

**Acter Group Corporation Limited and Subsidiaries  
Consolidated Financial Statements**

**With Independent Auditors' Review Report  
for the Three Months Ended**

**March 31, 2021 and 2020**

**Translated by Acter Group Co., Ltd., note for reader please see page 3-1.**

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## **Independent Auditors' Review Report**

The Board of Directors  
Acter Group Corporation Limited:

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of the Acter Group Corporation Limited and its subsidiaries (the "Group") as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2021 and 2020, and 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 Standards ("IASs") 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 review.

### **Scope of Review**

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the 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 conducted in accordance with the generally accepted auditing standards 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 stated in Note 4[b], the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to NT\$4,267,534 thousand and NT\$2,331,266 thousand, constituting 26% and 20% of consolidated total assets as of March 31, 2021 and 2020, respectively, total liabilities amounting to NT\$2,195,779 thousand and NT\$845,639 thousand, constituting 21% and 13% of consolidated total liabilities as of March 31, 2021 and 2020, respectively, and total comprehensive income(loss) amounting to NT\$13,506 thousand and NT\$28,077 thousand, constituting 7% and 12% of consolidated total comprehensive income (loss) for the three months ended March 31, 2021 and 2020, respectively.

Furthermore, as stated in Note 6[g], the equity accounted investments of the Group in its investee companies of NT\$11,505 thousand as of March 31, 2020, respectively, and shares of loss of associates and joint ventures accounted for using equity method NT\$5,909 thousand for the three months ended March 31, 2020, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

## **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Acter Group Corporation Limited and its subsidiaries as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

May 6, 2021

## **Note to Readers**

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

The auditors’ review report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

Reviewed only, not audited in accordance with the generally accepted auditing standards.

Acter Group Corporation Limited and Subsidiaries  
Consolidated Balance Sheets  
March 31, 2021, and 2020  
(In Thousands of New Taiwan Dollars)

Assets	March 31,2021		December 31,2020		March 31,2020		Liabilities and Equity	March 31,2021		December 31,2020		March 31,2020		
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	
<b>Current Assets:</b>							<b>Current Liabilities:</b>							
1100 Cash and cash equivalents (Note 6(a) and (w))	\$ 5,187,886	31	5,165,884	34	3,518,228	30	2100 Short-term loans (Note 6(m) and (w))	\$ 930,067	6	666,870	5	90,708	1	
1110 Current financial assets at fair value through profit or loss (Note 6(b) and (w))	369,113	2	370,145	3	268,938	2	2110 Short-term notes and bills payable(Note 6(n) and(w))	11,200	-	-	-	-	-	
1140 Contract Assets – current (Note 6(x)and(w))	3,593,864	22	2,935,250	19	1,670,475	14	2120 Current financial liabilities at fair value through profit or loss	960	-	1,440	-	-	-	
1150 Notes receivable, net (Note 6(d) and (w))	215,496	1	197,443	1	354,011	3	2130 Contract liabilities-current (Note 6(u))	2,220,009	13	1,761,020	12	1,150,706	10	
1170 Trade receivable, net (Note 6(d) · (x) and (w))	4,101,543	25	3,930,281	26	3,246,942	29	2150 Notes payable (Note 6(x))	117,152	1	95,853	1	78,874	1	
1200 Other receivables (Note 6(e) and (w) )	13,728	-	8,689	-	16,850	-	2170 Trade payable (Note 6(x))	3,833,938	23	3,536,546	23	2,892,183	25	
1220 Current income tax assets	6,650	-	4,014	-	4,155	-	2180 Trade Payables to related parties (Note 6(x) and 7)	677	-	654	-	512	-	
1310 Inventories, net (Note 6(f))	358,683	2	229,827	2	563,055	5	2201 Accrued salaries and bonuses(Note6(x))	188,638	1	323,816	2	158,902	1	
1476 Other financial assets – current (Note 6(w) and 8)	327,432	2	297,554	2	302,131	3	2216 Dividends payables (Note 6(s))	788,879	5	-	-	812,801	7	
1410 Prepayments	779,170	5	482,720	3	430,919	4	2230 Current tax liabilities	220,269	1	198,335	1	139,582	1	
1479 Other current assets	228,381	1	174,146	1	150,726	1	2250 Provisions – current (Note 6(o))	262,896	2	270,772	2	326,787	2	
	<u>15,181,946</u>	<u>91</u>	<u>13,795,953</u>	<u>91</u>	<u>10,526,430</u>	<u>91</u>	2280 Lease liabilities(Note 6(n))	46,879	-	41,401	-	33,293	-	
<b>Non-current assets:</b>							2320 Long-term liabilities, current portion	5,335	-	-	-	-	-	
1517 Non-current financial assets at fair value through other comprehensive income(Note 6(c) and (w))	133,821	1	135,094	1	129,530	1	2399 Other current liabilities(Note 9)	271,752	2	371,801	2	291,311	2	
1550 Investments accounted for using equity method (Note 6(g))	11,505	-	122,755	1	-	-		<u>8,898,651</u>	<u>54</u>	<u>7,268,508</u>	<u>48</u>	<u>5,975,659</u>	<u>50</u>	
1600 Property, plant and equipment (Note 6(j) and 8)	586,494	4	466,402	3	469,586	4	<b>Non-current liabilities:</b>							
1755 Right-of-use asset(Note 6(k))	133,485	1	131,184	1	129,332	1	2530 Bonds payable	773,003	5	770,519	5	-	-	
1760 Investment property, net(Note 6(l))	237,658	2	238,280	2	240,145	2	2540 Long-term borrowings	61,358	-	-	-	-	-	
1805 Goodwill(Note 6(h))	47,835	-	-	-	-	-	2570 Deferred tax liabilities	650,814	4	657,380	5	623,581	5	
1840 Deferred tax assets	160,758	1	182,457	1	166,412	1	2580 Lease obligations-non-current(Note 6(n))	62,125	1	64,348	-	68,622	1	
1990 Other non-current assets (Note 8)	58,330	-	46,470	-	42,066	-	2640 Accrued pension liabilities	58,907	-	59,208	-	59,706	1	
	<u>1,369,886</u>	<u>9</u>	<u>1,322,642</u>	<u>9</u>	<u>1,177,071</u>	<u>9</u>	2645 Guarantee deposit received	152	-	152	-	150	-	
								<u>1,606,359</u>	<u>10</u>	<u>1,551,607</u>	<u>10</u>	<u>752,059</u>	<u>7</u>	
								<b>Total Liabilities</b>	<b>10,505,010</b>	<b>64</b>	<b>8,820,115</b>	<b>58</b>	<b>6,727,718</b>	<b>57</b>
								<b>Equity Attributable to Shareholders of the parent company(Note 6(r)):</b>						
							3100 Common stock	571,868	3	541,868	4	541,868	5	
							3140 Advance receipts for share capital	-	-	450,544	3	-	-	
							3200 Capital surplus	1,903,610	12	1,437,710	9	1,392,119	12	
							3300 Retained earnings	2,347,511	14	2,855,485	19	2,103,265	18	
							3400 Other equity	(150,033)	(1)	(139,461)	(1)	(152,895)	(1)	
								<b>Total Equity attributable to shareholder of the parent</b>	<b>4,672,956</b>	<b>28</b>	<b>5,146,146</b>	<b>34</b>	<b>3,884,357</b>	<b>34</b>
							36xx <b>Non-controlling interests</b>	<b>1,373,866</b>	<b>8</b>	<b>1,152,334</b>	<b>8</b>	<b>1,091,426</b>	<b>9</b>	
							<b>Total Equity</b>	<b>6,046,822</b>	<b>36</b>	<b>6,298,480</b>	<b>42</b>	<b>4,975,783</b>	<b>43</b>	
<b>Total Assets</b>	<b>\$ 16,551,832</b>	<b>100</b>	<b>15,118,595</b>	<b>100</b>	<b>11,703,501</b>	<b>100</b>	<b>Total Liabilities And Equity</b>	<b>\$ 16,551,832</b>	<b>100</b>	<b>15,118,595</b>	<b>100</b>	<b>11,703,501</b>	<b>100</b>	

Reviewed only, not audited in accordance with the generally accepted auditing standards.

