tax:		
Current tax on profits for the period	\$ 27,392	\$ 49,024
Prior period income tax overestimation	-	-
Total current tax	<u>27,392</u>	<u>49,024</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>15,882</u>	<u>(10,719)</u>
Income tax expense	<u>\$ 43,274</u>	<u>\$ 38,305</u>

	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Current tax:		
Current tax on profits for the period	\$ 116,336	\$ 85,043
Prior period income tax overestimation	(3,318)	(7,984)
Total current tax	<u>113,018</u>	<u>77,059</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>13,739</u>	<u>4,190</u>
Income tax expense	<u>\$ 126,757</u>	<u>\$ 81,249</u>

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

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Currency translation differences	(\$ 10,051)	\$ 6,392
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Currency translation differences	(\$ 5,551)	(\$ 2,842)

B. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(Blank below)

(29) Earnings per share

	For the three-month period ended September 30, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 155,161</u>	151,585	<u>\$ 1.02</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>131</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 155,161</u>	<u>151,716</u>	<u>\$ 1.02</u>
	For the nine-month period ended September 30, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 492,464</u>	151,983	<u>\$ 3.24</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>156</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 492,464</u>	<u>152,139</u>	<u>\$ 3.24</u>

	For the three-month period ended September 30, 2020		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 130,676	152,190	\$ 0.86
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	60	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 130,676</u>	<u>152,250</u>	<u>\$ 0.86</u>
	For the nine-month period ended September 30, 2020		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 299,415	152,190	\$ 1.97
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	167	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 299,415</u>	<u>152,357</u>	<u>\$ 1.97</u>

(30) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Purchase of property, plant and equipment	\$ 128,723	\$ 14,771
Add: Opening balance of payable on equipment	504	1,100
Less: Ending balance of payable on equipment	(72)	(448)
Cash paid during the period	<u>\$ 129,155</u>	<u>\$ 15,423</u>

(31) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (Note 1)	Guarantee deposits received	Lease liabilities (Note 2)	Total
January 1, 2021	\$ 570,600	\$ 732,000	\$ 2,065	\$ 14,902	\$ 1,319,567
Changes in cash flow from financing activities	246,183	113,000	51	(11,231)	348,003
Interest expense	-	-	-	152	152
Interest paid	-	-	-	(152)	(152)
Impact of changes in foreign exchange rate	-	-	-	107	107
Changes in other non-cash items	-	-	-	14,048	14,048
September 30, 2021	<u>\$ 816,783</u>	<u>\$ 845,000</u>	<u>\$ 2,116</u>	<u>\$ 17,826</u>	<u>\$ 1,681,725</u>
	Short-term borrowings	Long-term borrowings (Note 1)	Guarantee deposits received	Lease liabilities (Note 2)	Total
January 1, 2020	\$ 947,960	\$ 850,000	\$ 1,818	\$ 33,981	\$ 1,833,759
Changes in cash flow from financing activities	(460,281)	(68,000)	204	(20,051)	(548,128)
Interest expense	-	-	-	753	753
Interest paid	-	-	-	(753)	(753)
Impact of changes in foreign exchange rate	-	-	-	(1,179)	(1,179)
Changes in other non-cash items	-	-	-	9,029	9,029
September 30, 2020	<u>\$ 487,679</u>	<u>\$ 782,000</u>	<u>\$ 2,022</u>	<u>\$ 21,780</u>	<u>\$ 1,293,481</u>

Note 1: Including long-term borrowings - current portion.

Note 2: Including lease liability - current portion.

7. RELATER PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Alpha-Cure Asia Co.,Ltd.	Associate
Gallant Precision Machining Co., Ltd.	Associate
Gallant Micro. Machining Co., Ltd.	Associate
Viewmove Technologies, Inc.	Associate

(2) Significant related party transactions

A. Purchases:

	<u>For the three-month period ended September 30, 2021</u>	<u>For the three-month period ended September 30, 2020</u>
Purchases of goods:		
Associates	\$ 2,195	\$ 1,080
	<u>For the nine-month period ended September 30, 2021</u>	<u>For the nine-month period ended September 30, 2020</u>
Purchases of goods:		
Associates	\$ 6,852	\$ 7,747

Goods are purchased based on the price lists in force and terms that would be available to third parties.

