

**Promate Solutions Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2021 and 2020 and
Independent Auditors' Review Report**

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Promate Solutions Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Promate Solutions Corporation and its subsidiaries (collectively, the “Group”) as of September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity”. 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 disclosed in Note 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2021 and 2020, the combined total assets of these non-significant subsidiaries were NT\$9,360 thousand and NT3,603 thousand, respectively, representing 0.62% and 0.24%, respectively, of the consolidated total assets, and the

combined total liabilities of these subsidiaries were NT\$1,505 thousand and NT\$1,648 thousand, respectively, representing 0.31% and 0.38%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$3,747 thousand, NT\$(204) thousand, NT\$5,353 thousand, and NT\$(622) thousand, respectively, representing 9.22%, 0.32%, 4.72% and 0.33%, respectively, of the consolidated total comprehensive income.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of September 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the three-months and nine-months then ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China

The engagement partners on the reviews resulting in this independent auditors’ review report are Po Jen Weng .*and Huei Ming Chen

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 9, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and consolidated financial statements shall prevail.

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4, 6 and 29)	\$ 658,483	44	\$ 637,464	42	\$ 405,568	27
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 29)	9,266	1	12,354	1	7,221	-
Financial assets at amortized cost - current (Notes 4, 9, 10 and 29)	27,873	2	85,797	6	224,746	15
Accounts receivable (Notes 4, 11,23 and 29)	262,013	17	270,397	18	279,351	19
Accounts receivable from related parties (Notes 4, 11, 23, 29 and 30)	11,553	1	5,167	-	1,718	-
Other receivables (Notes 4, 11 and 29)	28,054	2	8,590	-	27,307	2
Current tax assets	1,229	-	-	-	53	-
Inventories (Note 4 and 12)	331,697	22	298,287	20	353,964	24
Prepayments (Notes 17)	6,255	-	2,508	-	2,621	-
Other current assets (Note 17)	30	-	30	-	30	-
Total current assets	<u>1,336,453</u>	<u>89</u>	<u>1,320,594</u>	<u>88</u>	<u>1,302,579</u>	<u>87</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 8 and 29)	42,839	3	43,607	3	54,273	4
Property, plant and equipment (Notes 4 and 14)	44,134	3	48,946	3	49,415	3
Right-of-use assets (Notes 4, 15 and 30)	47,878	3	65,120	5	68,923	5
Other intangible assets (Note 4 and 16)	6,141	1	4,027	-	4,733	-
Deferred tax assets (Note 25)	10,145	1	13,893	1	12,144	1
Prepayments for business facilities (Note 17)	5,244	-	3,888	-	2,261	-
Guarantee deposits paid (Notes 17 and 29)	659	-	636	-	136	-
Total non-current assets	<u>157,040</u>	<u>11</u>	<u>180,117</u>	<u>12</u>	<u>191,885</u>	<u>13</u>
TOTAL	<u>\$ 1,493,493</u>	<u>100</u>	<u>\$ 1,500,711</u>	<u>100</u>	<u>\$ 1,494,464</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities - current (Notes 4, 19 and 23)	\$ 53,207	4	\$ 30,466	2	\$ 37,537	3
Notes payable (Notes 18 and 29)	42	-	-	-	11	-
Accounts payable (Notes 18 and 29)	170,767	12	123,026	8	148,466	10
Accounts payable to related parties (Notes 18, 29 and 30)	110,736	7	43,392	3	49,494	3
Other payables (Notes 19 and 29)	71,254	5	94,222	6	92,785	6
Other payables - related parties (Notes 19, 29 and 30)	1,006	8	955	-	991	-
Current tax liabilities (Note 25)	67	-	22,078	2	11,771	1
Provisions - current (Note 20)	3,216	-	3,285	-	3,560	-
Lease liabilities - current (Notes 4, 15, 29 and 30)	20,494	1	21,665	2	20,864	2
Other current liabilities (Note 19)	2,426	-	2,357	-	2,099	-
Total current liabilities	<u>433,215</u>	<u>29</u>	<u>341,446</u>	<u>23</u>	<u>367,578</u>	<u>25</u>
NON-CURRENT LIABILITIES						
Provisions - noncurrent (Note 20)	1,408	-	2,239	-	2,164	-
Deferred tax liabilities (Note 25)	135	-	55	-	-	-
Lease liabilities - noncurrent (Notes 4, 15, 29 and 30)	23,219	2	43,072	3	43,626	3
Net defined benefit liabilities - noncurrent (Note 21)	14,635	1	15,044	1	14,842	1
Total non-current liabilities	<u>39,397</u>	<u>3</u>	<u>60,410</u>	<u>4</u>	<u>60,632</u>	<u>4</u>
Total liabilities	<u>472,612</u>	<u>32</u>	<u>401,856</u>	<u>27</u>	<u>428,210</u>	<u>29</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 22)						
Share capital						
Ordinary shares	382,549	26	382,549	25	382,549	25
Capital surplus	386,829	26	386,829	26	386,829	26
Retained earnings						
Legal reserve	126,158	8	105,299	7	105,299	7
Special reserve	-	-	2,728	-	2,728	-
Unappropriated earnings	117,377	8	210,207	14	171,814	12
Total retained earnings	<u>243,535</u>	<u>16</u>	<u>318,234</u>	<u>21</u>	<u>279,841</u>	<u>19</u>
Other equity						
Exchange differences on translation of foreign financial statements	(298)	-	(49)	-	(50)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	8,266	-	11,292	1	17,085	1
Total other equity interest	<u>7,968</u>	<u>-</u>	<u>11,243</u>	<u>1</u>	<u>17,035</u>	<u>1</u>
Total equity attributable to owners of the Company	<u>1,020,881</u>	<u>68</u>	<u>1,098,855</u>	<u>73</u>	<u>1,066,254</u>	<u>71</u>
Total equity	<u>1,020,881</u>	<u>68</u>	<u>1,098,855</u>	<u>73</u>	<u>1,066,254</u>	<u>71</u>
TOTAL	<u>\$ 1,493,493</u>	<u>100</u>	<u>\$ 1,500,711</u>	<u>100</u>	<u>\$ 1,494,464</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OPERATING REVENUE (Notes 4, 23 and 30)								
Sales	\$ 474,451	100	\$ 489,919	100	\$ 1,114,336	100	\$ 1,370,739	100
OPERATING COSTS (Notes 4,12, 16, 21, 24 and 30)								
Cost of sales	(360,449)	(76)	(351,754)	(72)	(805,301)	(72)	(972,362)	(71)
GROSS PROFIT	<u>114,002</u>	<u>24</u>	<u>138,165</u>	<u>28</u>	<u>309,035</u>	<u>28</u>	<u>398,377</u>	<u>29</u>
OPERATING EXPENSES (Notes 11, 16, 21, 24 and 30)								
Selling and marketing expenses	(30,122)	(6)	(28,684)	(6)	(83,318)	(8)	(95,192)	(7)
General and administrative expenses	(6,471)	(1)	(9,179)	(2)	(21,416)	(2)	(24,805)	(2)
Research and development expenses	(20,775)	(5)	(20,991)	(4)	(62,347)	(6)	(64,263)	(5)
Expected credit loss	(150)	-	(3,100)	(1)	6,350	1	(5,060)	-
Total operating expenses	(57,518)	(12)	(61,954)	(13)	(160,731)	(15)	(189,320)	(14)
OPERATING PROFIT	<u>56,484</u>	<u>12</u>	<u>76,211</u>	<u>15</u>	<u>148,304</u>	<u>13</u>	<u>209,057</u>	<u>15</u>
NON-OPERATING INCOME (Note 24 and 30)								
Interest income	421	-	545	-	1,298	-	3,245	-
Other income	933	-	2,070	1	1,174	-	2,089	-
Other gains and losses	(2,872)	(1)	(8,444)	(2)	(10,758)	(1)	(8,435)	-
Finance costs	(345)	-	(488)	-	(1,207)	-	(1,599)	-
Total non-operating income and expenses	(1,863)	(1)	(6,317)	(1)	(9,493)	(1)	(4,700)	-
PROFIT BEFORE INCOME TAX	54,621	11	69,894	14	138,811	12	204,357	15
INCOME TAX EXPENSE (Notes 4 and 25)	(11,008)	(2)	(13,347)	(2)	(22,402)	(2)	(37,977)	(3)
NET PROFIT FOR THE PERIOD	<u>43,613</u>	<u>9</u>	<u>56,547</u>	<u>12</u>	<u>116,409</u>	<u>10</u>	<u>166,380</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22 and 25)								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(2,814)	-	6,373	1	(2,860)	-	23,575	2
	(2,814)	-	6,373	1	(2,860)	-	23,575	2
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating the financial statements of foreign operations	(41)	-	6	-	(311)	-	-	-
Income tax relating to items that may be reclassified subsequently to profit or loss	8	-	(1)	-	62	-	-	-
	(33)	-	5	-	(249)	-	-	-
Other comprehensive loss for the year, net of income tax	(2,847)	-	6,378	4	(3,109)	-	23,575	2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 40,766</u>	<u>9</u>	<u>\$ 62,925</u>	<u>13</u>	<u>\$ 113,300</u>	<u>10</u>	<u>\$ 189,955</u>	<u>14</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 26)								
From continuing operations								
Basic	<u>\$ 1.14</u>		<u>\$ 1.48</u>		<u>\$ 3.04</u>		<u>\$ 4.35</u>	
Diluted	<u>\$ 1.13</u>		<u>\$ 1.47</u>		<u>\$ 3.02</u>		<u>\$ 4.31</u>	