Acter Group Corporation Limited and Subsidiaries

Consolidated Statements Of Comprehensive Income

For The Three Months Ended March 31, 2021 And 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the Three Months ended March 31			
		2021		2020	
		Amount	%	Amount	%
<b>Operating revenues:</b>					
4521	Construction revenue (Note 6(x))	\$ 3,354,434	94	3,018,534	98
4529	Less: allowances	(871)	-	(2,086)	-
		<u>3,353,563</u>	<u>94</u>	<u>3,016,448</u>	<u>98</u>
4110	Sales	202,706	5	35,157	1
4800	Other operating revenue	<u>19,312</u>	<u>1</u>	<u>28,352</u>	<u>1</u>
		3,575,581	100	3,079,957	100
<b>Operating cost:</b>					
5520	Construction cost(Note 6(f) 、(n) 、(p) 、(v) and 7(b))	2,889,306	81	2,521,152	82
5110	Cost of goods sold	159,372	4	29,503	1
5800	Other operating cost	<u>19,585</u>	<u>1</u>	<u>19,038</u>	<u>1</u>
		<u>3,068,263</u>	<u>86</u>	<u>2,569,693</u>	<u>84</u>
		<u>507,318</u>	<u>14</u>	<u>510,264</u>	<u>16</u>
<b>Gross profit</b>					
Operating expenses (Note 6(n) 、(p) and (v)):					
6100	Selling	34,083	1	28,619	1
6200	General and administrative	161,450	4	133,669	4
6300	Research and development	33,336	1	36,811	1
6450	Expected credit loss(Note 6 (d))	<u>(16,105)</u>	<u>-</u>	<u>(40,552)</u>	<u>(1)</u>
		<u>212,764</u>	<u>6</u>	<u>158,547</u>	<u>5</u>
		<u>294,554</u>	<u>8</u>	<u>351,717</u>	<u>11</u>
<b>Operating income</b>					
<b>Non-operating income and expenses:</b>					
7050	Finance costs	(4,909)	-	(1,282)	-
7100	Interest revenue	8,732	-	7,961	-
7010	Other income (Note 6(w))	17,272	1	16,484	1
7070	Share of Profit of Associates Accounted for Using Equity Method(Note 6 (h))	5,909	-	-	-
7020	Other gains and losses, net (Note 6(w))	<u>(9,307)</u>	<u>-</u>	<u>(5,637)</u>	<u>-</u>
		<u>17,697</u>	<u>1</u>	<u>17,526</u>	<u>1</u>
		312,251	9	369,243	12
7950	<b>Income tax expense</b> (Note 6(q))	<u>98,642</u>	<u>3</u>	<u>105,008</u>	<u>3</u>
	<b>Profit for the year</b>	<u>213,609</u>	<u>6</u>	<u>264,235</u>	<u>9</u>
8300	<b>Other comprehensive income, net of tax:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,273)	-	(470)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		<u>(1,273)</u>	<u>-</u>	<u>(470)</u>	<u>-</u>
8360	<b>Items that will be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign operations	(14,818)	-	(39,884)	(2)
8399	Less: income tax relating to components of other comprehensive (Note 6(q))	<u>3,544</u>	<u>-</u>	<u>9,758</u>	<u>-</u>
		<u>(11,274)</u>	<u>-</u>	<u>(30,126)</u>	<u>(2)</u>
8300	<b>Other comprehensive income, net</b>	<u>(12,547)</u>	<u>-</u>	<u>(30,596)</u>	<u>(2)</u>
8500	<b>Comprehensive income</b>	<u>\$ 201,062</u>	<u>6</u>	<u>233,639</u>	<u>7</u>
<b>Profit attributable to :</b>					
8610	Shareholders of the parent	178,267	5	217,285	7
8620	Non-controlling interests	<u>35,342</u>	<u>1</u>	<u>46,950</u>	<u>2</u>
		<u>\$ 213,609</u>	<u>6</u>	<u>264,235</u>	<u>9</u>
<b>Comprehensive income attributable to :</b>					
8710	Shareholders of the parent	167,695	5	193,575	6
8720	Non-controlling interests	<u>33,367</u>	<u>1</u>	<u>40,064</u>	<u>1</u>
		<u>\$ 201,062</u>	<u>6</u>	<u>233,639</u>	<u>7</u>
<b>Earnings per share ((attributable to shareholders of the parent)) (Note 6(t))</b>					
9750	<b>Basic earnings per share</b>	<u>\$ 3.13</u>		<u>4.01</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 2.93</u>		<u>3.98</u>	

Reviewed only, not audited in accordance with the generally accepted auditing standards.

Acter Group Corporation Limited and Subsidiaries

Consolidated Balance Sheets

March 31, 2021, and 2020

(In Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							Other equity				
	Ordinary shares	Advance receipts for ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total Other equity	Non-controlling interests	Total equity
<b>Balance, January 1, 2020</b>	<u>\$ 541,868</u>	<u>-</u>	<u>1,392,119</u>	<u>617,840</u>	<u>68,809</u>	<u>2,012,132</u>	<u>2,698,781</u>	<u>(123,035)</u>	<u>(6,150)</u>	<u>(129,185)</u>	<u>1,045,459</u>	<u>5,549,042</u>
Appropriation and distribution of retained earnings:												
Cash dividends	-	-	-	-	-	(812,801)	(812,801)	-	-	-	-	(812,801)
Profit for the period	-	-	-	-	-	217,285	217,285	-	-	-	46,950	264,235
Other comprehensive income for the period	-	-	-	-	-	-	-	(23,240)	(470)	(23,710)	(6,886)	(30,596)
Total comprehensive income	-	-	-	-	-	217,285	217,285	(23,240)	(470)	(23,710)	40,064	233,639
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	5,903	5,903
<b>Balance, March 31, 2020</b>	<u>\$ 541,868</u>	<u>-</u>	<u>1,392,119</u>	<u>617,840</u>	<u>68,809</u>	<u>1,416,616</u>	<u>2,103,265</u>	<u>(146,275)</u>	<u>(6,620)</u>	<u>(152,895)</u>	<u>1,091,426</u>	<u>4,975,783</u>
<b>Balance, January 1, 2021</b>	<u>\$ 541,868</u>	<u>450,544</u>	<u>1,437,710</u>	<u>721,449</u>	<u>129,186</u>	<u>2,004,850</u>	<u>2,855,485</u>	<u>(136,159)</u>	<u>(3,302)</u>	<u>(139,461)</u>	<u>1,152,334</u>	<u>6,298,480</u>
Appropriation and distribution of retained earnings:												
Cash dividends	-	-	-	-	-	(686,241)	(686,241)	-	-	-	-	(686,241)
Issue of shares	30,000	(450,544)	465,900	-	-	-	-	-	-	-	-	45,356
Profit for the period	-	-	-	-	-	178,267	178,267	-	-	-	35,342	213,609
Other comprehensive income for the period	-	-	-	-	-	-	-	(9,299)	(1,273)	(10,572)	(1,975)	(12,547)
Total comprehensive income	-	-	-	-	-	178,267	178,267	(9,299)	(1,273)	(10,572)	33,367	201,062
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	188,165	188,165
<b>Balance, March 31, 2021</b>	<u>\$ 571,868</u>	<u>-</u>	<u>1,903,610</u>	<u>721,449</u>	<u>129,186</u>	<u>1,496,876</u>	<u>2,347,511</u>	<u>(145,458)</u>	<u>(4,575)</u>	<u>(150,033)</u>	<u>1,373,866</u>	<u>6,046,822</u>

Reviewed only, not audited in accordance with the generally accepted auditing standards.