B. Payables to related parties:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Associates	\$ 4,514	\$ 11,447	\$ 3,578

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

C. Loans to /from related parties:

Loans to related parties:

Outstanding balance:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Associates	\$ -	\$ -	\$ 3,735

The loans to associates are repayable monthly over 1 year and carry annual interest at 6%.

(3) Key management compensation

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Salaries and other short-term employee benefits	\$ 9,589	\$ 6,818
Post-employment benefits	95	72
Total	<u>\$ 9,684</u>	<u>\$ 6,890</u>

	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Salaries and other short-term employee benefits	\$ 29,875	\$ 20,760
Post-employment benefits	285	253
Total	<u>\$ 30,160</u>	<u>\$ 21,013</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2021	December 31, 2020	September 30, 2020	
Bank deposit (shown as other current assets)	\$ 2	\$ 946	\$ 926	Performance bond and customs duty guarantee
Property, plant and equipment	466,399	377,353	374,494	Short-term borrowings and Long-term borrowings
	<u>\$ 466,401</u>	<u>\$ 378,299</u>	<u>\$ 375,420</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT
COMMITMENTS

(1) Contingencies

Other than those described in the other notes to the consolidated financial statements, the Group's significant commitments and contingencies as of the balance sheet date are as follows:

Promissory notes issued for performance guarantees of sales as of September 30, 2021, December 31, 2020 and September 30, 2020 were \$49,822, \$25,578 and \$25,578, respectively.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the nine-month periods ended September 30, 2021, the Group's strategy was to maintain the gearing ratio within reasonable risk level. The gearing ratios at September 30, 2021, December 31, 2020 and September 30, 2020 were as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Total borrowings	\$ 1,661,783	\$ 1,302,600	\$ 1,269,679
Less: Cash and cash equivalents	(1,134,354)	(1,621,979)	(1,332,994)
Net debt	527,429	(319,379)	(63,315)
Total equity	2,808,473	2,682,492	2,466,843
Total capital	<u>\$ 3,335,902</u>	<u>\$ 2,363,113</u>	<u>\$ 2,403,528</u>
Gearing ratio	<u>15.81%</u>	<u>-</u>	<u>-</u>

(Blank below)

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 86,088</u>	<u>\$ 126,366</u>	<u>\$ 82,492</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 344,474</u>	<u>\$ 116,193</u>	<u>\$ 205,876</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,134,354	\$ 1,621,979	\$ 1,332,994
Financial assets at amortised cost	347,835	-	-
Notes receivable	38,264	35,213	34,692
Accounts receivable	1,773,608	1,944,329	1,778,981
Other receivables	32,577	11,505	26,238
Guarantee deposits paid	13,298	4,431	7,804
Other financial assets	2	946	1,241
	<u>\$ 3,339,938</u>	<u>\$ 3,618,403</u>	<u>\$ 3,181,950</u>

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	<u>\$ -</u>	<u>\$ 166</u>	<u>\$ 409</u>
Financial liabilities at amortised cost			
Short-term borrowings	\$ 816,783	\$ 570,600	\$ 487,679
Notes payable	60,806	67,232	74,202
Accounts payable			
(including related party)	1,121,580	1,086,205	899,914
Other accounts payable	718,953	615,136	585,921
Long-term borrowings			
(including current portion)	845,000	732,000	782,000
Guarantee deposits received	2,116	2,065	2,022
	<u>\$ 3,565,238</u>	<u>\$ 3,073,238</u>	<u>\$ 2,831,738</u>
Lease liability	<u>\$ 17,826</u>	<u>\$ 14,902</u>	<u>\$ 21,780</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board 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's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2021			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 38,543	27.85	\$ 1,073,423
JPY:NTD	163,819	0.249	40,791
RMB:NTD	21,227	4.305	91,382
USD:RMB	6,340	6.485	41,115
<u>Non-monetary items</u>			
USD:NTD	\$ 2,539	27.85	\$ 70,722
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 19,694	27.85	\$ 548,478
JPY:NTD	98,745	0.249	24,588
<u>Non-monetary items: None</u>			
December 31, 2020			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 35,037	28.43	\$ 996,102
JPY:NTD	64,628	0.274	17,708
RMB:NTD	38,177	4.352	166,146
USD:RMB	3,058	6.525	19,953
<u>Non-monetary items</u>			
USD:NTD	\$ 2,532	28.43	\$ 71,981
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 21,187	28.53	\$ 604,465
JPY:NTD	7,937	0.278	2,206
<u>Non-monetary items: None</u>			