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

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company						Other Equity		Total Equity
	Issued Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operation	Unrealized gain on Financial Assets at Fair Value Through Other Comprehensive Income	
	Shares (Thousands)	Share Capital		Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2020	38,255	\$ 382,549	\$ 396,393	\$ 84,663	\$ 26	\$ 206,670	(\$ 50)	(\$ 2,678)	\$ 1,067,573
Appropriation of 2019 earnings									
Legal reserve	-	-	-	20,636	-	(20,636)	-	-	-
Special reserve	-	-	-	-	2,702	(2,702)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(181,710)	-	-	(181,710)
Changes other Capital Surplus									
Capital Surplus issue Cash dividends	-	-	(9,564)	-	-	-	-	-	(9,564)
Net profit for the six months June 30, 2020	-	-	-	-	-	166,380	-	-	166,380
Other comprehensive income (loss) for the nine months Sep 30, 2020, net of income tax	-	-	-	-	-	-	-	23,575	23,575
Total comprehensive income for the nine months Sep 30, 2020	-	-	-	-	-	166,380	-	23,575	189,955
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	3,812	-	(3,812)	-
BALANCE AT SEPTEMBER 30, 2020	<u>38,255</u>	<u>\$ 382,549</u>	<u>\$ 386,829</u>	<u>\$ 105,299</u>	<u>\$ 2,728</u>	<u>\$ 171,814</u>	<u>(\$ 50)</u>	<u>\$ 17,085</u>	<u>\$ 1,066,254</u>
BALANCE AT JANUARY 1, 2021	38,255	\$ 382,549	\$ 386,829	\$ 105,299	\$ 2,728	\$ 210,207	(\$ 49)	\$ 11,292	\$ 1,098,855
Appropriation of 2018 earnings									
Legal reserve	-	-	-	20,859	-	(20,859)	-	-	-
Special surplus reserve	-	-	-	-	(2,728)	2,728	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(191,274)	-	-	(191,274)
Net profit for the six months June 30, 2021	-	-	-	-	-	116,409	-	-	116,409
Other comprehensive income (loss) for the six months June 30, 2021, net of income tax	-	-	-	-	-	-	(249)	(2,860)	(3,109)
Total comprehensive income for the six months June 30, 2021	-	-	-	-	-	116,409	(249)	(2,860)	113,300
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	166	-	(166)	-
BALANCE AT JUNE 30, 2021	<u>38,255</u>	<u>\$ 382,549</u>	<u>\$ 386,829</u>	<u>\$ 126,158</u>	<u>\$ -</u>	<u>\$ 117,377</u>	<u>(\$ 298)</u>	<u>\$ 8,266</u>	<u>\$ 1,020,881</u>

The accompanying notes are an integral part of the consolidated financial statement

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 138,811	\$ 204,357
Adjustments for:		
Depreciation expenses	27,189	27,156
Amortization expenses	1,228	2,486
Expected credit loss (gain)/provision (reversal of provision) for bad debt expense	(6,350)	5,060
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	870	(3,368)
Finance costs	1,207	1,599
Interest incomes	(1,298)	(3,245)
Dividend income	(885)	(2,066)
Gain on Lease Modification	(254)	
Loss (gain) on inventory impairment	(15,000)	7,000
Net (gain) loss on foreign currency exchange	(1,035)	2,447
Other adjustments to reconcile profit (loss)	2,427	(6,688)
Financial assets mandatorily classified as at fair value through profit or loss	2,218	(817)
Decrease (increase) in accounts receivable	14,734	(5,940)
Decrease (increase) in accounts receivable due from related parties	(6,386)	3,246
Decrease (increase) in other receivable	(19,464)	(16,184)
Decrease (increase) in inventories)	(18,410)	(78,480)
Decrease (increase) in prepayments	(3,747)	2,999
Decrease (increase) in other current assets	-	23
Increase (decrease) in contract liabilities	22,741	(2,230)
Increase (decrease) in note payable	42	
Increase (decrease) in accounts payable	47,741	(17,335)
Increase (decrease) in accounts payable to related parties	67,344	(16,971)
Increase (decrease) in other payable	(22,968)	(9,620)
Increase (decrease) in other payable to related parties	51	(1,334)
Increase (decrease) in other current liabilities	(3,327)	(5,712)

(Continued)

	For the Nine Months Ended September 30	
	2021	2020
Increase (decrease) in net defined benefit liability	69	(235)
Increase (decrease) in provisions	(409)	(410)
Cash generated from operations	227,139	85,738
Interest received	1,298	3,245
Income tax paid	(41,752)	(52,118)
Net cash generated from operating activities	<u>186,685</u>	<u>36,865</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(2,563)	(23,663)
Proceeds from disposal of financial assets at fair value through other comprehensive income	471	7,857
Acquisition of financial assets at amortized cost	(27,842)	(1,155,371)
Proceeds from disposal of financial assets at amortized cost	86,801	928,178
Acquisition of property, plant and equipment	(200)	(307)
Increase in prepayments for business facilities	(23)	-
Decrease in refundable deposits	(11,262)	(11,634)
Dividends received	<u>885</u>	<u>2,066</u>
Net cash used in investing activities	<u>46,267</u>	(252,874)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Payments of lease liabilities	(20,348)	(20,579)
Dividends paid	(191,274)	(191,274)
Net cash used from financing activities	(211,622)	(211,853)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	(311)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,019	(427,862)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>637,464</u>	<u>833,430</u>
CASH AND CASH EQUIVALENTS REPORTED IN THE STATEMENT OF FINANCIAL POSITION	<u>\$ 658,483</u>	<u>\$ 405,568</u>

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

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. GENERAL INFORMATION

Promate Solutions Corporation (the “Company”) is a listed company established on May 29, 2000. The main business of the Company include research & development and manufacture of medical touch screen displays, embedded control systems, special application and industrial displays, and research & development of applicable software and hardware.

According to resolutions of the shareholders' meeting on June 10, 2013 , the department of special application product of Promate Electronic Co., Ltd had been transfer to the Company based on Business Mergers And Acquisitions Act. The purpose of division was due to organization adjustment of Promate Electronic Co. According to Board resolutions, the reference date of the division was August 1, 2013. , the value of the division department was 123,900 thousand. The Company had been issued 8,260 thousand ordinary share priced at 15 for division.

The parent company of the Company is Promate Electronic Co., Ltd. with equity interests of 66.21% on March 31, 2021 and 2020.

The Company’s shares have been listed on OTC trading at Taipei Exchange since March 2004.

The functional currency of the Company is the New Taiwan Dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on November 9, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS

(IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by Financial Supervisory Commission (FSC).

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

- b. The IFRs endorsed by FSC for application starting from 2022:

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after 11 January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

- 1) Annual Improvements to IFRSs Standards 2018-2020
Several standards, including IFRS 9 “Financial Instruments”, were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms,

including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

2) Amendments to IFRS 3 “Reference to the Conceptual Framework

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

3) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Group will restate its comparative information when it initially applies the aforementioned amendments.

4) Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	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 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or 12 after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full. Conversely, when the Group sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence over an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate, i.e., the Group’s share of the gain or loss is eliminated. °

2. Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The amendments stipulate that, for the purpose of

liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

3. Amendments to IAS 1 "Disclosure of Accounting Policies" The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

4. Amendments to IAS 8 "Definition of Accounting Estimates

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors

5. Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Group will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.) Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13 and Table 2 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, for the summary of other significant accounting policies, refer to the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and 15 future periods.

There were no significant uncertainties in the accounting policies, estimates and basic assumptions adopted by the Group after being evaluated by the management of the Group.

6. CASH AND CASH EQUIVALENTS

	September 30, <u>2021</u>	<u>December 31, 2020</u>	September 30, <u>2020</u>
Cash on hand	\$ 211	\$ 873	\$ 941
Checking accounts and demand deposits	364,685	348,074	267,112
Cash equivalents (investment with original maturities less than three months time deposits)			

	September 30, <u>2021</u>	<u>December 31, 2020</u>	September 30, <u>2020</u>
Bank time deposit	210,000	260,000	50,000
Bank time deposit	<u>83,587</u>	<u>28,517</u>	<u>87,515</u>
	<u>\$ 658,483</u>	<u>\$ 637,464</u>	<u>\$ 405,568</u>

The market rate intervals of cash in bank, at the end of the reporting period were as follows:

	September 30, <u>2021</u>	<u>December 31, 2020</u>	September 30, <u>2020</u>
Demand deposits	0.001%~0.08%	0.001%~0.05%	0.001%~0.20%
Time deposits	0.35%	0.34%~0.40%	0.35%
Short-term bills	0.35%	0.45%	0.45%~0.60%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, <u>2021</u>	<u>December 31, 2020</u>	September 30, <u>2020</u>
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTP:			
Non-derivative financial assets			
– Domestic quoted shares	<u>\$ 9,266</u>	<u>\$ 12,354</u>	<u>\$ 7,221</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, <u>2021</u>	<u>December 31, 2020</u>	September 30, <u>2020</u>
<u>Non-current</u>			
Investments in equity instruments	<u>\$ 42,839</u>	<u>\$ 43,607</u>	<u>\$ 54,273</u>

Investments in equity instruments at FVTOCI

	September 30, <u>2021</u>	<u>December 31, 2020</u>	September 30, <u>2020</u>
<u>Non-current</u>			
Domestic investments			
Listed shares			

	September 30, 2021	December 31, 2020	September 30, 2020
– HIGGSTEC Inc	\$ 40,675	\$ 43,607	\$ 54,273
Foreign investments			
Private Funds			
Esquarre IoT Landing Fund,L.P.	<u>2,164</u>	<u>-</u>	<u>-</u>
	<u>\$ 42,839</u>	<u>\$ 43,607</u>	<u>\$ 54,273</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COSTS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	\$	\$ -	\$ 50,000
Foreign investments			
Repurchase agreement			
—CITIC Securities Finance MTN Co Ltd	2,446	-	-
—Formosa Group (Cayman) Ltd.	19,356	-	-
—Sumitomo Mitsui Financial Group, Inc.	6,071	-	-
—Bank of China	-	28,515	29,217
—Bank of Communications.	-		17,867
—British Telecommunications	-		58,200
—CITIC Group Corporation Ltd.	-	28,567	
—HSBC Group	-		29,100

	September 30, 2021	December 31, 2020	September 30, 2020
– Industrial and Commercial Bank of China (Asia) Limited	-	-	11,262
– PERTAMINA	-	28,715	29,100
Less: Allowance for impairment loss	-	-	-
	<u>\$ 27,873</u>	<u>\$ 85,797</u>	<u>\$ 224,746</u>

As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group purchased repurchase agreements issued by China Bills Finance Corporation and International Bills Finance Corporation, with coupon rates ranging from 0.35%, 0.5% and 0.5% to 0.75%, respectively.

The interest rates for time deposits with original maturities of more than three months is 0.4% as of September 30, 2020

Refer to Note 10 for information related to credit risk management and impairment evaluation of financial assets at amortized cost.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost :

September 30, 2021

	<u>At Amortized Cost</u>
Gross carrying amount	\$ 27,873
Less: Allowance for impairment loss	-
Amortization costs	27,873
Fair value adjust	-
	<u>\$ 27,873</u>

December 31, 2020

	<u>At Amortized Cost</u>
Gross carrying amount	\$ 85,797
Less: Allowance for impairment loss	-
Amortization costs	85,797
Fair value adjust	-
	<u>\$ 85,797</u>

September 30, 2020

	<u>At Amortized Cost</u>
Gross carrying amount	\$ 224,746
Less: Allowance for impairment loss	-

Amortization costs	224,746
Fair value adjust	<u>-</u>
	<u>\$ 224,746</u>

In order to minimize credit risk, the management of the Group has delegated a dedicated team to build a credit rating database, with a view to assessing the default risk of investments in debt instruments. For items without external credit ratings, appropriate internal ratings can be given by reference to publicly available financial information. The Group continuously tracks major information from financial institutions to monitor changes in the credit risk of investments in debt instruments, and uses such information to assess whether there is a significant increase in the initially recognized credit risk of investments in debt instruments the Group has tasked its credit management committee with the development and maintenance of a credit risk grading framework for categorizing exposures according to the degree of the risk of default. The credit rating information may be obtained from independent rating agencies, where available, and if not available, the credit management committee uses other publicly available financial information to rate the debtors.