Acter Group Corporation Limited and Subsidiaries

Consolidated Statements Of Cash Flows

For The Three Months Ended March 31, 2021 And 2020

(All Amount Expressed in Thousands of New Taiwan Dollars)

	For the Three months Ended March 31	
	2021	2020
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 312,251	369,243
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation(Including investment property)	19,783	18,415
Amortization	1,861	2,490
Excepted credit gain	(16,105)	(40,552)
Interest income	(8,732)	(7,961)
Interest expense	4,909	1,282
Shares of loss of associates and joint ventures accounted for using equity method	(5,909)	-
Financial liabilities at fair value through profit	(480)	-
Loss on disposal of property, plant and equipment	151	67
Investment losses	13,793	-
<b>Total adjustments to reconcile profit (loss)</b>	<u>9,271</u>	<u>(26,259)</u>
<b>Changes in operating assets and liabilities</b>		
<b>Changes in operating assets</b>		
Decrease (increase) in current financial assets at fair value through profit or loss	1,032	(96,538)
Increase in current contract assets	(458,577)	(173,706)
(Increase) decrease in notes receivable	(17,923)	99,138
Decrease in trade receivable	140,574	275,911
Increase in inventories	(81,030)	(78,324)
Increase in other financial assets	(322,878)	(59,782)
<b>Total changes in operating assets</b>	<u>(738,802)</u>	<u>(33,301)</u>
<b>Changes in operating liabilities</b>		
Increase (decrease) in current contract liabilities	327,960	(73,475)
Increase in notes payable	16,810	15,237
Increase (decrease) in trade payable	183,200	(218,206)
(Decrease) increase in provisions	(7,325)	6,641
Decrease in other current liabilities	(262,589)	(217,361)
<b>Total changes in operating liabilities</b>	<u>258,056</u>	<u>(487,164)</u>
<b>Total adjustments</b>	<u>(471,475)</u>	<u>(546,724)</u>
Cash inflow generated from operations	(159,224)	(177,481)
Interest received	7,763	7,913
Interest paid	(2,283)	(539)
Income taxes paid	(95,968)	(88,317)
<b>Net cash flows from operating activities</b>	<u>(249,712)</u>	<u>(258,424)</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(2,066)	(15,835)
Proceeds from disposal of property, plant and equipment	56	17
Acquisition of intangible assets	(3,448)	(3,393)
Acquisition of right-of-use assets	-	(374)
Increase in other non-current assets	(608)	(1,669)
	<u>162,911</u>	<u>-</u>
<b>Net cash flows from (used in) investing activities</b>	<u>156,845</u>	<u>(21,254)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	515,713	-
Decrease in short-term loans	(420,540)	(46,000)
Payment of lease liabilities	(11,074)	(9,451)
Issuance of common stock for cash	45,536	-
Change in non-controlling interests	-	7,750
<b>Net cash flows from (used in) financing activities</b>	<u>129,455</u>	<u>(47,701)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(14,586)</u>	<u>(29,346)</u>
<b>Net decrease in cash and cash equivalents</b>	22,002	(356,725)
<b>Cash and cash equivalents at beginning of period</b>	<u>5,165,884</u>	<u>3,874,953</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 5,187,886</u>	<u>3,518,228</u>

**Reviewed only, not audited in accordance with the generally accepted auditing standards.**

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**March 31, 2021 and 2020**

**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

**(1) Organization and business scope**

ACTER GROUP CORPORATION LIMITED (the “Company”) was incorporated on February 19, 1979, under the approval of the Ministry of Economic Affairs, R.O.C. The Company’s registered office address is located at 19F-1, No.201, Sec.2, Wenxin Road, Xitun District., Taichung City, Taiwan (R.O.C.).The consolidated financial statements of the Company as of and for the year ended March 31, 2021 comprised the Company and its subsidiaries (together referred to as the “Group”). The Company is engaged in providing construction, design, and maintenance services related to air conditioners, environmental control services, clean room set-up, ice water machine trading, energy storing equipment trading, ventilation engineering, and energy technology services. The principal operating activities of the rest of the Group entities are described in Notes 4 (b). Acter’s common shares were publicly listed on the Taipei Exchange (“TPEX”) on November 10, 2010.

**(2) Approval date and procedures of the consolidated financial Statements**

The consolidated financial statement were authorized for issuance by the Board of Directors on May 6, 2021.

**(3) New standards and interpretations adopted**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on April 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 16 “COVID 19 Related Rent Concessions beyond June 30, 2021”

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	<p>The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.</p>	January 1, 2022
Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	<p>The amendments clarify that the ‘costs of fulfilling a contract’ comprises the costs that relate directly to the contract as follows:</p> <ul style="list-style-type: none"> <li>● the incremental costs – e.g. direct labor and materials; and</li> <li>● an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.</li> </ul>	January 1, 2022

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 16 “A one-year extension to the COVID-19 related rent concessions”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IFRS 1 “Disclosure of Accounting Policies”
- Amendments to IFRS 8 “Definition of Accounting Estimates”

**(4) Summary of significant accounting policies:**

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

Except the following accounting policies (c) (d) and (e) mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2020.

(b) Basis of preparation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Notes
			March 31, 2021	December 31, 2020	March 31, 2020	
(1)The Company	Nova Technology Corp. (Nova Tech)	Wholesale and design of electronic and chemical equipment	62.19	62.19	62.19	
	Her Suo Engineering Co., Ltd. (Her Suo)	Construction and set-up of freezing equipment	100	100	100	Note 4
	Enrich Tech Co., Ltd. (Enrich Tech)	Comprehensive construction company	56.94	56.94	56.94	Note 4
	Sheng Huei International Co., Ltd. (SHI)	Investment holding company	100	100	100	
(2)Nova Tech	Winmax Technology Corp. (Winmax)	Design and manufacture of air containers and liquid containers	100	100	100	
	Winmega Technology Corp. (Winmega)	Wholesale of electronic and chemical engineering equipment	100	100	100	
	Suzhou Winmax Technology Corp. (Suzhou Winmax)	Design and manufacture of air containers and liquid containers	100	100	100	
	Novatech Engineering & Construction Pte., Ltd. (NTEC Singapore)	Chemical supply system business	100	100	100	Note 4
	Rayzher industrial Co., Ltd.(Rayzher)	Piping engineering, installation cable and automatic control equipment, etc.	51.31	25	-	Note 3 and Note4
(3)SHI	Acter Technology Integration Group Co. Ltd (Acter China)	Construction and set-up of electronic equipment and air conditioners	86.66	86.66	86.66	
	New Point Group Ltd.(New Point)	Investment holding company and trading of equipment	100	100	100	Note 4
(4) Acter China	Shenzhen Dingmao Trade Co., Ltd.(Shenzhen Dingmao)	Electronic equipment and machinery trading	100	100	100	Note 4
	Sheng Huei (Shenzhen) Engineering Co., Ltd. (Sheng Huei Shenzhen)	Construction and set-up of electronic equipment and air conditioners	100	100	100	Note 4
	Acter International Ltd. (AIL)	Investment holding company and trading of clean rooms and air conditioners	100	100	100	Note 4
	Nova Technology Singapore Pte., Ltd.	Investment holding company	100	100	100	Note 4