September 30, 2020			
	Foreign currency		Book value (NTD)
	amount (In thousands)	Exchange rate	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 34,441	29.100	\$ 1,002,233
JPY:NTD	112,985	0.276	31,184
RMB:NTD	32,943	4.269	140,634
USD:RMB	1,063	6.810	7,239
<u>Non-monetary items</u>			
USD:NTD	\$ 2,149	29.100	\$ 62,535
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 17,931	29.100	\$ 521,792
JPY:NTD	5,304	0.2756	1,462
<u>Non-monetary items: None</u>			

- ii. Total exchange (loss) gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2021 and 2020 amounted to \$5,429, (\$27,244), (\$1,374) and (\$36,958), respectively.

(Blank below)

iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		For the nine-month period ended September 30, 2021		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	10,734	\$ -
JPY:NTD	1%		408	-
RMB:NTD	1%		914	-
USD:RMB	1%		411	-
<u>Non-monetary items</u>				
USD:NTD	1%	\$	-	\$ 707
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	5,485)	\$ -
JPY:NTD	1%	(	246)	-
		For the nine-month period ended September 30, 2020		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	10,022	\$ -
JPY:NTD	1%		312	-
RMB:NTD	1%		1,406	-
USD:RMB	1%		72	-
<u>Non-monetary items</u>				
USD:NTD	1%	\$	-	\$ 625
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	5,218)	\$ -
JPY:NTD	1%	(	15)	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the nine-month periods ended September 30, 2021 and 2020 would have increased/decreased by \$517 and \$825, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$2,067 and \$2,059, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

The Group's main interest rate risk arises from short-term and certain long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the nine-month periods ended September 30, 2021 and 2020, the Group's borrowings at variable rate were denominated in New Taiwan dollars, if the market interest rate had increased by 0.25%, the Company's cash outflow would have increased by \$1,225 and \$904, respectively.

(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 on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and financial assets at amortised cost.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. 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.

- iii. The Group measured actual transaction status. If the contract payments were past based on the term, the default has occurred.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of September 30, 2021, December 31, 2020 and September 30, 2020, respectively, the provision matrix is as follows:

	Up to 60 days past due	61~120 days past due	121 to 180 days past due	Up to 181 days	Total
<u>At September 30, 2021</u>					
Expected loss rate	5% or less	10%	10%~98%	2%~100%	
Total book value	\$ 1,895,826	\$ 15,066	\$ 16,981	\$ 105,328	\$ 2,033,201
Loss allowance	(\$ 176,753)	(\$ 678)	(\$ 6,861)	(\$ 75,301)	(\$ 259,593)
<u>At Decmeber 31, 2020</u>					
Expected loss rate	5% or less	20%~90%	70%~90%	90%~100%	
Total book value	\$ 2,065,346	\$ 62,647	\$ 2,208	\$ 40,011	\$ 2,170,212
Loss allowance	(\$ 132,597)	(\$ 53,507)	(\$ 1,235)	(\$ 38,544)	(\$ 225,883)
<u>At September 30, 2020</u>					
Expected loss rate	5% or less	5%~10%	90%~100%	90%~100%	
Total book value	\$ 1,861,834	\$ 1,703	\$ 38,223	\$ 95,681	\$ 1,997,441
Loss allowance	(\$ 87,368)	(\$ 103)	(\$ 35,909)	(\$ 95,080)	(\$ 218,460)

vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, notes receivable and overdue receivable are as follows:

	2021		
	Accounts receivable	Notes receivable	Overdue receivables
At January 1	\$ 225,883	\$ 23	\$ 69,321
Provision for impairment	43,105	51	-
Reversal of impairment loss	-	-	(6,644)
Write-offs	(8,844)	-	-
Effect of foreign exchange	(551)	-	(954)
At September 30	<u>\$ 259,593</u>	<u>\$ 74</u>	<u>\$ 61,723</u>

	2020		
	Accounts receivable	Notes receivable	Overdue receivables
At January 1	\$ 127,579	\$ 111	\$ 142,195
Provision for impairment	164,100	-	-
Reversal of impairment loss	-	(85)	(74,854)
Write-offs	(73,161)	(1)	-
Effect of foreign exchange	(58)	1	(237)
At September 30	<u>\$ 218,460</u>	<u>\$ 26</u>	<u>\$ 67,104</u>

viii. For financial assets at amortised cost, the credit rating levels are presented below:

	September 30, 2021			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	<u>\$ 347,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,835</u>

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.

- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. The Group has the following undrawn borrowing facilities:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Fixed rate:			
Expiring within one year	\$ 1,486,682	\$ 1,531,119	\$ 1,546,666
Expiring beyond one year	<u>200,000</u>	<u>413,000</u>	<u>218,000</u>
	<u>\$ 1,686,682</u>	<u>\$ 1,944,119</u>	<u>\$ 1,764,666</u>

- iv. The table below analyses the Group's non-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 table are the contractual undiscounted cash flows.

<u>September 30, 2021</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 816,783	\$ -	\$ -	\$ -
Notes payable	60,806	-	-	-
Accounts payable (including related party)	1,121,580	-	-	-
Other payables	718,953	-	-	-
Lease liability	8,488	9,282	-	-
Long-term borrowings (including current portion)	-	419,440	444,851	-
Guarantee deposits received	85	1,503	515	13
	<u>\$ 2,726,695</u>	<u>\$ 430,225</u>	<u>\$ 445,366</u>	<u>\$ 13</u>

December 31, 2020	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 570,600	\$ -	\$ -	\$ -
Notes payable	67,232	-	-	-
Accounts payable (including related party)	1,086,205	-	-	-
Other payables	615,136	-	-	-
Lease liability	10,025	3,225	-	-
Long-term borrowings (including current portion)	300,859	-	443,525	-
Guarantee deposits received	218	1,309	525	13
	<u>\$ 2,650,275</u>	<u>\$ 4,534</u>	<u>\$ 444,050</u>	<u>\$ 13</u>
September 30, 2020	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 487,679	\$ -	\$ -	\$ -
Notes payable	74,202	-	-	-
Accounts payable (including related party)	899,914	-	-	-
Other payables	585,921	-	-	-
Lease liability	15,949	4,166	-	-
Long-term borrowings (including current portion)	301,304	50,071	444,427	-
Guarantee deposits received	1,495	-	513	14
	<u>\$ 2,366,464</u>	<u>\$ 54,237</u>	<u>\$ 444,940</u>	<u>\$ 14</u>

(3) Fair value information

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: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and investment property is included in Level 3.

B. 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 at September 30, 2021, December 31, 2020 and September 30, 2020 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

<u>September 30, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 85,675	\$ -	\$ -	\$ 85,675
Derivative instruments	-	413	-	413
Financial assets at fair value through other comprehensive income				
Equity securities	<u>241,705</u>	<u>-</u>	<u>102,769</u>	<u>344,474</u>
Total	<u>\$ 327,380</u>	<u>\$ 413</u>	<u>\$ 102,769</u>	<u>\$ 430,562</u>
<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 125,661	\$ -	\$ -	\$ 125,661
Derivative instruments	-	705	-	705
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,555</u>	<u>-</u>	<u>114,638</u>	<u>116,193</u>
Total	<u>\$ 127,216</u>	<u>\$ 705</u>	<u>\$ 114,638</u>	<u>\$ 242,559</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>(\$ 166)</u>	<u>\$ -</u>	<u>(\$ 166)</u>

<u>September 30, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 82,243	\$ -	\$ -	\$ 82,243
Derivative instruments	-	249	-	249
Financial assets at fair value through other comprehensive income				
Equity securities	81,290	-	124,586	205,876
	<u>\$ 163,533</u>	<u>\$ 249</u>	<u>\$ 124,586</u>	<u>\$ 288,368</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ -	(\$ 409)	\$ -	(\$ 409)

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, 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.
- C. For the nine-month periods ended September 30, 2021 and 2020, there was no transfer between Level 1 and Level 2.
- D. The following chart is the movement of Level 3 for the nine-month periods ended September 30, 2021 and 2020:

	2021	2020
At January 1	\$ 114,638	\$ 129,259
Gain or loss recognized in other comprehensive income	23,633 (	3,521)
Acquired in the period	11,172	728
Sold in the period	(511) (	200)
Transfer to investment accounted for under equity method	(38,561)	-
Capital reduction	(7,602) (	1,680)
At September 30	\$ 102,769	\$ 124,586

- E. For the nine-month period ended September 30, 2021, the Group increased the shareholding of ViewMove Technologies, Inc. and has significant impact on it. Thus, the investment was transferred from Level 3 “financial assets at fair value through other comprehensive income” to “investments accounted for under equity method”.
- For the nine-month period ended September 30, 2020, there was no transfer into or out from Level 3.
- F. Accounting Department segment 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 line 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.