The Group considers the historical default records and current financial status of financial institutions supplied by the internal rating team to measure the 12-month or lifetime expected credit losses of investments in debt instruments.

The Group's current credit risk rating mechanism is as follows :

<u>Credit Rating</u>	<u>Definition</u>	<u>Basis of Recognition of Expected Credit Losses</u>
Normal	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs

The gross carrying amount and applicable expected credit loss rate of investments in debt instruments are as follows :

September 30, 2021

<u>Credit Rating</u>	<u>Basis of Recognition of Rate Credit Losses</u>	<u>Gross carrying amount</u> <u>Amortized Cost</u>
Normal	0% ~ 0.01%	<u>\$ 27,873</u>

December 31, 2020

<u>Credit Rating</u>	<u>Basis of Recognition of Rate Credit Losses</u>	<u>Gross carrying amount</u> <u>Amortized Cost</u>
Normal	0% ~ 0.01%	<u>\$ 85,797</u>

September 30, 2020

Gross carrying amount

<u>Credit Rating</u>	<u>Basis of Recognition of Rate Credit Losses</u>	<u>Amortized Cost</u>
Normal	0% ~ 0.01%	<u>\$ 224,746</u>

There was no change in the allowance for impairment loss of investments in debt instruments at amortized cost on September 30, 2021, December 31, 2020, and September 30, 2020..

11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

	<u>September 30,</u> <u>2021</u>	<u>December 31, 2020</u>	<u>September 30,</u> <u>2020</u>
<u>Accounts receivables</u>			
At amortized cost			
Gross carrying amount	\$ 262,271	\$ 277,005	\$ 284,659
Gross carrying amount – related parties	11,553	5,167	1,718
Less: Allowance for impairment loss	(<u>258</u>)	(<u>6,608</u>)	(<u>5,308</u>)
	<u>\$ 273,566</u>	<u>\$ 275,564</u>	<u>\$ 281,069</u>
<u>Overdue receivables</u>			
<u>Overdue receivables</u>	\$ 30	\$ 30	\$ 30
Less: Allowance for impairment loss	(<u>30</u>)	(<u>30</u>)	(<u>30</u>)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Others receivables</u>			
Tax refund receivables	\$ 17,157	\$ 6,667	\$ 15,960
Duty Tax refund receivable	2,164	1,923	1,682
Proceeds from sale of financial assets	<u>8,733</u>	<u>-</u>	<u>9,665</u>
	<u>\$ 28,054</u>	<u>\$ 8,590</u>	<u>\$ 27,307</u>

a. Accounts receivables

At amortized cost

The average credit period of the sales of goods was 90-135 days. No interest was charged on accounts receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivables. The expected credit losses on accounts receivables are estimated

using an allowance matrix, which takes into consideration the historical credit loss experience with the respective debtor, the current financial position of the debtor, and the current and future economic conditions of the industry as well as the overall economy. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivables based on the Group's provision matrix :

September 30, 2021

	Not Past Due	Less than 1-30 Days	Less than 31-60 Days	Less than 61-90 Days	Less than Over-91 Days	Total
Expected credit loss rate	0.01%	0.17%	6.29%	23.857%	21.48~100%	
Gross carrying amount	\$218,115	\$ 55,102	\$ 266	\$ 300	\$ 41	\$ 273,824
Loss allowance (Lifetime ECL)	(27)	(98)	(18)	(74)	(41)	(258)
Amortized cost	<u>\$ 218,088</u>	<u>\$ 55,004</u>	<u>\$ 248</u>	<u>\$ 226</u>	<u>\$ -</u>	<u>\$ 273,566</u>

December 31, 2020

	Not Past Due	Less than 1-30 Days	Less than 31-60 Days	Less than 61-90 Days	Less than Over-91 Days	Total
Expected credit loss rate	0.01%	0.27%	30.21%	56.2%	71.15~100%	
Gross carrying amount	\$ 238,514	\$ 25,201	\$ 14,853	\$ 3,564	\$ 40	\$ 282,172
Loss allowance (Lifetime ECL)	(24)	(67)	(4,478)	(1,999)	(40)	(6,608)
Amortized cost	<u>\$ 238,490</u>	<u>\$ 25,134</u>	<u>\$ 10,375</u>	<u>\$ 1,565</u>	<u>\$ -</u>	<u>\$ 275,564</u>

September 30, 2020

	Not Past Due	Less than 1-30 Days	Less than 31-60 Days	Less than 61-90 Days	Less than Over-91 Days	Total
Expected credit loss rate	0.32%	1.48%	10.22%	77.78~100%		
Gross carrying amount	\$ 174,421	\$ 76,925	\$ 34,968	\$ 63	\$	\$ 286,377
Loss allowance (Lifetime ECL)	(550)	(1,137)	(3,572)	(49)		(5,308)
Amortized cost	<u>\$ 173,871</u>	<u>\$ 75,788</u>	<u>\$ 31,396</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 281,069</u>

The movements of the loss allowance of notes receivables and accounts receivables were as

follows :

	For the Nine Months Ended September 30 2021	For the Nine Months Ended September 30 2020
<u>Notes receivables and Accounts</u>		
<u>receivables</u>		
Balance on January 1	\$ 6,608	\$ 248
Add: Amount of expected loss recognized	-	5,060
Less: : Rotation impairment loss	(<u>6,350</u>)	<u>-</u>
Balance on June 30	<u>\$ 258</u>	<u>\$ 5,308</u>
 <u>Overdue receivables</u>		
Balance on January 1	<u>\$ 30</u>	<u>\$ 30</u>
Balance on September30	<u>\$ 30</u>	<u>\$ 30</u>

Compared to the balance on January 1, 2021 and 2020, the gross carrying amount of accounts receivables on September 30, 2021 and 2020 decreased \$8,348 thousand and increase \$2,694 thousand. Due to increase in projected credit loss, the loss allowance decreased \$6,350 thousand and increase \$5,060 thousand.

b. Other receivables

The Group does not accrue interest on other receivables. When determining the recoverability of other receivables, the Group considers any changes in the credit quality of other receivables from the original credit date to the balance sheet date. As historical experience shows that other receivables overdue for more than one year are not recoverable, the Company recognizes 100% allowance for bad debts for other receivables aged over one year. For other receivables aged within one year, the Company determines allowance for bad debt by reference to the past arrears of counterparties and analyzing their current financial position, in order to evaluate irrecoverable amounts.

There was no allowance for impairment loss of other receivables on September 30, 2021, December 31, 2020, and September 30, 2020.

12. INVENTORIES

	September 30, <u>2021</u>	<u>December 31, 2020</u>	September 30, <u>2020</u>
Raw materials	\$ 237,519	\$ 103,410	\$ 142,168
Work in process	24,760	24,214	37,744
Finished goods	67,524	166,134	170,113
Merchandise inventories	<u>1,894</u>	<u>4,529</u>	<u>3,939</u>
	<u>\$ 331,697</u>	<u>\$ 298,287</u>	<u>\$ 353,964</u>

Cost of Goods Sold were as follows :

	For the Three Months Ended September <u>30 2021</u>	For the Three Months Ended September <u>30 2010</u>	For the Nine Months Ended September <u>30 2021</u>	For the Nine Months Ended September <u>30 2010</u>
Cost of Goods Sold	\$ 365,449	\$ 347,754	\$ 820,301	\$ 965,362
Loss (gain) on inventory impairment	(<u>5,000</u>)	<u>4,000</u>	(<u>15,000</u>)	<u>7,000</u>
	<u>\$ 360,449</u>	<u>\$ 351,754</u>	<u>\$ 805,301</u>	<u>\$ 972,362</u>

The net realizable value of inventories is the increase in the sales price of the inventory in specific markets

13. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

The entity included in the consolidated statements is listed below :

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Note
			Septembe r 30, 2021	Dec 31, 2020	Septembe r 30, 2020	
Promate Solutions Co., Ltd	Promate Japan Inc	Trade of electronic commodities	100%	100%	100%	a& b

- a. Promate Japan Inc. was incorporated on March 2017 in Tokyo, Japan. It is 100% owner by the Company and the nature of its activities include trade of electronic commodities.

- b. Promate Japan Inc. is not a significant subsidiary and their financial statements has not been reviewed

The financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2021 and 2020, the combined total assets of these non-significant subsidiaries were NT\$9,360 thousand and NT\$3,603 thousand, respectively, representing 0.62% and 0.24%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$1,505 thousand and NT\$1,648 thousand, respectively, representing 0.31% and 0.38%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2021 and 2020, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$3,757 thousand, NT\$(204) thousand, NT\$5,353 thousand, and NT\$(622) thousand, respectively, representing 9.22%, 0.32%, 4.72% and 0.33%, respectively, of the consolidated total comprehensive income.