(5)NTS	(NTS) Nova Technology Malaysia Sdn. Bhd. (NTM)	Investment holding company	100	100	100	Note 4
	PT. Novamex Indonesia (NMI)	Equipment trading and set-up	99	99	99	Note 4
	Acter Technology Co., Ltd. (Acter Thailand)	Set-up of electronic protection systems and central air conditioners	49	49	49	Note4
(6)AIL	PT. Novamex Indonesia (NMI)	Equipment trading and set-up	1	1	1	Note 4
	Sheng Huei Engineering Technology Co., Ltd. (Acter Vietnam)	Set-up of electronic protection systems and central air conditioners	100	100	100	Note 4
	Space Engineering Co., Ltd.(Space Thailand)	Investment holding company and trading of equipment	-	-	49	Note2 and Note4
(7) Space Thailand	Acter Thailand	Construction and set up of electronic equipment and air conditioner	-	-	49	Note2 and Note4
(8)New Point	Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd. (Fuyu)	Agent for electronic equipment importing and exporting	-	-	100	Note1 and Note4

Note 1: Fuyu had been liquidated in December 2020.

Note 2: In 2020, the shareholders had gone through restructuring, resulting in the Group to lose control over Space Thailand. As a result, Space Thailand was not included in the consolidated financial statements and was classified as investments accounted for using equity method.

Note 3: The Group had been obtain the control of Rayzher and has been included in the consolidated financial statement of the group on March 31, 2021, please refer to Note6 (h).

Note 4: Companies are non-significant and their financial statements have not been reviewed.

(ii) Subsidiaries excluded from the consolidated financial statement: None.

### (c) Business combination

The Group obtained control of another company through acquisition for the first time on March 30, 2021. Therefore, since On March 30, 2021, the accounting policies related to Business combination were applied.

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of the consideration transferred (which is generally measured at fair value) and the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(d) Income taxes

The preparation of the consolidated interim financial statements in conformity with IAS 34 "Interim financial reporting" paragraph B12 measurement and disclosure of income tax expense for the interim period.

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period with the effective annual tax rate as forecasted by the management. This is recognized and allocated to current and deferred taxes proportionately.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation, and recognized directly in equity or other comprehensive income as tax expense.

(e) Employee 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 prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2020.

**(6) Explanation of significant accounts**

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2020. Please refer to Note 6 of the 2020 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Petty cash and cash on hand	\$ 2,130	2,588	1,217
Checking and demand deposits	1,978,067	2,673,188	1,705,413
Time deposits	2,641,135	2,145,731	1,504,654
Cash equivalent - repurchased commercial paper	566,554	344,377	306,944
	<u>\$ 5,187,886</u>	<u>5,165,884</u>	<u>3,518,228</u>

The repurchased commercial paper rate as of March 31, 2021, December 31, 2020 and March 31, 2020 were 0.24%~0.35%, 0.26% ~0.35% and 0.45%~2.2%, respectively, with maturity dates from April 8 to May 3, 2021, from January 4 to February 3, 2021 and from April 20 to April 27, 2020, respectively.

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<b>Mandatorily measured at fair value through profit or loss:</b>			
Non-derivative financial assets			
Beneficiary securities - open-end funds	<u>\$ 369,113</u>	<u>370,145</u>	<u>268,938</u>
<b>Financial liabilities designated at fair value through profit or loss:</b>			
Unsecured convertible corporate bonds-call and put provision	<u>\$ 960</u>	<u>1,440</u>	<u>-</u>

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Equity investments at fair value through other comprehensive income			
Emerging stock	\$ 4,175	5,448	2,130
Unlisted stock	<u>129,646</u>	<u>129,646</u>	<u>127,400</u>
	<u>\$ 133,821</u>	<u>135,094</u>	<u>129,530</u>

(i) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

No strategic investments were disposed as of March 31, 2021 and 2020, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(ii) For credit risk and market risk; please refer to Note 6(aa).

(iii) The aforesaid financial assets were not pledged.

(d) Note and trade receivables

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Note receivables from operating activities	\$ 215,496	197,443	354,011
Trade receivables – measured as amortized cost	4,192,037	4,037,234	3,362,079
Less: Allowance for impairment	(90,494)	(106,953)	(115,137)
Total	<u>\$ 4,317,039</u>	<u>4,127,724</u>	<u>3,600,953</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The loss allowance provision was determined as follows:

	<u>March 31, 2021</u>		
<b>Aging days</b>	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
1 to 120 days	\$ 3,835,459	-	-
121 to 180 days	331,335	0.50%	1,657
181 to 360 days	131,093	1%	1,311
361 to 540 days	19,653	40%~50%	8,747
More than 541 days	62,097	100%	62,097
Total	<u>\$ 4,379,637</u>		<u>73,812</u>

	<u>December 31, 2020</u>		
<b>Aging days</b>	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
1 to 120 days	\$ 3,795,219	-	-
121 to 180 days	197,375	0.50%	987
181 to 360 days	123,286	1%	1,233
361 to 540 days	25,586	40%~50%	11,522
More than 541 days	76,582	100%	76,582
Total	<u>\$ 4,218,048</u>		<u>90,324</u>

	<u>March 31, 2020</u>		
<b>Aging days</b>	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
1 to 120 days	\$ 3,165,068	-	-
121 to 180 days	156,366	0.50%	782
181 to 360 days	228,218	1%	2,282
361 to 540 days	91,566	40%~50%	37,201
More than 541 days	74,872	100%	74,872
Total	<u>\$ 3,716,090</u>		<u>115,137</u>

The loss allowance provision from the other group of December 31, 2020 was determined as follows:

Aging days	March 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
1 to 120 days	\$ -	100%	-
121 to 180 days	1,047	100%	1,047
181 to 360 days	9,390	100%	9,390
361 to 540 days	6,132	100%	6,132
More than 541 days	11,327	1% (Note)	113
Total	<u>\$ 27,896</u>		<u>16,682</u>

Note: The Group separately evaluated the possibility of recovery of the receivables that aging more than 541 days, measured by the expected credit loss rate of 1%.

Aging days	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
1 to 120 days	\$ 1,051	100%	1,051
121 to 180 days	9,424	100%	9,424
181 to 360 days	-	-	-
361 to 540 days	6,154	100%	6,154
More than 541 days	-	-	-
Total	<u>\$ 16,629</u>		<u>16,629</u>

The movement in the allowance for notes and trade receivable was as follows:

	For the three months ended March 31	
	2021	2020
Balance, January 1	\$ 106,953	157,122
Impairment losses reversed	(16,105)	(40,552)
Foreign exchange losses)	(354)	(1,433)
Balance, March 31	<u>\$ 90,494</u>	<u>115,137</u>

(i) The notes and trade receivable are not pledged.