G. 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 September 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity Unlisted shares	\$ 86,317	Market comparable companies	Price to book ratio multiple	1.95~240	The higher the multiple and control premium, the higher the fair value
Venture capital shares Private equity fund	16,452	Net asset value	Not applicable	Not applicable	Not applicable
	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument: Unlisted shares	\$ 95,771	Market comparable companies	Price to book ratio multiple	1.99~17.3	The higher the multiple and control premium, the higher the fair value
Venture capital shares Private equity fund investment	18,867	Net asset value	Not applicable	Not applicable	Not applicable

	Fair value at September 30, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity					
Unlisted shares	\$ 88,779	Market comparable companies	Price to book ratio multiple	2.06~160	The higher the multiple and control premium, the higher the fair value
Venture capital shares	35,807	Net asset value	Not applicable	Not applicable	Not applicable
Private equity fund investment					

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, 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:

		September 30, 2021					
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Price to earnings ratio	± 10%	\$ -	\$ -	\$ 10,277	(\$ 10,277)	
		December 31, 2020					
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Price to earnings ratio	± 10%	\$ -	\$ -	\$ 11,464	(\$ 11,464)	

			September 30, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Price to earnings ratio	± 10%	\$ -	\$ -	\$ 12,459	(\$ 12,459)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- 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 (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 6(12).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

(2) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

<u>For the nine-month period ended September 30, 2021</u>	<u>C SUN MFG. LTD.</u>	<u>Csun Technology (Guangzhou) Co., Ltd.</u>	<u>Suzhou Top Creation Machines Co., Ltd.</u>	<u>Other</u>	<u>Elimination</u>	<u>Total</u>
Revenue from external customers	\$ 2,186,302	\$ 743,213	\$ 1,065,635	\$ 239,441	\$ -	\$ 4,234,591
Inter-segment revenue	\$ 347,607	\$ 226,513	\$ 198,737	\$ 32,991	(\$ 805,848)	\$ -
Segment income (loss)	\$ 557,419	\$ 114,764	\$ 290,213	(\$ 209,709)	(\$ 81,725)	\$ 670,962
Total segment assets	\$ 5,992,117	\$ 1,259,517	\$ 1,761,116	\$ 876,321	(\$ 2,489,297)	\$ 7,399,774

<u>For the nine-month period ended September 30, 2020</u>	<u>C SUN MFG. LTD.</u>	<u>Csun Technology (Guangzhou) Co., Ltd.</u>	<u>Suzhou Top Creation Machines Co., Ltd.</u>	<u>Other</u>	<u>Elimination</u>	<u>Total</u>
Revenue from external customers	\$ 1,675,515	\$ 397,355	\$ 593,681	\$ 74,950	\$ -	\$ 2,741,501
Inter-segment revenue	\$ 150,468	\$ 159,484	\$ 17,434	\$ 13,712	(\$ 341,098)	\$ -
Segment income (loss)	\$ 349,568	\$ 44,500	\$ 118,491	(\$ 141,556)	\$ 29,185	\$ 400,188
Total segment assets	\$ 5,302,865	\$ 1,372,883	\$ 1,124,224	\$ 506,243	(\$ 2,140,658)	\$ 6,165,557

(3) Reconciliation for segment income (loss)

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

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the nine-month periods ended September 30, 2021 and 2020 is provided as follows:

	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Reportable segments income	\$ 752,687	\$ 371,003
Other segments (loss) income	(81,725)	29,185
Income before tax from continuing operations	<u>\$ 670,962</u>	<u>\$ 400,188</u>

C SUN MFG. LTD. and subsidiaries
Loans to other
For the nine-month period ended September 30, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine-month period ended September 30, 2021	Balance at September 30, 2021	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Note
													Item	Value			
0	Top Creation Machines Co., Ltd.	Power Ever Enterprises Limited	Other receivables	Yes	\$ 1,000	\$ -	\$ -	1.25%	short-term financing	\$ -	Operational need	\$ -	-	\$ -	\$ 862	\$ 1,724	Note

Note : As prescribed in the subsidiary, Top Creation Machines Co., Ltd.'s "Procedures for Provision of Loans":

- i. Ceiling on total loans granted: The total amount shall not exceed 40% of the net assets value of the Company and the limit amount for a single party shall not exceed 20% of the net equity.
- ii. For business relationship, the limit amount for a single party shall not exceed 40% of the net assets value of the Company.
- iii. For short-term financing, limit on loans granted for a single party shall not exceed 40% of the net assets value of the Company.