14. PROPERTY, PLANT AND EQUIPMENT

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>			
Assets used by the Group	<u>\$ 44,134</u>	<u>\$ 48,946</u>	<u>\$ 49,415</u>			
Assets used by the Group						
	<u>Machinery Equipment</u>	<u>Transporta- tion Equipment</u>	<u>Office Equipment</u>	<u>Miscellane- ous Equip2ment</u>	<u>Leasehold Improveme- nnts</u>	<u>Total</u>
<u>Cost</u>						
Balance at January 1,						
2021	\$ 72,642	\$ 2,810	\$ 10,688	\$ 62,593	\$ 15,083	\$ 163,816
Addition	-	-	70	130	-	200
Reclassification	701	-	-	5,863	-	6,564
Disposal	-	-	-	(2,210)	(1,708)	(3,918)
Balance at September						
30, 2021	<u>\$ 73,343</u>	<u>\$ 2,810</u>	<u>\$ 10,758</u>	<u>\$ 66,376</u>	<u>\$ 13,375</u>	<u>\$ 166,662</u>
<u>Accumulated depreciation</u>						
Balance at January 1,						
2021	\$ 40,911	\$ 2,810	\$ 9,739	\$ 48,950	\$ 12,460	\$ 114,870
Depreciation expenses	5,081	-	356	5,412	727	11,576
Disposal	-	-	-	(2,210)	(1,708)	(3,918)

Balance at September						
30, 2021	<u>\$ 45,992</u>	<u>\$ 2,810</u>	<u>\$ 10,095</u>	<u>\$ 52,152</u>	<u>\$ 11,479</u>	<u>\$ 122,528</u>
Carrying amount at						
January 1, 2021						
December 31, 2020	<u>\$ 31,731</u>	<u>\$ -</u>	<u>\$ 949</u>	<u>\$ 13,643</u>	<u>\$ 2,623</u>	<u>\$ 48,946</u>
Carrying amount at						
September 30, 2021	<u>\$ 27,351</u>	<u>\$ -</u>	<u>\$ 663</u>	<u>\$ 14,224</u>	<u>\$ 1,896</u>	<u>\$ 44,134</u>
<u>Cost</u>						
Balance at January 1,						
2020	\$ 61,285	\$ 2,810	\$ 10,381	\$ 56,923	\$ 17,452	\$ 148,851
Addition	-	-	307	-	-	307
Reclassification	11,357	-	-	2,041	-	13,398
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,369)</u>	<u>(2,369)</u>
Balance at September						
30, 2020	<u>\$ 72,642</u>	<u>\$ 2,810</u>	<u>\$ 10,688</u>	<u>\$ 58,964</u>	<u>\$ 15,083</u>	<u>\$ 160,187</u>
<u>Accumulated</u>						
<u>depreciation</u>						
Balance at January 1,						
2020	\$ 33,910	\$ 2,810	\$ 9,252	\$ 41,859	\$ 13,752	\$ 101,583
Depreciation expenses	5,133	-	367	5,230	828	11,558
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,369)</u>	<u>(2,369)</u>
Balance at September						
30, 2020	<u>\$ 39,043</u>	<u>\$ 2,810</u>	<u>\$ 9,619</u>	<u>\$ 47,089</u>	<u>\$ 12,211</u>	<u>\$ 110,772</u>
Carrying amount at June						
30, 2020	<u>\$ 33,599</u>	<u>\$ -</u>	<u>\$ 1,069</u>	<u>\$ 11,875</u>	<u>\$ 2,872</u>	<u>\$ 49,415</u>

There was no indication of an impairment loss; therefore, the Group did not perform impairment assessment. during the nine months ended September 30, 2021 and 2020.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows: :

Machinery equipment	3-10 years
Transportation equipment	5 years
Office equipment	3-5 years
Miscellaneous equipment	3-20 years
Leasehold improvements	3-10years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2021	December 31, 2020	September 30, 2020
Carrying amounts			
Buildings	\$ 46,843	\$ 63,727	\$ 68,923
Transportation	<u>1,035</u>	<u>1,393</u>	<u>-</u>
	<u>\$ 47,878</u>	<u>\$ 65,120</u>	<u>\$ 68,923</u>
	For the Three Months Ended September 30 2021	For the Three Months Ended September 30 2020	For the Nine Months Ended September 30 2021
	2021	2020	2021
Addition to right-of-use assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,428</u>
Depreciation charge for right-of-use assets			
Buildings	\$ 4,904	\$ 5,200	\$ 15,255
Transportation	<u>119</u>	<u>-</u>	<u>358</u>
	<u>\$ 5,023</u>	<u>\$ 5,200</u>	<u>\$ 15,613</u>

Due to the early termination of the lease contract during current period, the Group's right-of-use assets and lease liabilities were reduced by NT\$10,970 thousand and NT\$11,224 thousand respectively. Thus, it resulted in a lease modification benefit of NT\$254 thousand.

b. Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
Carrying amounts			
Current	<u>\$ 20,494</u>	<u>\$ 21,665</u>	<u>\$ 20,864</u>
Non-current	<u>\$ 23,219</u>	<u>\$ 43,072</u>	<u>\$ 43,626</u>

Discounted rate ranges of lease liabilities were as follows :

	June 30, 2021	December 31, 2020	June 30, 2020
Buildings	3%	3%	3%
Transportation	5.69%	5.69%	-

c. Material lease-in activities and terms

The Group leased a number of cars for use by business personnel or warehouse personnel for 3 years. The lease contracts for these cars do not contain terms for the right of renewal or the right of purchase.

The Group also leased certain buildings for the use as plant and office in a period of 5 years. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the

lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Three Months Ended September 30 2021	For the Three Months Ended September 30 2020	For the Nine Months Ended September 30 2021	For the Nine Months Ended September 30 2020
Expenses relating to low-value asset leases	<u>\$ 141</u>	<u>\$ 52</u>	<u>\$ 347</u>	<u>\$ 152</u>
Total cash outflow for lease			<u>(\$ 20,695)</u>	<u>(\$ 20,731)</u>

16. OTHER INTANGIBLE ASSETS

	<u>Computer Software</u>
<u>Cost</u>	
Balance on January 1, 2021	\$ 18,379
Reclassification	3,342
Disposals	(<u>6,262</u>)
Balance on September 30, 2021	<u>\$ 15,459</u>
<u>Accumulated amortization</u>	
Balance on January 1, 2021	\$ 14,352
Amortization expenses	1,228
Disposals	(<u>6,262</u>)
Balance on September 30, 2021	<u>\$ 9,318</u>
Carrying amount on January 1, 2021/December 31, 2020	<u>\$ 4,027</u>
Carrying amount on September 30, 2021	<u>\$ 6,141</u>
<u>Cost</u>	
Balance on January 1, 2020	\$ 20,179
Addition	-
Disposal	(<u>1,800</u>)
Balance on September 30, 2020	<u>\$ 18,379</u>
<u>Accumulated amortization</u>	
Balance on January 1, 2020	\$ 12,960
Amortization expenses	2,486
Disposals	(<u>1,800</u>)
Balance on September 30, 2020	<u>\$ 13,646</u>
Carrying amount on September 30, 2020	<u>\$ 4,733</u>

Besides amortization expense, the Group did not acquire, dispose, nor impair any other intangible assets between nine months ended September 30, 2021 and 2020. Other intangible assets were amortized on a straight-line basis over their estimated useful lives as follows:

Computer software 3-10 years

Amortization expenses summarized by function :

	For the Three Months Ended September 30 2021	For the Three Months Ended September 30 2020	For the Nine Months Ended September 30 2021	For the Nine Months Ended September 30 2020
Operating costs	\$ -	\$ -	\$ -	\$ -
Selling and marketing expenses	27	27	81	80
General and administrative expenses	178	678	868	2,035
Research and development expenses	<u>279</u>	<u>86</u>	<u>279</u>	<u>371</u>
	<u>\$ 484</u>	<u>\$ 791</u>	<u>\$ 1,228</u>	<u>\$ 2,486</u>

17. OTHER ASSETS

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Current</u>			
Prepayments			
Prepayment for purchases and expenses	\$ 5,706	\$ 2,508	\$ 2,621
Input Tax	<u>549</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,255</u>	<u>\$ 2,508</u>	<u>\$ 2,621</u>
Others current assets			
Temporary payment	<u>30</u>	<u>30</u>	<u>30</u>
	<u>\$ 6,285</u>	<u>\$ 2,538</u>	<u>\$ 2,651</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 5,244	\$ 3,888	\$ 2,261
Refundable deposits	659	636	136
Overdue receivables (Note 11)	30	30	30

	September 30, 2021	December 31, 2020	September 30, 2020
Allowance for impairment loss - overdue receivables	(<u>30</u>)	(<u>30</u>)	(<u>30</u>)
	<u>\$ 5,903</u>	<u>\$ 4,524</u>	<u>\$ 2,397</u>

18. NOTES AND ACCOUNTS PAYABLE

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Notes payable</u>			
Non-trade	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 11</u>
<u>Accounts payable</u>			
Accounts payable	\$ 170,767	\$ 123,026	\$ 148,466
Accounts payable - related parties	<u>110,736</u>	<u>43,392</u>	<u>49,494</u>
	<u>\$ 281,503</u>	<u>\$ 166,418</u>	<u>\$ 197,960</u>

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. OTHER LIABILITIES

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Other payables			
Accrued commissions	\$ 5,034	\$ 2,244	\$ 2,343
Payables for salaries or bonuses	31,882	46,028	51,666
Payables for annual leave	8,050	7,750	4,500
Payables for compensation of employees and remuneration of directors (Note 24)	13,700	24,700	20,200
Payable for service	761	1,380	1,076
Accrued freights	2,113	1,770	2,004
Others	<u>9,714</u>	<u>10,350</u>	<u>10,996</u>
	<u>71,254</u>	<u>94,222</u>	<u>92,785</u>
Other payables – related parties (Note 30)			
Others	<u>1,006</u>	<u>955</u>	<u>991</u>
	<u>1,006</u>	<u>955</u>	<u>991</u>

	September 30, 2021	December 31, 2020	September 30, 2020
	<u>\$ 72,260</u>	<u>\$ 95,177</u>	<u>\$ 93,776</u>
<u>Contract liability</u>			
Advance payment	<u>\$ 53,207</u>	<u>\$ 30,466</u>	<u>\$ 37,537</u>
<u>Others liability</u>			
Receipts under custody and others	<u>\$ 2,426</u>	<u>\$ 2,357</u>	<u>\$ 2,099</u>

20. PROVISIONS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Warranties	<u>\$ 3,216</u>	<u>\$ 3,285</u>	<u>\$ 3,560</u>
<u>Non-current</u>			
Warranties	<u>\$ 1,408</u>	<u>\$ 2,239</u>	<u>\$ 2,164</u>

	For the Nine Months Ended September 30 2021	For the Nine Months Ended September 30 2020
Balance on January 1	\$ 5,524	\$ 18,124
Amount used	(3,327) -	(5,712)
Additional provisions recognized	2,427	-
State unused	-	(6,688)
Balance at September 30	<u>\$ 4,624</u>	<u>\$ 5,724</u>

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under sale of goods legislation. The estimate had been made on the basis of historic warranty trends, and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

21. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the Group's defined retirement benefit plans was \$18 thousand and \$28 thousand for the three months ended September 30, 2021 and 2020, respectively, and \$55 thousand and \$84 thousand for the nine months ended September 30, 2021 and 2020, respectively. They were calculated using the prior year's actuarially determined pension cost discount rate as of December 31, 2019 and 2018, respectively.

22. EQUITY

- a. Share capital

Common stock

	September 30, <u>2021</u>	<u>December 31, 2020</u>	September 30, <u>2020</u>
Number of shares authorized (in thousands)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>38,255</u>	<u>38,255</u>	<u>38,255</u>
Shares issued	<u>\$ 382,549</u>	<u>\$ 382,549</u>	<u>\$ 382,549</u>

The authorized shares include 4,000 thousand shares allocated for the exercise of employee stock options

b. Capital surplus

	September 30, <u>2021</u>	<u>December 31, 2020</u>	September 30, <u>2020</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Issuance of ordinary shares	<u>\$ 386,829</u>	<u>\$ 386,829</u>	<u>\$ 386,829</u>

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year)

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors after amendment,

refer to employees' compensation and remuneration of directors in Note 24, (g).