(e) Other receivables

	March 31, 2021	December 31, 2020	March 31, 2020
Other accounts receivable	<u>\$ 13,728</u>	<u>8,689</u>	<u>16,850</u>

For further credit risk information, please refers to Note 6(aa).

(f) Inventories

	March 31, 2021	December 31, 2020	March 31, 2020
Finished goods and merchandise	\$ 129,099	73,375	15,535
Work in process and semi-finished goods	-	-	289,670
Raw materials	<u>245,343</u>	<u>170,833</u>	<u>270,607</u>
	374,442	244,208	575,812

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Less: provision for inventory devaluation	(15,759)	(14,381)	(12,757)
	<b>\$ 358,683</b>	<b>229,827</b>	<b>563,055</b>

For the three months ended March 31, 2021 and 2020, the write-down of inventories amounted to \$1,432 thousand and \$1,942 thousand. The write-downs are included in cost of goods sold.

The inventories are not pledged

(g) Investments accounted for using equity method

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Associated	<b>\$ 11,505</b>	<b>122,755</b>	-

(i) Associated

On December 29, 2020, the Group purchased 3,125 thousand shares of Rayzher Industrial Co.,Ltd. (Rayzher) from the former shareholders for \$112,500 thousand, which accounted for 25% of its outstanding shares, and was approved by the board of directors on December 10, 2020.

On December 2020, the Group signed an investment agreement with Rayzher. According to the agreement, Rayzher would then issue 8,500 thousand ordinary shares by cash on March 30, 2021, in which the Group subscribed to 7,650 thousand shares, be issued at a premium price of \$ 33 per share, and the subscription amount was \$252,450 thousand. After the completion of the relevant transaction, the Group holds 51.31% of the equity of Rayzher. Please refer to Note 6 (h).

In December 2020, the Group purchased 49% shares of the Daejin Road (Thailand) Co., Ltd. amounting to USD46 thousand and SGD64 thousand, which were classified as investment accounted for using equity method.

In December 2020, the Group purchased 49% shares of the DJR (Thailand) Co., Ltd. amounting to USD31 thousand and SGD43 thousand, where were classified as investment accounted for using equity method.

In 2020, the shareholder has gone through restructuring, resulting in the Group to lose its control over Space Thailand. As a result, Space Thailand was not included in the consolidated financial statements and was classified as investments accounted for using equity method.

The Group's equity-accounted investment in all individually immaterial associates and the Group's share of the operating results are summarized below:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Profit attributable to the Group		
Net income for the period	\$ 5,909	-
Other comprehensive income(loss)	-	-
Comprehensive income	<b>\$ 5,909</b>	-

(ii) Pledge

The investment accounted for using equity method was not pledged.

(iii) Investment using the equity method which have not been reviewed

The investments were accounted for by the equity method on March 31, 2021, and the share of profit or loss and other comprehensive income of those investments for the three months ended March 31, 2021 were calculated based on the financial statements that have not been reviewed.

(h) Acquisition of subsidiary and non-controlling interests

The Group participated in the Rayzher's cash capital increase on March 30, 2021, with an investment amount of \$252,450 thousand. This capital increase obtained 26.31% of the Rayzher's shares. Therefore, the Group's shareholding in Rayzher increased from the original 25% to 51.31%, and re-measure the non-controlling equity investment previously held by fair value. The difference of \$13,793 thousand losses is included in the current loss. Please refer to Note 6 (z).

Rayzher mainly specializes in gas piping, and it is expected to expand the market share of the Group in related fields. The Group obtained the control of Rayzher on March 30, 2021, and merged the financial statement into the Group.

If the acquisition had occurred on January 1, 2021, management estimates that consolidated revenue would have been \$3,689,703 thousand and consolidated profit after income tax would have been \$231,282 thousand. In determining these amounts, the management has assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2021.

The initial accounting treatment of the acquisition of Rayzher is only tentative on the end of the reporting period. As of the date when this consolidated financial report is issued, the required market evaluation and other calculations is incomplete. Therefore, it is only tentatively possible based on the best estimate of the management of the Group. The value is recorded in the account. The main types of transfer consideration, the assets acquired and liabilities assumed on the acquisition date, and the tentative amounts of recognized goodwill are as follows:

(i) The following table summarizes the acquisition-date fair value of major class of consideration transferred.

Long-term equity investment-evaluation based on\$ re-measurement	103,125
Cash--Participate in cash capital increase	<u>252,450</u>
Total	<u><u>\$ 355,575</u></u>

(ii) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date

Cash and cash equivalents	\$	415,361
Notes receivable and Trade receivable		295,507
Inventories		47,826
Other financial assets – current		48,517
Contract Assets		200,037
Other current assets		13,160
Property, plant and equipment		126,230
Right-of-use asset		8,178
Other non-current assets		9,992
Deferred tax assets		278
Short-term loans		(168,135)
Short-term notes and bills payable		(11,200)
Long-term borrowings		(66,693)
Notes payable		(4,489)
Trade payable		(114,215)
Contract liabilities-current		(131,029)
Accrued salaries and bonuses		(16,739)
Lease liabilities – current		(1,946)
Other current liabilities		(44,637)
Lease liabilities – non-current		(6,232)
Total identifiable net assets acquired(Tentative)	\$	<u><u>599,771</u></u>

The fair value of identifiable assets acquired and liabilities have been determined provisionally pending completion of an independent valuation.

(iii) Goodwill arising from the acquisition has been recognized as follows.

	<u>Amount</u>
Consideration transferred	\$ 355,575
Add: Non-controlling interest in the acquiree, if any (proportionate share of the fair value of the identifiable net assets)(Tentative)	\$ 292,031
Less: Fair value of identifiable net assets	(599,771)
Goodwill(Tentative)	<u><u>\$ 47,835</u></u>

(i) Significant subsidiaries of non-controlling interest

No-controlling interests of subsidiaries of the Group that are significant to the Group are as follows:

Subsidiaries	Main Business Location/ Registered Country	Percentage of ownership and voting share		
		March 31, 2021	December 31, 2020	March 31, 2020
Nova Tech	R.O.C.	37.81%	37.81%	37.81%
Enrich Tech	R.O.C.	43.06%	43.06%	43.06%
Rayzher	R.O.C.	48.69%	-	-
Acter China	China	13.34%	13.34%	13.34%

The following information of the aforementioned subsidiaries has been prepared in accordance with IFRS endorsed by the FSC. Included in these information are adjustment made about the fair value and relevant difference in accounting principles between the Company and its subsidiary as at acquisition date. Intra-Group transactions were not eliminated in this information.

(i) Information regarding of Nova Tech:

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 1,512,261	1,630,110	1,796,520
Non-current assets	2,079,043	1,816,662	1,606,397
Current liabilities	(1,176,157)	(828,512)	(799,802)
Non-current Liabilities	(298,575)	(290,054)	(280,249)
Net assets	<u>\$ 2,116,572</u>	<u>2,328,206</u>	<u>2,322,866</u>

	For the three months ended March 31	
	2021	2020
Operating revenue	<u>\$ 392,124</u>	<u>524,570</u>
Net income for the period	\$ 64,671	91,900
Other comprehensive income(loss)	(4,880)	(15,796)
Comprehensive income	<u>\$ 59,791</u>	<u>76,104</u>
Cash flows from operating activities	\$ (71,428)	(42,214)
Cash flows from investing activities	(238,713)	(335)
Cash flows from financing activities	78,436	(1,329)
Net increase (decrease) in cash and cash equivalents	<u>\$ (231,705)</u>	<u>(43,878)</u>

(ii) Information regarding of Enrich Tech:

	March 31,2021	December 31,2020	March 31,2020
Current assets	\$ 237,179	279,129	270,625
Non-current assets	8,311	4,368	8,699
Current liabilities	(88,057)	(111,573)	(137,881)
Non- Current liabilities	(675)	(734)	(849)
Net assets	<u>\$ 156,758</u>	<u>171,190</u>	<u>140,594</u>

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Operating revenue	<b>\$ 7,194</b>	<b>131,736</b>
Net income for the period	(14,434)	6,921
Other comprehensive income	-	-
Comprehensive income	<b>\$ (14,434)</b>	<b>6,921</b>
Cash flows from operating activities	\$ 20,112	53,845
Cash flows from investing activities	123	(1)
Cash flows from financing activities	(302)	(26,491)
Net increase (decrease) in cash and cash equivalents	<b>\$ 19,933</b>	<b>27,353</b>

(iii) Information regarding of Rayzher Industrial Co., Ltd.