C SUN MFG. LTD. and subsidiaries
Provision of endorsements and guarantees to others
For the nine-month period ended September 30, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of September 30, 2021	Outstanding endorsement/ guarantee amount at September 30, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor	Ceiling on total amount of endorsements/ guarantees provided (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	Note 2	\$ 518,196	\$ 83,550	\$ 83,550	\$ -	\$ -	3.22	\$ 1,295,491	Y	N	Y	
0	C SUN MFG. LTD.	Suzhou Top Creation Machines Co., Ltd.	Note 2	518,196	83,550	83,550	-	-	3.22	1,295,491	Y	N	Y	

Note 1: Ceiling on total amount of endorsements/guarantees is 50% of the Company's net asset value; limit on endorsement/guarantee to a single party is 20% of the Company's net assets value.

Note 2: The Endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.

C SUN MFG. LTD. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

September 30, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2021			
				Number of shares	Book value	Ownership (%)	Fair value
C SUN MFG. LTD.	Mufg Fund Services (Singapore) Pte. Ltd.	None	Financial assets at fair value through profit or loss - current	16,754	\$ 57,489	-	\$ 57,489
"	Group Up Industrial Co., Ltd.	"	Financial assets measured at fair value through other comprehensive income - current	55,000	36,080	1.00	36,080
"	Ampoc Far-East Co., Ltd.	"	"	5,186,000	205,625	4.53	205,625
"	Advance Materials Corporation	"	Financial assets measured at fair value through other comprehensive income - non-current	1,423,770	12,130	1.21	12,130
"	Emax Tech Co., Ltd.	Director	"	3,652,554	51,355	14.02	51,355
"	Hua Da Venture Capital Corporation	"	"	330,000	2,415	6.00	2,415
"	Luminescence Technology Corp.	None	"	454,000	7,582	1.80	7,582
"	Yankey Engineering Co., Ltd.	"	"	12,700	3,048	0.02	3,048
"	Aibdt Technology Inc.	"	"	324,951	634	1.79	634
"	Gvt Fund Gp, L.P.	"	"	620,077	12,067	0.67	12,067
C Sun (B.V.I) Ltd.	Gvt Fund Gp, L.P.	"	"	224,937	4,385	0.24	4,385
"	Mufg Fund Services (Singapore) Pte. Ltd.	"	Financial assets at fair value through profit or loss - current	8,200	28,186	-	28,186
K Sun (Samoa) Ltd.	Unimax C.P.I. Technology Corp.	"	Financial assets measured at fair value through other comprehensive income - non-current	1,729,728	9,153	17.86	9,153

Table 3

C SUN MFG. LTD. and subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the nine-month period ended September 30, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	The Company holds indirectly 100% of the investee	Sales	\$ 339,721	8.02%	Similarity to third parties	Similarity to third parties	Similarity to third parties	\$ 82,371	4.05%
C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	The Company holds indirectly 100% of the investee	Purchases	225,431	6.78%	Similarity to third parties	Similarity to third parties	Similarity to third parties	37,497	3.34%
Suzhou Top Creation Machines Co., Ltd.	Power Ever Enterprises Limited	Brother's Company	Sales	198,737	4.69%	Similarity to third parties	Similarity to third parties	Similarity to third parties	26,160	1.29%

Table 4

C SUN MFG. LTD. and subsidiaries
 Significant inter-company transactions during the reporting periods
 For the nine-month period ended September 30, 2021

Table 5

Expressed in thousands of NTD
 (Except as otherwise indicated)

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms (Note 3)	Percentage of consolidated total operating revenues or total assets (Note 4)
0	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	1	Sales	\$ 339,721	-	8.02
	"	"	1	Service charge	24,615	-	0.58
	"	"	1	Purchases	225,431	-	5.32
	"	"	1	Accounts payable	37,497	-	0.51
	"	"	1	Accounts receivable	82,731	-	1.11
	"	"	1	Other receivable	15,268	-	0.21
1	Csun Technology (Guangzhou) Co., Ltd.	Jiangsu Chuang Gao Xin Materials Technology Co., Ltd.	3	Other accounts payable	9,631	-	0.13
	"	"	3	Rent expense	11,229	-	0.27
2	Suzhou Top Creation Machines Co., Ltd.	Power Ever Enterprises Limited	3	Sales	198,737	-	4.69
	"	"	3	Accounts receivable	26,160	-	0.35

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column.