Taking into account future capital expenditure requirements and long-term financial planning of the Company, the total dividends paid in any given year may not be less than 50% of the distributable earnings in that year. However, cumulative distributable earnings cannot be distributed if it is less than 20% of the total paid-up capital. Dividends could be distributed either through cash or shares, and cash dividends shall not be less than 10% of the total dividends for the year.

An appropriation of earnings to a legal reserve should be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The company is in accordance with the provisions of the No. 1090150022 Order of the Financial Supervisory Commission R.O.C .The amendments explicitly stipulate that when a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly I the unappropriated earning for current period is used if the prior unappropriated earnings is not sufficient. Before the Articles is amendments, the special reserve is appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2020 and 2019 that were approved in the shareholders' meetings on July 22, 2021 and June 9, 2020, respectively, were as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Legal reserve	\$ 20,859	\$ 20,636
Special reserve	-	2,702
Reversal of special surplus reserve	(2,728)	-
Cash dividends	191,274	181,710
Cash dividends (additional paid-in capital)	-	9,564
Cash dividends per share (NT\$)	5	5

The Group suspends its originally scheduled on June 11,2021 shareholders' meeting in response to the FSC's announcement (For pandemic prevention, the FSC demands public companies to postpone their shareholders' meetings.) The shareholders' meeting change held on July 22, 2021.

d. Special reserves

	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Balance on January 1	\$ 2,728	\$ 26
Appropriations of special reserves		
Appropriations other equity items	<u>-</u>	<u>2,702</u>
Rotate of special reserves		
Rotate other equity items	(<u>2,728</u>)	<u>-</u>
Balance at September 30	<u>\$ -</u>	<u>\$ 2,728</u>

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Balance on January 1	(\$ <u>49</u>)	(\$ <u>50</u>)
Exchange differences arising on translating the financials statements of foreign operations	(311)	-
Income tax related to gains arising on translating the financial statements of foreign operations	<u>62</u>	<u>-</u>
Other comprehensive income recognized for the period	(<u>249</u>)	<u>-</u>
Balance at September e 30	(<u>\$ 298</u>)	(<u>\$ 50</u>)

2) Unrealized gain or loss on Financial Assets at FVTOCI

	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Balance on January 1	<u>\$ 11,292</u>	(<u>\$ 2,678</u>)
Recognized for the period:		
Unrealized gain (loss)- equity instruments	(<u>2,860</u>)	<u>23,575</u>

	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Other comprehensive income recognized for the period	(<u>2,860</u>)	<u>23,575</u>
Gain (loss) on disposal of equity instruments transfer to retained earnings	(<u>166</u>)	(<u>3,812</u>)
Balance at September 30	<u>\$ 8,266</u>	<u>\$ 17,085</u>

23. REVENUE

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Revenue from contracts with customers				
Revenue from the sale of goods	\$ 469,372	\$ 471,383	\$1,068,241	\$1,330,624
Service revenue	<u>5,079</u>	<u>18,536</u>	<u>46,095</u>	<u>40,115</u>
	<u>\$ 474,451</u>	<u>\$ 489,919</u>	<u>\$1,114,336</u>	<u>\$1,370,739</u>

a. Revenue from sales to customers

Revenue from the sale of goods

Goods are categorized into computer monitors and customized products for manufacturing engineering. The Group engages in the sale of embedded control systems, medical displays, and application-specific display modules at the agreed prices stipulated in contracts, quotations or orders.

Service revenue

Service revenue mainly comprises revenue from the design of embedded, medical, and application specific display modules during product development; revenue from customers' request for repair when defects occur in products that exceed the warranty period; and revenue recognized at the agreed prices stipulated in contracts.

b. Contract balances

	September 30, 2021	December 31, 2020	September 30, 2020	January 1, 2020
Trade receivables (Note 11)	<u>\$ 273,566</u>	<u>\$ 275,564</u>	<u>\$ 281,069</u>	<u>\$ 283,435</u>

Contract liabilities (Note 20)

Sale of goods	<u>\$ 53,207</u>	<u>\$ 30,466</u>	<u>\$ 37,537</u>	<u>\$ 39,767</u>
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c. Disaggregation of revenue

For the nine months ended September 30, 2021

	<u>Embedded Control</u>	<u>Application specific</u>	<u>Medical Touch</u>	<u>Others</u>	<u>Total</u>
<u>Goods or service</u>					
Revenue from sale of goods	\$ 304,560	\$ 186,005	\$ 348,097	\$ 229,579	\$ 1,068,241
Service revenue	<u>5,688</u>	<u>35,555</u>	<u>4,735</u>	<u>117</u>	<u>46,095</u>
	<u>\$ 310,248</u>	<u>\$ 221,560</u>	<u>\$ 352,832</u>	<u>\$ 229,696</u>	<u>\$ 1,114,336</u>

For the nine months ended September 30, 2020

	<u>Embedded Control</u>	<u>Application specific</u>	<u>Medical Touch</u>	<u>Others</u>	<u>Total</u>
<u>Goods or service</u>					
Revenue from sale of goods	\$ 503,867	\$ 235,188	\$ 488,071	\$ 103,498	\$ 1,330,624
Service revenue	<u>3,453</u>	<u>31,202</u>	<u>5,454</u>	<u>6</u>	<u>40,115</u>
	<u>\$ 507,320</u>	<u>\$ 266,390</u>	<u>\$ 493,525</u>	<u>\$ 103,504</u>	<u>\$ 1,370,739</u>

**24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS AND OTHER
COMPREHENSIVE INCOME (LOSS)**

a. Interest income

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the nine Months Ended September 30, 2021	For the nine Months Ended September 30, 2020
Bank deposits	\$ 350	\$ 197	\$ 1,035	\$ 2,071
Financial assets at amortized cost	<u>71</u>	<u>348</u>	<u>263</u>	<u>1,174</u>
	<u>\$ 421</u>	<u>\$ 545</u>	<u>\$ 1,298</u>	<u>\$ 3,245</u>

b. Other income

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the nine Months Ended September 30, 2021	For the nine Months Ended September 30, 2020
Dividend income	\$ 844	\$ 2,052	\$ 885	\$ 2,066
Others	<u>89</u>	<u>18</u>	<u>289</u>	<u>23</u>
	<u>\$ 933</u>	<u>\$ 2,070</u>	<u>\$ 1,174</u>	<u>\$ 2,089</u>

c. Other gains and losses

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the nine Months Ended September 30, 2021	For the nine Months Ended September 30, 2020
Gain (loss) on financial instruments				
Mandatorily measured at FVTPL	(\$ 3,462)	\$ 1,176	(\$ 870)	\$ 3,368
Gain on Lease Modification		-	254	-
Net foreign exchange gain (losses)	590	(9,526)	(10,094)	(11,708)
Others	<u>-</u>	<u>(94)</u>	<u>(48)</u>	<u>(95)</u>
	<u>(\$ 2,872)</u>	<u>(\$ 8,444)</u>	<u>(\$ 10,758)</u>	<u>(\$ 8,435)</u>

d. Finance costs

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the nine Months Ended September 30, 2021	For the nine Months Ended September 30, 2020
Interest on lease liabilities	(\$ <u>345</u>)	(\$ <u>488</u>)	(\$ <u>1,207</u>)	(\$ <u>1,599</u>)

There was no interest capitalization in the combined company from January 1 to September 30, 2021 and 2020

e. Depreciation and amortization

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the nine Months Ended September 30, 2021	For the nine Months Ended September 30, 2020
An analysis of depreciation by function				
Operating costs	\$ 2,648	\$ 2,661	\$ 7,968	\$ 7,982
Operating expenses	<u>6,101</u>	<u>6,484</u>	<u>19,221</u>	<u>19,174</u>
	<u>\$ 8,749</u>	<u>\$ 9,145</u>	<u>\$ 27,189</u>	<u>\$ 27,156</u>
An analysis of amortization by function				
Operating costs	\$ -	\$ -	\$ -	\$ -
Operating expenses	<u>484</u>	<u>791</u>	<u>1,228</u>	<u>2,486</u>
	<u>\$ 484</u>	<u>\$ 791</u>	<u>\$ 1,228</u>	<u>\$ 2,486</u>

f. Employee benefits expense

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the nine Months Ended September 30, 2021	For the nine Months Ended September 30, 2020
Short-term benefits	\$ 43,431	\$ 45,158	\$ 127,153	\$ 141,383
Post-employment benefits (Note 21)				
Defined contribution plans	1,433	1,499	4,384	4,483
Defined benefit plans	<u>18</u>	<u>28</u>	<u>55</u>	<u>84</u>
	<u>1,451</u>	<u>1,527</u>	<u>4,439</u>	<u>4,567</u>
Other employee benefits	<u>1,837</u>	<u>1,806</u>	<u>4,917</u>	<u>5,217</u>
Total employee benefits expense	<u>\$ 46,719</u>	<u>\$ 48,491</u>	<u>\$ 136,509</u>	<u>\$ 151,167</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 13,429	\$ 13,495	\$ 39,562	\$ 41,196
Operating expenses	<u>33,290</u>	<u>34,996</u>	<u>96,947</u>	<u>109,971</u>
	<u>\$ 46,719</u>	<u>\$ 48,491</u>	<u>\$ 136,509</u>	<u>\$ 151,167</u>

g. Employees' compensation and remuneration of directors and supervisors

The Company accrues compensation of employees and remuneration of directors at the rates 7.5%~10% and no higher than 3%, respectively, of net profit before income tax,

compensation of employees, and remuneration of directors. For the three months and nine months ended September 30, 2021 and 2020, the compensation of employees and the remuneration of directors were as follows:

Accrual rate

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the nine Months Ended September 30, 2021	For the nine Months Ended September 30, 2020
Employees' compensation	7.5%	7.5%	7.5%	7.5%
Remuneration of directors	1.5%	1.5%	1.5%	1.5%

Amount

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the nine Months Ended September 30, 2021	For the nine Months Ended September 30, 2020
Employees' compensation	<u>\$ 4,500</u>	<u>\$ 5,770</u>	<u>\$ 11,440</u>	<u>\$ 16,850</u>
Remuneration of directors	<u>\$ 900</u>	<u>\$ 1,230</u>	<u>\$ 2,260</u>	<u>\$ 3,350</u>

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate and will be adjusted in the next year.