	<b>March 31,2021</b>
Current assets	\$ 1,020,408
Non-current assets	144,678
Current liabilities	(497,725)
Non-Current liabilities	(67,590)
Net assets	<b>\$ 599,771</b>

(iv) Information regarding of Acter China or Continent:

	<b>March 31,2021</b>	<b>December 31,2020</b>	<b>March 31,2020</b>
Current assets	\$ 2,221,957	2,110,116	1,824,178
Non-current assets	812,951	810,374	748,790
Current liabilities	(1,523,060)	(1,498,742)	(1,431,401)
Non- Current liabilities	(21,158)	(23,425)	(52,031)
Net assets	<b>\$ 1,490,690</b>	<b>1,398,323</b>	<b>1,089,536</b>

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Operating revenue	<b>\$ 817,711</b>	<b>675,212</b>
Net income for the period	\$ 99,056	71,157
Other comprehensive income(loss)	(972)	(6,848)
Comprehensive income	<b>\$ 98,084</b>	<b>64,309</b>
	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Cash flows from operating activities	\$ (47,327)	(97,311)
Cash flows from investing activities	(192,891)	(49,997)
Cash flows from financing activities	(776)	(975)
Effect of movements in exchange rates	(582)	(2,151)
Net decrease in cash and cash equivalents	<b>\$ (241,576)</b>	<b>(150,434)</b>

(j) Property, plant and equipment

	<u>Land</u>	<u>Building and construction</u>	<u>Other facilities</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
<b>Cost</b>					
Balance on January 1, 2021	\$ 176,502	304,908	145,343	-	626,753
Merger and acquisition	86,876	6,861	48,634	-	142,371
Additions	-	-	2,066	-	2,066
Disposals	-	-	(3,876)	-	(3,876)
Effect of movements in exchange rates	-	(781)	(452)	-	(1,233)
Balance on March 31, 2021	<u>\$ 263,378</u>	<u>310,988</u>	<u>191,715</u>	<u>-</u>	<u>766,081</u>
Balance on January 1, 2020	\$ 176,502	283,148	137,523	-	597,173
Additions	-	-	3,956	11,879	15,835
Disposals	-	-	(1,479)	-	(1,479)
Effect of movements in exchange rates	-	(2,367)	(1,711)	(159)	(4,237)
Balance on March 31, 2020	<u>\$ 176,502</u>	<u>280,781</u>	<u>138,289</u>	<u>11,720</u>	<u>607,292</u>
<b>Depreciation</b>					
Balance on January 1, 2021	\$ -	57,091	103,260	-	160,351
Merger and acquisition	-	441	15,700	-	16,141
Depreciation for the year	-	3,366	3,857	-	7,223
Disposals	-	-	(3,669)	-	(3,669)
Effect of movements in exchange rates	-	(164)	(295)	-	(459)
Balance on March 31, 2021	<u>\$ -</u>	<u>60,734</u>	<u>118,853</u>	<u>-</u>	<u>179,587</u>
Balance on January 1, 2020	-	45,152	88,149	-	133,301
Depreciation for the year	-	2,870	4,357	-	7,227
Disposals	-	-	(1,395)	-	(1,395)
Effect of movements in exchange rates	-	(398)	(1,029)	-	(1,427)
Balance on March 31, 2020	<u>\$ -</u>	<u>47,624</u>	<u>90,082</u>	<u>-</u>	<u>137,706</u>
<b>Book values:</b>					
Balance on January 1, 2021	<u>\$ 176,502</u>	<u>247,817</u>	<u>42,083</u>	<u>-</u>	<u>466,402</u>
Balance on March 31, 2021	<u>\$ 263,378</u>	<u>250,254</u>	<u>72,862</u>	<u>-</u>	<u>586,494</u>
Balance on January 1, 2020	<u>\$ 176,502</u>	<u>237,996</u>	<u>49,374</u>	<u>-</u>	<u>463,872</u>
Balance on March 31, 2020	<u>\$ 176,502</u>	<u>233,157</u>	<u>48,207</u>	<u>11,720</u>	<u>469,586</u>

(k) Right-of-use asset

The movements in the cost and depreciation of the leased land, building and construction and facility were as follows:

	<u>Land</u>	<u>Building and construction</u>	<u>Facilities</u>	<u>Total</u>
<b>Cost:</b>				
Balance on January 1, 2021	\$ 32,146	100,095	68,444	200,685
Merger and acquisition		8,178	-	8,178
Additions	-	3,856	2,450	6,306
Decrease in other	-	(3,999)	(2,158)	(6,157)
Effect of movements in exchange rates	(115)	(244)	(109)	(468)
Balance on March 31, 2021	<u>\$ 32,031</u>	<u>107,886</u>	<u>68,627</u>	<u>208,544</u>

	<u>Land</u>	<u>Building and construction</u>	<u>Facilities</u>	<u>Total</u>
<b>Cost:</b>				
Balance on January 1, 2020	\$ 31,769	86,356	57,291	175,416
Additions	-	1,247	822	2,069
Decrease	-	(982)	(168)	(1,150)
Effect of movements in exchange rates	(385)	(757)	(327)	(1,469)
Balance on March 31, 2020	<u>\$ 31,384</u>	<u>85,864</u>	<u>57,618</u>	<u>174,866</u>

<b>Depreciation</b>				
Balance on January 1, 2021	\$ 1,611	37,442	30,448	69,501
Depreciation for the year	202	6,621	5,115	11,938
Decrease	-	(3,999)	(2,158)	(6,157)
Effect of movements in exchange rates	(7)	(143)	(73)	(223)
Balance on March 31, 2021	<u>\$ 1,806</u>	<u>39,921</u>	<u>33,332</u>	<u>75,059</u>
Balance on January 1, 2020	\$ 796	18,135	17,610	36,541
Depreciation for the year	200	5,550	4,816	10,566
Decrease in other	-	(982)	(168)	(1,150)
Effect of movements in exchange rates	(13)	(260)	(150)	(423)
Balance on March 31, 2020	<u>\$ 983</u>	<u>22,443</u>	<u>22,108</u>	<u>45,534</u>

<b>Book values:</b>				
Balance on January 1, 2021	<u>\$ 30,535</u>	<u>62,653</u>	<u>37,996</u>	<u>131,184</u>
Balance on March 31, 2021	<u>\$ 30,225</u>	<u>67,965</u>	<u>35,295</u>	<u>133,485</u>
Balance on January 1, 2020	<u>\$ 33,973</u>	<u>68,221</u>	<u>39,681</u>	<u>138,875</u>
Balance on March 31, 2020	<u>\$ 30,401</u>	<u>63,421</u>	<u>35,510</u>	<u>129,332</u>

(l) Investment Property

Investment property comprises office buildings that are leased to third parties under operating leases, as well as properties that are owned by the Group. The leases of investment properties contain an initial non-cancellable lease term of 1 year. For all investment property leases, the rental income is fixed under the contracts.