(1) Number 0 represents the Company

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows (If transaction of parent company with subsidiaries or transaction in subsidiaries will not expose repeat, for example; If parent company exposed transaction with parent company with subsidiaries, then subsidiaries will not expose that transaction; If one of subsidiary company exposed transaction with other subsidiary company, it will not exposed repeat transaction from other subsidiary company.)

(1) The Company to the consolidated subsidiaries.

(2) The consolidated subsidiaries to the Company

(3) The consolidated subsidiaries to another consolidated subsidiaries.

Note 3: The sales of the parent company with Csun Technology (Guangzhou) Co., Ltd. is for strategic cooperation with the Company, the price set of the transaction is based on the agreement, the terms of other transaction are the same with third parties. Transaction terms for the other transactions cannot be referenced to similar transaction, all is following the agreement.

Note 4: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 5: The information only discloses transactions more than \$10,000 and counter parties shall not be disclosed .

C SUN MFG. LTD. and subsidiaries
Information on investees
For the nine-month period ended September 30, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2021			Net profit (loss) of the investee for the nine-month period ended September 30, 2021	Investment income(loss) recognised by the Company for the nine-month period ended September 30, 2021	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
C SUN MFG. LTD.	C Sun (B.V.I) Ltd.	British Virgin Islands	Investment	\$ 322,893	\$ 330,197	-	100.00	\$ 1,953,951	\$ 278,044	\$ 274,501	
"	K Sun (Samoa) Ltd.	Samoa	Investment	64,389	65,846	-	100.00	16,703	(38)	(38)	
"	Wat Sun. Intelligent Technology Co., Ltd.	Taiwan	Mechanical Equipment Manufacturing	700,000	700,000	70,000,000	100.00	48,908	3,678	3,678	
"	Abcon Technology Inc.	Taiwan	Wholesale and manufacture of machinery equipment	20,000	20,000	-	-	6,185	(30)	(20)	
"	Gallant Precision Machining Co., Ltd. (Note 2)	Taiwan	Wholesale and manufacture of machinery equipment	837,675	723,954	43,034,827	27.04	867,179	240,814	60,925	
"	Gallant Micro. Machining Co., Ltd. (Note 3)	Taiwan	Wholesale and manufacture of machinery equipment	83,264	83,264	1,812,000	6.90	84,545	128,272	8,848	
"	Viewmove Technologies, Inc. (Note 4)	Taiwan	Wholesale and manufacture of machinery equipment	27,389	-	676,504	20.70	38,045	8,820	1,400	
C Sun (B.V.I) Ltd.	Alpha Joint Ltd.	Samoa	Investment	16,153	16,518	580,000	100.00	83,600	2,618	2,618	
"	Power Ever Enterprises Limited	Samoa	Investment	164,594	168,317	-	77.47	760,529	229,738	177,987	
Power Ever Enterprises Limited	Good Team International Enterprises Limited	Hong Kong	Investment	167,100	170,880	6,000,000	100.00	972,236	250,191	250,191	
Suzhou Top Creation Machines Co., Ltd.	Top Creation Machines Co., Ltd.	Taiwan	Installation and wholesale of machinery, retail of electric equipment and wholesale of electronic materials	7,500	7,500	750,000	100.00	4,301	1,217	1,217	

Note 1: Original investment amount has translated to New Taiwan Dollars at the closing exchange rate.

Note 2: The shares of Gallant Precision Machining Co., Ltd. held by the Company were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Company cumulatively increased its shareholdings in Gallant Precision Machining Co., Ltd. on March 30, 2020, and the Company obtained the significant influence over it.

Note 3: The shares of Gallant Micro. Machining Co., Ltd. held by the Company were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Company's comprehensive shareholding ratio was 20.1% on October 31, 2020.