The appropriations of compensation of employees and remuneration of directors for 2020 and 2019, which were approved by the Company's board of directors on March 23, 2021 and March 16, 2020, respectively, are as follows:

	<u>For the Year Ended December 31</u>			
	<u>2020</u>		<u>2019</u>	
	<u>Cash Dividends</u>	<u>Share Dividends</u>	<u>Cash Dividends</u>	<u>Share Dividends</u>
Employees' compensation	\$ 20,600	\$ -	\$ 21,170	\$ -
Remuneration of directors	4,100	-	4,200	-

There was no difference between the actual amounts of the compensation of employees and the remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019. Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Foreign exchange gains	\$ 4,086	\$ 68,180	\$ 15,664	\$ 89,010
Foreign exchange losses	(3,496)	(77,706)	(25,758)	(100,718)
Net gain (loss)	\$ 590	(\$ 9,526)	(\$ 10,094)	(\$ 11,708)

i. The reversal of impairment of non-financial instruments

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Inventories (included in costs of goods sold)	(\$ 5,000)	\$ 4,000	(\$ 15,000)	\$ 7,000

25. INCOME TAXES RELATING TO CONTINUING OPERATION

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Current tax				
In respect of the current period	\$ 10,405	\$ 15,355	\$ 23,430	\$ 36,906
Income tax on unappropriated earnings		65	-	65

	2021	2020	2021	2020
Adjustment for the prior year	<u>10,405</u>	<u>15,420</u>	<u>(4,919)</u>	<u>(1,828)</u>
Deferred tax				
In respect of the current period	<u>603</u>	<u>(2,073)</u>	<u>3,891</u>	<u>2,834</u>
Income tax expense recognized in profit or loss	<u>\$ 11,008</u>	<u>\$ 13,347</u>	<u>\$ 22,402</u>	<u>\$ 37,977</u>

b. Income tax expense recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Deferred tax				
In respect of the current year-				
Translation of foreign operations	<u>(\$ 8)</u>	<u>\$ 1</u>	<u>(\$ 62)</u>	<u>\$ -</u>
Income tax expense recognized in other comprehensive income	<u>(\$ 8)</u>	<u>\$ 1</u>	<u>(\$ 62)</u>	<u>\$ -</u>

c. Income tax assessments

The tax returns of the Company through 2019 have been assessed by tax authorities.

26. EARNINGS PER SHARE

	Unit: NT\$ Per Share			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Basic earnings per share				
From continuing and discounted operations	<u>\$ 1.14</u>	<u>\$ 1.48</u>	<u>\$ 3.04</u>	<u>\$ 4.35</u>
Basic earnings per share	<u>\$ 1.14</u>	<u>\$ 1.48</u>	<u>\$ 3.04</u>	<u>\$ 4.35</u>

	2021	2020	2021	2020
Diluted earnings per share				
From continuing and				
discounted operations	<u>\$ 1.13</u>	<u>\$ 1.47</u>	<u>\$ 3.02</u>	<u>\$ 4.31</u>
Diluted earnings per share	<u>\$ 1.13</u>	<u>\$ 1.47</u>	<u>\$ 3.02</u>	<u>\$ 4.31</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Income for the year				
attributable to owners of				
the Company	<u>\$ 43,613</u>	<u>\$ 56,547</u>	<u>\$ 116,409</u>	<u>\$ 166,380</u>
Earnings used in the				
computation of basic				
earnings per share	<u>\$ 43,613</u>	<u>\$ 56,547</u>	<u>\$ 116,409</u>	<u>\$ 166,380</u>
Earnings used in the				
computation of diluted				
earnings per share	<u>\$ 43,613</u>	<u>\$ 56,547</u>	<u>\$ 116,409</u>	<u>\$ 166,380</u>

Weighted Average Number of Ordinary Shares Outstanding

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Weighted average number of ordinary shares in computation of basic earnings per share	38,255	38,255	38,255	38,255
Effect of potentially dilutive ordinary shares:				
Employees' compensation	<u>186</u>	<u>242</u>	<u>276</u>	<u>338</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>38,441</u>	<u>38,497</u>	<u>38,531</u>	<u>38,593</u>

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. CASH FLOW INFORMATION

a. Non-cash transactions

For the Nine Months Ended September 30, 2021 and 2020, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

1. The Group reclassified prepayments for equipment amounting to \$6,564 thousand and \$13,398 thousand, respective, to property, plant and equipment for the nine months ended September 30, 2021 and 2020, respectively.
2. The Group reclassified prepayments for equipment amounting to \$3,342 thousand respective, to intangible assets for the nine months ended September 30, 2021.

b. Reconciliation of liabilities arising from financing activities:

For the nine months ended September 30, 2021

	Balance as of January 1, 2021	Cash Flows	Non-cash Changes				Balance as of Sep 30, 2021
			Add	Amortization of Interest Expense	Disposal	Foreign Exchange Difference	
Lease liabilities	<u>\$ 64,737</u>	<u>(\$ 20,348)</u>	<u>\$ 9,428</u>	<u>\$ 1,207</u>	<u>(\$ 11,224)</u>	<u>(\$ 87)</u>	<u>\$ 43,713</u>

For the nine months ended September 30, 2020

	Balance as of January 1, 2020	Cash Flows	Non-cash Changes				Balance as of Sep 30, 2020
			Add	Amortization of Interest Expense	Disposal	Foreign Exchange Difference	
Lease liabilities	<u>\$ 83,470</u>	<u>(\$ 20,579)</u>	<u>\$ -</u>	<u>\$ 1,599</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,490</u>

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

Adopting a prudent risk management strategy and regularly reviewing the strategy, the Group engages in overall planning based on business development strategies and operational needs, in order to determine the appropriate capital structure of the Group.

The Group is not subject to any externally imposed capital requirements.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Group believes the carrying amounts of financial assets and financial liabilities not measured at fair value that are very close to maturity or whose future prices equals their carrying amounts, approximates their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1..Fair value hierarchy

Balance as of September 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Securities listed in ROC	\$ 9,266	\$ -	\$ -	\$ 9,266
<u>Financial assets at FVTOCI</u>				
Investments in equity				
– Securities listed in				
ROC	\$ 40,675	\$ -	\$ -	\$ 40,675
Domestic unlisted shares and domestic emerging market shares				
	-	-	2,164	2,164
	\$ 40,675	\$ -	\$ 2,164	\$ 42,839
<u>Balance as of December 31, 2020</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Securities listed in ROC	\$ 12,354	\$ -	\$ -	\$ 12,354
<u>Financial assets at FVTOCI</u>				
Investments in equity				
– Securities listed in				
ROC	\$ 43,607	\$ -	\$ -	\$ 43,607
<u>Balance as of September 30, 2020</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Securities listed in ROC	\$ 7,221	\$ -	\$ -	\$ 7,221
<u>Financial assets at FVTOCI</u>				
Investments in equity				
– Securities listed in				
ROC	\$ 54,273	\$ -	\$ -	\$ 54,273

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2021 and 2020

2.. Reconciliation of Level 3 fair value measurements of financial instruments

For the nine months ended September 31, 2021

<u>Financial assets</u>	<u>Financial assets at FVTPL</u>
Balance at January 1	\$ -
Provision for impairment loss	-
Purchase	<u>2,164</u>
Balance at September 30	<u>\$ 2,164</u>
Unrealized other benefits and losses	<u>\$ -</u>

3.. Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

c. Categories of financial instruments

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)			
Mandatory at FVTPL	\$ 9,266	\$ 12,354	\$ 7,221
Financial assets at amortized (Note 1)	\$ 988,635	\$ 1,008,051	\$ 938,826
Financial assets at FVTOCI equity instruments			
Investments in equity instruments	42,839	43,607	54,273
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	353,805	261,595	291,747

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivables, other receivables and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise notes payable, accounts payables, and other payable.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debit investments, accounts receivables, accounts payables and Lease liabilities. The Group's Corporate Treasury monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to financial risks of changes in foreign currency exchange rates.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group's had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward exchange contracts and currency swaps.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and as for the carrying amounts of derivatives exposing to foreign currency risk at the end of the reporting period, refer to Note 32.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 1% increase in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in exchange rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	U.S. Dollar Impact	
	For the nine Months	For the nine Months
	Ended Sep 30, 2021	Ended Sep 30, 2020
Profit or loss	<u>\$ 2,985</u>	<u>\$ 5,017</u>

- (i) This was mainly attributable to the exposure outstanding on U.S. dollar-denominated accounts receivables and accounts payables, which were not hedged at the end of the reporting period.

The Group's sensitivity to foreign currency increase during the current year mainly due to the increase of accounts receivable balance in the USD. In management's opinion, the sensitivity analysis did not reflect the inherent exchange rate risk because the exposure at the end of the year did not reflect the exposure during the period.

b) Interest rate risk

The Group evaluates hedging activities regularly to align with interest rate views and defined risk appetite and ensures that the most cost-effective hedging strategies are applied.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>Sep 30, 2021</u>	<u>December 31, 2020</u>	<u>Sep 30, 2020</u>
Fair value interest rate risk			
– Financial assets	<u>\$ 321,460</u>	<u>\$ 374,314</u>	<u>\$ 362,261</u>
Cash flow interest rate risk			
– Financial assets	<u>\$ 364,896</u>	<u>\$ 348,947</u>	<u>\$ 268,053</u>

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. A 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables

were held constant, the Group's pre-tax profit for the nine months ended September 30, 2021 and 2020 would decrease/increase by \$2,737 thousand and \$2,010 thousand, which was mainly attributable to the Group's exposure to the floating-interest rates on bank borrowings and bank deposits

The Group's sensitivity to interest rates rise during the year, mainly affected by the increase in bank deposits with variable interest rates.

c) Other price risk

The Group was exposed to equity price risk through its investments in mutual funds. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 3% higher/lower, the pre-tax other comprehensive income for the nine months ended September 30, 2021 and 2020 would have increased/decreased by \$1,285 thousand and \$1,628 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 3% higher/lower, the pre-tax profit for the nine months ended September 30, 2021, and 2020, would have increased/decreased by \$278 thousand and \$217 thousand, as a result of the changes in fair value of financial assets at FVTPL.

The Group's sensitivity to equity prices rise in the current year, mainly due to a increase in investments in fund beneficiary certificates

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation provided by the Group could arise from the carrying amount of the respective recognized financial assets, as stated in the balance sheets.

Financial assets are potentially affected by the failure of the Group's counterparties to fulfill their contractual obligations. The Group's credit risk is evaluated based on

contracts whose fair value at the end of the financial reporting period is positive. The Group's counterparties are financial institutions and companies with sound credit ratings. The Group has a dedicated unit that regularly monitors counterparty credit exposure levels every year, so no significant credit risk is expected.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. The Group has signed a contract with the bank to sell accounts receivable, and there is no need to guarantee to the ability of debtors in accounts receivable to affect fulfillment of debt obligations due to credit risk within the bank's underwriting limit. Hence, the management of the Group believes that the credit risk of the Group has declined significantly

Ongoing credit evaluation is performed on the status of accounts receivables and, where appropriate, credit guarantee insurance cover would be purchased.