	<u>Land</u>	<u>Building and construction</u>	<u>Facilities</u>	<u>Total</u>
<b>Book values:</b>				
Balance on January 1, 2021	<u>\$ 139,922</u>	<u>98,343</u>	<u>15</u>	<u>238,280</u>
Balance on March 31, 2021	<u>\$ 139,922</u>	<u>97,722</u>	<u>14</u>	<u>237,658</u>
Balance on January 1, 2020	<u>\$ 139,922</u>	<u>100,830</u>	<u>15</u>	<u>240,767</u>
Balance on March 31, 2020	<u>\$ 139,922</u>	<u>100,209</u>	<u>14</u>	<u>240,145</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the three months ended March 31, 2021 and 2020. Information on amortization for the period is discussed in Note 12(a). Please refer to Note 6(l) of the 2020 annual consolidated financial statements for other related information.

The fair value of investment property was no significant different from Note 6(l) of the 2020 annual consolidated financial statements.

(m) Short-term loans

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Secured bank loans	\$ 530,759	346,892	90,708
Unsecured bank loans	\$ 399,308	319,978	-
	<u>\$ 930,067</u>	<u>666,870</u>	<u>90,708</u>
Unused facilities	<u>\$ 7,058,767</u>	<u>6,508,574</u>	<u>7,906,381</u>
Interest rate	<u>0.63%~2.6%</u>	<u>0.63%~2.6%</u>	<u>1.87%~2.25%</u>

(i) Issues and Repayments of Short-term loans

For the three months ended March 31, 2021 and 2020, the issues amounted to \$515,713 thousand and \$0, the rate is 0.72%~0.901%, and due from June to September, 2021. The repayment amounted to \$420,540 thousand and \$46,000 thousand. For the three months ended March 31, 2021, the short-term loans from merger acquisition is amounted to \$168,135 thousand.

(ii) Assets pledged for bank loans

The details of the related assets pledged for bank loans, please refer to Note 8.

(n) Short-term notes and bills payable

The short-term notes and bills payable were summarized as follows:

	<u>March 31, 2021</u>
Commercial paper payable	<u>\$ 11,200</u>

The rate of commercial paper payable is 1.49% on March 31, 2021, and due on September 29, 2021.

(o) Long-term borrowings

	<u>March 31, 2021</u>
Secured bank loans	\$ 66,693
Less: current portion	\$ (5,335)
Total	<u>\$ 61,358</u>
Unused facilities	<u>\$ 11,387</u>
Interest rate	<u>0.655%~1.23%</u>

(i) Borrowing and repayment

For the three months ended March 31, 2021, there were no significant borrowing, repurchase or repayment, gain by acquisition amounted to \$66,693 thousand, please refer to note6 (z) for interest expense.

(ii) Collateral for bank loans

For the collateral for long-term borrowings, please refer to note 8

(p) Bonds payable

The details of unsecured convertible bonds were as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Bond payable	<u>\$ 773,003</u>	<u>\$ 770,519</u>

For the three months ended March 31, 2021, there is no issue, repurchase or repayment of bonds, please refer to note 6 (n) of the 2020 annual consolidated financial statements for other related information.

(q) Leases liabilities

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Current	<u>\$ 46,879</u>	<u>41,401</u>	<u>33,293</u>
Non-current	<u>\$ 62,125</u>	<u>64,348</u>	<u>68,622</u>

For the maturity analysis, please refer to note 6(aa).

The amounts recognized in profit or loss was as follows:

	<b>For the three months ended March 31 ,2021</b>	<b>For the three months ended March 31 ,2020</b>
Interest on lease liabilities	<u>\$ 647</u>	<u>616</u>
Expenses relating to short-term leases	<u>\$ 12,907</u>	<u>8,502</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 1,950</u>	<u>1,014</u>

The amounts recognized in cash flow was as follows:

	<b>For the three months ended March 31 ,2021</b>	<b>For the three months ended March 31 ,2020</b>
Total cash outflow for leases	<u>\$ 26, 578</u>	<u>19,583</u>

(i) Real estate leases

The Group leases land and buildings for its office space. The leases of office space typically run for a period of three to five years.

(ii) Other leases

The Group leases vehicles, with lease terms of three to five years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group leases working offices, staff dormitory and business equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(r) Provisions

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Provisions	<u>\$ 262,896</u>	<u>270,772</u>	<u>326,787</u>

The Group's warranty provision is estimated based on historical data of the construction contract. Most liabilities are expected to occur during the warranty period that is mentioned in the contract since completion of the construction.

There were no significant fluctuation of provisions for the three months ended March 31, 2021 and 2020. Please refer to Note 6(p) of the 2020 annual consolidated financial statements for other related information.

(s) Employee benefits

(i) Defined benefit plans

Due to there are no significant market volatility, significant reduction, settlement or other significant one-time events after the end of previous financial year, the Group adopts the actuarial decision cost on December 31, 2020 and 2019 to measure and disclose pension cost during the period.

The Group's pension expenses recognized in profit or loss were as follows:

	<u>For the three months ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Operating cost	\$ 21	50
Operating expense	188	266
	<u>\$ 209</u>	<u>316</u>

(ii) Defined contribution plans

The Group's pension expenses recognized in profit or loss were as follows:

	<u>For the three months ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Operating cost	\$ 4,386	4,394
Operating expense	1,915	1,800
	<u>\$ 6,301</u>	<u>6,194</u>

The company, HerSuo Engineering, Nova Tech, Enrich, Rayzher and Winmega have deposited the retirement amount to Bureau of Labor and the overseas subsidiaries have deposited the retirement amount to local social insurance institutes base on the local regulation.

(t) Taxes

The amount of income tax expense were as follows:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Current income tax expense:		
Current period	\$ 87,053	78,044
Deferred tax expense:		
Origination and reversal of temporary differences	<u>11,589</u>	<u>26,964</u>
Income tax expense	<u><b>\$ 98,642</b></u>	<u><b>105,008</b></u>

The amount of tax income expense (benefit) recognized in other comprehensive income were as follows:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<u><b>\$ (3,544)</b></u>	<u><b>(9,758)</b></u>

The income tax return of the Company has been examined by the tax authorities through year 2018.

(u) Capital and other equity

Except as described below, no significant changes in the Group capital and other equity for the three months ended March 31, 2021 and 2020. The related information, please refer to Note 6(s) of the Group financial statements for the year ended December 31, 2020.

(i) Issuance of ordinary shares

A resolution was passed during the board meeting held on September 14, 2020 for the issuance of 3,000 new ordinary shares for cash, at a par value of \$10 per share, amounting to \$30,000 thousand, with the tentative issuing prices of \$168 per share. The actual issuing prices were determined by the chairman and lead securities underwriter based on the market condition. The capital increase became effective with the registration of Letter No. 1090371590 issued by the Financial Supervisory Commission on October 30, 2020. On December 7, 2020, the chairman determined the issue price of \$166 per share, with January 4, 2021 as the date of capital increase. All shares issued had been received, and had been recognized as Equity. The relevant statutory registration procedures have since been completed.