Note 4: The shares of Viewmove Technologies, Inc. held by the Company were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Company's comprehensive shareholding ratio was 20.7% on February 1, 2021, and the Company obtained the significant influence over it.

C SUN MFG. LTD. and subsidiaries
Information on investments in Mainland China
For the nine-month period ended September 30, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine-month period ended September 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021	Net profit (loss) of investee for the nine-month period ended September 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2021 (Note 2(2))	Book value of investments in Mainland China as of September 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Csun Technology (Guangzhou) Co., Ltd.	Manufacture, assembly, sale and processing various drying equipment, temperature and humidity measuring instrument and exposure equipment.	\$ 534,999	2	\$ 135,621	\$ -	\$ -	\$ 132,621	\$ 96,900	100.00	\$ 96,900	\$ 1,126,524	\$ 455,052	Note 2 (2) (B)
Alpha-Cure Asia Co.,Ltd.	Manufacture and processing UV curing light.	59,014	2	16,518	-	-	16,153	14,104	25.00	3,526	70,723	-	Note 2 (2) (C)
Suzhou Amc Technology Co., Ltd.	Preparation, design, research and development, manufacture and processing semiconductor such as copper clad laminates, etc, special materials of components and flexible printed circuit board.	501,300	2	6,867	-	-	6,715	-	0.89	-	-	-	-
Northern Juye (Beijing) Information Technology Co., Ltd.	Management of information technique, internet technique, technique service and sale of hardware business.	139,250	2	4,918	-	-	4,810	-	2.82	-	-	-	-
Suzhou Top Creation Machines Co., Ltd.	Design and manufacture of printed circuit board, flat-panel display, semiconductor, special equipment of solar industry and sale of related components.	153,175	2	167,662	-	-	163,953	250,228	77.47	193,852	972,009	45,476	Note 2 (2) (B) 、 Note 4 、 Note 5
Guangzhou Y SUN Machinery Tech. Co., Ltd.	Specialised in management of components of laser cutting machine, precision sheet metal of various metal, laser and punching; zigzag processing machine; cleanroom stainless equipment developed and manufactured with frame; generator, air compressor, machinery and sound-proof shield, design and manufacture of sound- proof of engine room, and installation of generator and components of peripheral equipment.	58,118	3	-	-	-	-	153	100.00	153	4,138	-	Note 2 (2) (C)
Jiangsu Chuang Gao Xin Materials Technology Co., Ltd.	Research, development and manufacture of high-tech materials, prointellect play and toy balloon, development and application of computer software, manufacture of model and precision machinery.	228,165	3	-	-	-	-	2,687	100.00	2,687	241,960	-	Note 2 (2) (C)
Company name		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021		Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA							
C SUN MFG. LTD.		\$324,252		\$704,880		\$1,554,590							

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2021' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The financial statements that are audited and attested by R.O.C. parent company's CPA.
 - C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: As of September 30, 2021, C Sun (B.V.I.) Ltd. held 77.47% of the equity interest of Power Ever Enterprises Limited and indirectly obtains the equity interest of Power Ever Enterprises Limited, and indirectly obtained the equity interest of Suzhou Top Creation Machines Co., Ltd. through investing in an existing company in the third area, which then invested in Suzhou Top Creation Machines Co., Ltd. in Mainland China.

Note 5: As of September 30, 2021, the retained earnings distributed by Suzhou Top Creation Machines Co., Ltd. amounting to RMB 6,500 thousand has not yet been remitted back to Taiwan.

C SUN MFG. LTD. and subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the nine-month period ended September 30, 2021

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale		Purchase		Accounts receivable		Accounts payable		Financing				
	Amount	%	Amount	%	Balance at September 30, 2021	%	Balance at September 30, 2021	Purpose	Maximum balance during the nine-month period ended September 30, 2021	Balance at September 30, 2021	Interest rate	Interest during the nine-month period ended September 30, 2021	Others
Csun Technology (Guangzhou) Co., Ltd.	\$ 339,721	8.02	\$ 225,431	6.78	\$ 82,371	4.05	\$ 37,497	3.34	-	-	-	-	-

C SUN MFG. LTD. and subsidiaries

Information of major shareholders

September 30, 2021

Table 9

Name of major shareholders	Shares	
	Number of shares held	Holding percentage
Hai-Xing Investment Co.,Ltd	13,605,304	8.93%
Pin-Zhi Investment Co.,Ltd	11,474,331	7.53%