Accounts receivable from customers exceeding 5% of the total accounts receivable accounted for 69.6%, 71.9%, and 72.43% of the Group's accounts receivable balance as of September 30, 2021, December 31, 2020, and September 30, 2020, respectively.

The maximum credit exposure of the Group is the net carrying amount of financial assets after deducting the amount that can be offset against each other and the impairment loss recognized in accordance with the regulations without considering collateral and other credit enhancement policies.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group's available unutilized bank loan facilities set out in section (b) below.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on agreed repayment dates.

September 30, 2021

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Non-interest bearing liabilities		
Notes payable	\$ 42	\$ -
Trade payable	281,503	-
Other payable	72,260	-
Lease liabilities	<u>21,386</u>	<u>29,608</u>
	<u>\$ 375,191</u>	<u>\$ 29,608</u>

Additional information about the maturity analysis for lease liabilities:

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Lease liabilities	<u>\$ 21,386</u>	<u>\$ 29,608</u>

December 31, 2020

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Non-interest bearing liabilities		
Notes payable	\$ -	\$ -
Trade payable	166,418	-
Other payable	95,177	-
Lease liabilities	<u>22,710</u>	<u>47,327</u>
	<u>\$ 284,305</u>	<u>\$ 47,327</u>

Additional information about the maturity analysis for lease liabilities:

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Lease liabilities	<u>\$ 22,710</u>	<u>\$ 47,327</u>

September 30, 2020

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Non-interest bearing liabilities		
Notes payable	\$ 11	\$ -
Trade payable	197,960	-

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Other payable	93,776	-
Lease liabilities	<u>22,190</u>	<u>56,340</u>
	<u>\$ 313,937</u>	<u>\$ 56,340</u>

Additional information about the maturity analysis for lease liabilities:

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Lease liabilities	<u>\$ 22,190</u>	<u>\$ 56,340</u>

b) Financing facilities

	<u>Sep 30, 2021</u>	<u>December 31, 2020</u>	<u>Sep 30, 2020</u>
Unsecured bank overdraft facilities			
— Amount used	\$ 10,000	\$ 10,000	\$ 10,000
— Amount unused	<u>181,400</u>	<u>183,920</u>	<u>186,400</u>
	<u>\$ 191,400</u>	<u>\$ 193,920</u>	<u>\$ 196,400</u>

30. TRANSACTIONS WITH RELATED PARTIES

The parent company of the Company is Promate Electronic Co., Ltd., which held 66.21% of the Company's ordinary shares on September 30, 2021 December 31, 2020 and September 30, 2020.

Balances and transactions between the Company and its subsidiaries, which are the related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below

a. Names and categories of related parties

<u>Name</u>	<u>Related Party Category</u>
Promate Electronic Co., Ltd	The Company's Parent company
Promate Electronic (Shenzhen) Co., Ltd	Subsidiary of Promate
Promate Electronic (Shanghai) Co., Ltd	Subsidiary of Promate
PROMATE ELECTRONICS COMPANY USA	Subsidiary of Promate
Weikeng Industrial Co., Ltd	Substantive related party-chairman is a director of the Company
HIGGSTEC Inc.	The management - parent company of the Company is the corporate director of the Company

b. Operating revenues

L i n e I t e m	Related Party Category/Name	For the Three	For the Three	For the nine	For the nine
		Months Ended	Months Ended	Months Ended	Months Ended
		Seo 30, 2021	Sep 30, 2020	Sep 30, 2021	Sep 30, 2020
Sale of goods	The Company's Parent company	\$ 13,038	\$ 1,946	\$ 22,480	\$ 12,296
	Subsidiary of Promat	-	61	43	61
	The management	-	-	215	-
		<u>\$ 13,038</u>	<u>\$ 2,007</u>	<u>\$ 22,738</u>	<u>\$ 12,357</u>
Repairs	The Company's Parent company	<u>\$ 26</u>	<u>\$ 20</u>	<u>\$ 55</u>	<u>\$ 36</u>

c. Purchases of goods

Related Party Category/Name	For the Three	For the Three	For the nine	For the nine
	Months Ended Sep	Months Ended Sep	Months Ended Sep	Months Ended Sep
	30, 2021	30, 2020	30, 2021	30, 2020
Promate Electronic Co., Ltd	\$ 133,597	\$ 64,026	\$ 223,599	\$ 205,797
Subsidiary				
relateparty-chairman is a				
director of the Company	14,816	8,102	26,938	35,488
The management	<u>5,483</u>	<u>4,523</u>	<u>9,451</u>	<u>10,670</u>
	<u>\$ 153,896</u>	<u>\$ 76,651</u>	<u>\$ 259,988</u>	<u>\$ 251,955</u>

The related-party transactions were conducted under normal terms.

d. Receivables from related parties (excluding loans to related parties)

Related Party Category/Name	Sep 30, 2021	December 31, 2020	Sep 30, 2020
The Company's parent company	\$ 11,553	\$ 5,167	\$ 1,658
Subsidiary of Promate	-	-	60
	<u>\$ 11,553</u>	<u>\$ 5,167</u>	<u>\$ 1,718</u>

The outstanding accounts receivables from related parties are unsecured. For the nine months ended September 30, 2021 and 2020, no impairment loss was recognized for accounts receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31,		
		Sep 30, 2021	2020	Sep 30, 2020
Accounts payables	Promate Electronic Co., Ltd	\$ 89,174	\$ 34,739	\$ 35,986
	Substantive related party-chairman is a director of the Company	16,293	6,740	9,799
	The management	<u>5,269</u>	<u>1,913</u>	<u>3,709</u>
		<u>\$ 110,736</u>	<u>\$ 43,392</u>	<u>\$ 49,494</u>
Other payables	Subsidiary of Promate	<u>\$ 1,006</u>	<u>\$ 955</u>	<u>\$ 991</u>

The outstanding accounts payables to related parties are unsecured.

f. Lease arrangements

Acquisition of right-of-use assets

Related Party Category/Name	For the nine Months Ended Sep 30, 2021	For the nine Months Ended Sep 30, 2020
<u>Right-of-use assets</u>		
Promate Electronic Co., Ltd	\$ 24,180	\$ 34,624
Substantive related party - chairman is a director of the Company	<u>4,418</u>	<u>4,066</u>
	<u>\$ 28,598</u>	<u>\$ 38,690</u>

Lessor	Location	Lease Term Payment Method
Promate Electronic Co.Ltd	Chingpu Plant	The lease term begins on January 1, 2019 and ends on December 31, 2023. Rent is paid every six months, where the monthly rent is NT\$929,000. ◦
Substantive related party-chairman is a director of the Company	Office building along Huanshan Road, Neihu District	The lease term begins on January 1, 2019 and ends on December 31, 2023. Rent is paid every six months, where the monthly rent is NT\$111,000. ◦

<u>Line Item</u>	<u>Related Party Category</u>	<u>Sep 30, 2021</u>	<u>December 31,</u>	
			<u>2020</u>	<u>Sep 30, 2020</u>
Lease liabilities	Promate Electronic Co., Ltd	\$ 21,604	\$ 31,819	\$ 31,757
	Substantive related party-chairman is a director of the Company	<u>4,108</u>	<u>3,808</u>	<u>3,808</u>
		<u>\$ 25,712</u>	<u>\$ 35,627</u>	<u>\$ 35,565</u>

<u>Related Party Category/Name</u>	<u>For the Three Months Ended Sep 30, 2021</u>	<u>For the Three Months Ended Sep 30, 2020</u>	<u>For the Nine Months Ended Sep30, 2021</u>	<u>For the Nine Months Ended Sep 30, 2020</u>
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Interest expense

Promate Electronic Co., Ltd	\$ 171	\$ 248	\$ 581	\$ 809
Substantive related party - chairman is a director of the Company	<u>30</u>	<u>29</u>	<u>101</u>	<u>95</u>
	<u>\$ 201</u>	<u>\$ 277</u>	<u>\$ 682</u>	<u>\$ 904</u>

<u>Related Party Category/Name</u>	<u>For the Three Months Ended Sep 30, 2021</u>	<u>For the Three Months Ended Sep 30, 2020</u>	<u>For the Nine Months Ended Sep30, 2021</u>	<u>For the Nine Months Ended Sep 30, 2020</u>
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Gain on Lease

Substantive related party - chairman is a director of the Company	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111</u>	<u>\$ -</u>
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g. Other transactions with related parties

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Three Months Ended</u>	<u>For the Three Months Ended</u>	<u>For the Nine Months Ended</u>	<u>For the Nine Months Ended</u>
		<u>Sep 30, 2021</u>	<u>Sep 30, 2020</u>	<u>Sep 30, 2021</u>	<u>Sep 30, 2020</u>
Research and development expense	Promate Electronic Co.,Ltd	\$ 520	\$ 424	\$ 1,137	\$ 1,248
	Substantive related party - chairman is a director of the Company	200	18	579	420
	The management	<u>665</u>	<u>602</u>	<u>892</u>	<u>935</u>
		<u>\$ 1,385</u>	<u>\$ 1,044</u>	<u>\$ 2,608</u>	<u>\$ 2,603</u>

Line Item	Related Party Category/Name	For the Three	For the Three	For the Nine	For the Nine
		Months Ended	Months Ended	Months Ended	Months Ended
		Sep 30, 2021	Sep 30, 2020	Sep 30, 2021	Sep 30, 2020
Professional service fees	PROMATE ELECTRONICS COMPANY USA	<u>\$ 2,156</u>	<u>\$ 2,833</u>	<u>\$ 6,712</u>	<u>\$ 7,106</u>
IT information expense	Promate Electronic Co.,Ltd	<u>\$ 1,220</u>	<u>\$ 1,290</u>	<u>\$ 2,440</u>	<u>\$ 2,580</u>

h. Compensation of key management personnel

	For the Three	For the Three	For the Nine	For the Nine
	Months Ended	Months Ended	Months Ended	Months Ended
	Sep 30, 2021	Sep 30, 2020	Sep 30, 2021	Sep 30, 2020
Short-term employee benefits	\$ 6,030	\$ 9,974	\$ 11,973	\$ 17,842
Other long-term employee benefits	<u>86</u>	<u>140</u>	<u>306</u>	<u>420</u>
	<u>\$ 6,116</u>	<u>\$ 10,114</u>	<u>\$ 12,279</u>	<u>\$ 18,262</u>

The remuneration of directors and key executives is determined by the remuneration committee based on the performance of individuals and market trends.

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

- As of September 30, 2021 and 2020, the Group has all issued letters of guarantee for tariff guarantee amounted to \$10,000 thousand.
- As of September 30, 2021 and 2020, commitments due to contracts for the acquisition of equipment were as follows:

	Sep 30, 2021	Sep 30, 2020
Contract amount		
Paid amount	\$ 5,244	\$ 2,261
Unpaid amount	<u>2,891</u>	<u>969</u>
	<u>\$ 8,135</u>	<u>\$ 3,230</u>

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

Unit: In Thousands for Currencies

September 30, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 18,616	27.85 (USD : NTD)	\$ 518,460
EUR	356	32.32 (EUR : NTD)	<u>11,516</u>
			<u>\$ 539,518</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 7,897	27.85 (USD : NTD)	\$ 219,922
EUR	16	32.32 (EUR : NTD)	<u>511</u>
			<u>\$ 220,433</u>

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 15,974	28.48 (USD : NTD)	\$ 454,940
EUR	166	35.02 (EUR : NTD)	<u>5,813</u>
			<u>\$ 460,753</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	3,931	28.48 (USD : NTD)	<u>\$ 111,955</u>

September 30, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 21,499	29.10 (USD : NTD)	\$ 625,621
EUR	157	34.15 (EUR : NTD)	<u>5,362</u>
			<u>\$ 630,983</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 4,260	29.10 (USD : NTD)	\$ 123,966
EUR	40	34.15 (EUR : NTD)	<u>1,366</u>
			<u>\$ 125,332</u>

The Group is mainly exposed to the fluctuations other than USD. For the three months ended September 30, 2021 and 2020, realized foreign exchange gains(losses) were \$780 thousand and \$(8,302) thousand, respectively; Unrealized foreign exchange gains(losses) were \$(4,313) thousand and \$(15,760) thousand, for the nine months ended September 30, 2021 and 2020, realized foreign exchange gains(losses) were \$(190) thousand and \$(1,224) thousand, respectively; Unrealized foreign exchange gains(losses) were \$(5,781) thousand and \$4,052 thousand..

33. OTHERS ITEMS

On April 29, 2021, the Company's board of directors resolved to subscribe Esquarre IoT Landing Fund,L.P. in US\$5 million. The investments in private funds accounted for 13.64% of the company's total equity of the current period. As of September 30, 2021, the Company has invested US\$77,000 and measured at fair value through other comprehensive income. Please refer to Note 8 disclosure.

34. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and b. information in investees:
- 1) Financing provided to others. (None)
 - 2) Endorsement/guarantee provided. (None)
 - 3) Marketable securities held. (Table 1)
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Table 2)

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
 - 9) Trading in derivative instruments. (None)
 - 10) Significant transactions between the Company and subsidiaries. (None)
 - 11) Information of investees. (Table 4)
- b. Information on investments in mainland China (None)
- c. Information of major shareholders: The following is the information of major shareholders: Name of major shareholder, number of shares owned and percentage of ownership of shareholders whose percentage of ownership of shareholders is higher than 5%. (Table 5)

35. SEGMENT INFORMATION

Industry Information

Information reported to the chief operating decision maker (“CODM”) for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. According to the requirements of IAS 34, the Group engages in organization management and resource allocation in a single operating segment, and its business is concentrated in a single industry related to mainframes and peripheral equipment for point-of-sale systems. In addition, the Group provides segment information reviewed by the CODM, whose basis of measurement is similar to that of financial statements. Therefore, the revenue and total assets of reportable segments for the nine months ended September 30, 2021 and 2020 can be determined by reference to the balance sheet and consolidated statement of profit and loss for the nine months ended September 30, 2021 and 2020.

The CODM considers the sales units engaging in the sale of mainframes and peripheral equipment in each country as separate operating segments. But for financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment, taking into account the following factors:

- a. These operating segments have similar long-term gross profit margins.
- b. Similar product nature and transaction method.
- c. Products are delivered to customers in the same way.

TABLE 1

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
September 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	September 30, 2021				Note (Note 4)
				Number of Shares	Carrying Amount (Noted 3)	Percentage of Ownership (%)	Fair Value	
Promate Solutions Corporation	Foreign debt investment vehicle							
	CITIC Securities Finance MTN Co,Ltd	None	Financial assets at amortized cost - current	-	\$ 2,446 USD 88	-	\$ 2,446 USD 88	
	Formosa Group Cayman Ltd	"	"	-	19,356 USD 695	-	19,356 USD 695	
	Sumitomo Mitsui Financial Group,Inc.	"	"	-	6,071 USD 218	-	6,071 USD 218	
					<u>\$ 27,873</u>		<u>\$ 27,873</u>	
Promate Solutions Corporation	Ordinary shares :							
	HIGGSTECH INC	None	Financial assets at fair value through other comprehensive income or loss - non-current	1,062,000	\$ 40,675		\$ 40,675	Publicly traded stocks
	Esquarre IoT Landing Fund				2,164 \$ 42,839	-	2,164 \$ 42,839	
	AUDIX CORPORATION..	"	Financial assets at fair value through profit or loss - current	8,000	431	-	431	"
	Asia Vital Components Co., Ltd.	"	"	10,000	792	-	792	"
	INTERNATIONAL GAMES SYSTEM CO,LTD	"	"	2,000	1,310	-	1,310	"
	eGalax_eMPIA Technology Inc.	"	"	4,120	321	-	321	"
	KO JA (CAYMAN) CO., LTD.	"	"	40,000	2,916	-	2,916	"
	Sports Gear Co., Ltd.	"	"	40,000	2,800	-	2,800	"
	NAN YA PRINTED CIRCUIT BOARD CORPORATION	"	"	1,600	696 \$ 9,266	-	696 \$ 9,266	"

Note 1: Marketable securities in this table refer to stocks, bonds, beneficiary certificates, and other relevant derivative securities as promulgated in IFRS 9 "Financial Instruments."

Note 2: When the issuers of marketable securities are not related parties, this column can be left blank

Note 3: If measured by fair value, please fill in the carrying balance, which is adjusted through fair value valuation with loss allowance deducted, in the carrying amount column; if not measured by fair value, please fill in the carrying balance at amortized cost (loss allowance is already deducted).

Note 4: The number of shares of securities, the amount pledged as security or pledged for loans, and the restrictions on use under some agreements shall be stated in the remarks column if the securities presented herein have such conditions.

Note 5: Please refer to Table 4 for relevant information on investments in subsidiaries.

TABLE 2

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES
MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Counter-Party (Note 2)	Relationship (Note 2)	Beginning Balance		Acquisition (Note 3)		Disposal (Note 3)			Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Promate Solutions Corporation	Fund - UPAMC James Bond Money Market Fund	Financial assets at fair value through profit or loss - current	President Securities Corporation	-	-	\$ -	8,902,202	\$ 150,000	8,902,202	\$ 150,044	\$ 150,000	\$ 44	-	\$ -
	Fund - First Abu Dhabi Bank	Cash and cash equivalents	China Bills Finance Corporation Foreign Branch Fund	-	-	-	-	109,789 (USD 3,956)	-	54,814 (USD 1,979)	54,780 (USD 1,978)	34 (Note 4)	-	55,087 (USD 1,978)

Note1. Marketable securities in this table refer to stocks, bonds, beneficiary certificates, and other relevant derivative securities.

Note2. The accumulated amount of purchase and sales shall be calculated separately based on market value to see if the amount exceed NT\$300 million or 20% of the Company's paid-in capital.

Note3. Paid-in capital referred to herein is the parent company's paid-in capital. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of the equity attributable to owners of the parent in the calculation.

Note4. Interest received on bonds when they expire under repurchase agreements is recognized as interest income

TABLE3**PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES****TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction(Note 1)		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Promate Solutions Corporation	Promate Electronic Co., Ltd	Parent company	Purchase	\$ 223,599	30.58	Net 60 days after monthly losing	-	-	Accounts payable \$ 89,174	31.68%	

Note1. Where related parties' transaction conditions are different from the general ones, the situation and reasons of the differences shall be stated in the column of unit price and credit granting period.

Note2. In case of advance payment (receipt), the reasons, contractual terms, the amount, and differences from general transactions shall be stated in the remarks column.

Note3. Paid-in capital referred to herein is the parent company's paid-in capital. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital shall be replaced by 10% of the equity attributable to owners of the parent in the calculation.

TABLE 4**PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES****INFORMATION ON INVESTEEES****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021****(In Thousands of New Taiwan Dollars/Foreign Currency)**

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2021			Net Income (Loss) of the Investee)	Investment Gain (Loss)	Note
				Sep 30, 2021	Sep 30, 2020	Shares	Percentage of Ownership	Carrying Value			
Promate Solutions Corporation	PROMATE JAPAN Inc	Japan	Trade of electronic commodities	\$ 2,791	\$ 2,791	100,000	100%	\$ 3,094	\$ 403	\$ 403	

Note1. Where a public company has a foreign holding company and the consolidated financial report is the main financial report according to local laws and regulations, the disclosure of information on foreign investees may only include the holding company's relevant information.

Note2. In cases other than those described in Note 1, the following information shall be provided:

- (1) "Investee name," "region," "main business items," "the original investment amount," and "the final stake" shall be filled in in order according to the reinvestment situation of the (public) Company and the reinvestment situation of each investee directly or indirectly controlled, and the relationship between each investee and the (public) Company shall be indicated in the remarks column (e.g., a subsidiary or a sub-subsidiary).
- (2) In the column of "Profit and loss of investee in the current period," the current profit and loss amount of each investee shall be filled in.
- (3) In the column of "investment gains and losses recognized in the current period," only the recognized profit and loss amount of each subsidiary that is directly invested by the (public) Company and each investee assessed by equity method shall be filled in, and the rest is not required to be filled in. Where the "gains and losses of subsidiaries that are invested directly are recognized for the current period," it shall be confirmed that the gains and losses of the subsidiaries have included their investment gains and losses that shall be recognized in accordance with the regulations.

TABLE 5**PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****September 30, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Name of Major Shareholder	Shares	
	Number of Shares	Shares Percentage of Ownership (%)
Promate Electronic Co., Ltd	25,327,500	66.21%

Note 1: The percentage of ownership of major shareholders included in the table should be more than 5%, which was calculated based on the total number of ordinary shares, preference shares and treasury shares owned in the last trading day of the quarter that were traded in and registered electronically and was prepared by the Taiwan Depository & Clearing Corporation. In addition, the share capital and the actual number of traded shares with the completion of electronic registration stated in the consolidated financial statements might vary due to different calculation basis.