(ii) Capital surplus

The components of the capital surplus were as follows

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
From issuance of common stock	\$ 1,424,871	946,809	946,809
Difference between the consideration and the carrying amount of subsidiaries acquired or disposed	43,991	43,991	43,991
Changes in ownership interest in subsidiaries	381,801	381,801	382,069
From issuance of restricted stocks for employees	19,250	19,250	19,250
Cash capital increase reserved for employee subscription	-	12,162	-
Equity component of convertible bonds recognized in stock option	33,697	33,697	-
	<u>\$ 1,903,610</u>	<u>1,437,710</u>	<u>1,392,119</u>

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

According to Company's articles of incorporation, 10% of the annual earnings, after offsetting any accumulated deficit and payment of income taxes due, if any, shall be set aside as a legal reserve. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside and the remaining balance is partially reserved depending on the business environment, growth status, and long-term finance planning. After deducting the aforementioned partially reserve, the remaining balance, plus, any unappropriated earnings in previous years shall be used for distribution of stockholders' bonuses by the Board of Directors, depending on the capital status and economic development in the current year. Cash bonuses should not be less than 10% of the total shareholders' bonuses, and they will be recommended by the Board of Directors and resolved in the shareholders' meeting.

(1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distribute.

(2) Special reserve

In Accordance with Ruling No.1010012865 issued by the FSC on April 6, 2012, the difference between the total net reduction of other shareholders' equity and the carrying amount of special earnings reserve as stated above shall be reclassified as a special earnings reserve during earnings distribution. Other prior accumulated debit balance of shareholders' equity was recognized as additional special reserve from prior undistributed earnings since distributions were prohibited. Amounts of subsequent reversals pertaining to the net reduction of

other shareholders' equity shall qualify for additional distributions.

(3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2020 and 2019 had been approved during the board meeting on February 25, 2021, and February 27, 2020, respectively.

The relevant dividend distributions to shareholders were as follows:

	<u>2020</u>	<u>2019</u>
Dividends distributed to ordinary shareholders		
Cash	<u>\$ 686,241</u>	<u>812,801</u>

(iv) Other equity interest (net of tax)

	<b>Foreign currency translation differences for foreign operations</b>	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>	<b>Total</b>
Balance, January 1, 2021	\$ (136,159)	(3,302)	(139,461)
Foreign currency translation differences (net of tax)	(9,299)	-	(9,299)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(1,273)	(1,273)
Balance, March 31, 2021	<u>\$ (145,458)</u>	<u>(4,575)</u>	<u>(150,033)</u>
Balance, January 1, 2020	\$ (123,035)	(6,150)	(129,185)
Foreign currency translation differences (net of tax)	(23,240)	-	(23,240)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(470)	(470)
Balance, March 31, 2020	<u>\$ (146,275)</u>	<u>(6,620)</u>	<u>(152,895)</u>

(v) Share-based payment

There were no significant changes for share-based payment for the three months ended March 31, 2021 and 2020. For the related information, please refer to Note 6(t) of the consolidated financial statements for the year ended December 31, 2020.

(w) Earnings per share ("EPS")

(i) Basic Earnings per share

(1) Profit attributable to ordinary shareholders of the Company

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Profit attributable to ordinary shareholders of the Company	<b>\$ 178,267</b>	<b>217,285</b>

(2) Weighted average number of ordinary shares

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Weighted average number of ordinary shares	<b>\$ 56,987</b>	<b>54,187</b>

(ii) Diluted earnings per share

(1) Profit attributable to ordinary shareholders of the Company (diluted)

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Profit attributable to ordinary shareholders of the Company (basic)	\$ 178,267	217,285
Effect of dilutive potential ordinary shares Interest expense on convertible bonds, net of tax	1,603	-
Profit attributable to ordinary shareholders of the Company (diluted)	<b>\$ 179,870</b>	<b>217,285</b>

(2) Weighted average number of ordinary shares (diluted)

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2021</b>
Weighted average number of ordinary shares (basic)	56,987	54,187
Effect of dilutive potential ordinary shares		
Effect of conversion of convertible bonds	4,100	-
Effect of employee share bonus	251	381
Weighted average number of ordinary shares (diluted)	<b>61,338</b>	<b>54,568</b>

(x) Revenue from contracts with customers

(i) Disaggregation of revenue

Primary geographical markets	For the three months ended March 31	
	2021	2020
Taiwan	\$ 1,518,937	1,353,687
Mainland China	1,590,810	1,481,318
Other countries	465,834	244,952
	<u>\$ 3,575,581</u>	<u>3,079,957</u>
Major products		
Cleanroom electromechanical integration engineering	\$ 2,252,485	1,773,452
Water gasification supply integration engineering	761,710	906,425
Consumer industry electromechanical integration engineering	156,892	132,290
Biomedical integration engineering	182,476	204,281
High-tech equipment and materials sales and services	222,018	63,509
	<u>\$ 3,575,581</u>	<u>3,079,957</u>

(ii) Contract balances

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Trade receivables	\$ 4,192,037	4,037,234	3,362,079
Less: allowance for impairment	(90,494)	(106,953)	(115,137)
	<u>\$ 4,101,543</u>	<u>3,930,281</u>	<u>3,246,942</u>
Contract assets-Construction and equipment	\$ 3,639,482	2,986,173	1,721,000
Less: allowance for impairment	(45,618)	(50,923)	(50,525)
	<u>\$ 3,593,864</u>	<u>2,935,250</u>	<u>1,670,475</u>
Contract liabilities-Construction and equipment	\$ 2,217,129	1,761,020	1,147,788
Contract liabilities- Advance sales receipts	2,880	-	2,918
	<u>\$ 2,220,009</u>	<u>1,761,020</u>	<u>1,150,706</u>

For details on trade receivables and allowance for impairment, please refer to Note 6(d).

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There is no other majority change for the three months ended March 31, 2021 and 2020.

(y) Remuneration to employees and directors

The Company's articles of incorporation require that earnings shall first be offset against any deficit, then, a minimum of 3% shall be distributed as employee remuneration, and a maximum of 5% as remuneration to directors and supervisors.

For the three months ended March 31, 2021 and 2020, the Company estimated its employee remuneration amounting to \$14,110 thousand and \$16,928 thousand, and directors' and supervisors' remuneration amounting to \$7,055 thousand and \$8,464 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax,

excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were recognized under operating costs or expenses for each period. If the actual amounts differ from the estimated amount, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in following year.

For the year ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to \$60,000 thousand and \$79,943 thousand, and directors' and supervisors' remuneration amounting to \$28,000 thousand and \$39,972 thousand, respectively. There is no different between estimation and paid. The information is available on the Market Observation Post System website.

(z) Non-operating income and expenses

(i) Finance costs

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Interest expense- bank loan	\$ 1,778	666
Interest expense - lease liabilities	647	616
Interest expense- bonds	2,484	-
	<b><u>\$ 4,909</u></b>	<b><u>1,282</u></b>

(ii) Interest revenue

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Interest income from bank deposits	\$ 8,296	7,875
Other interest income	436	86
	<b><u>\$ 8,732</u></b>	<b><u>7,961</u></b>

(iii) Other revenue

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Rental income	726	406
Government subsidy income and others	16,546	16,078
	<b><u>\$ 17,272</u></b>	<b><u>16,484</u></b>

(iv) Other income and losses

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Exchange loss on foreign currency	\$ (5,284)	(2,094)
Loss on disposals of property, plant and equipment	(151)	(67)
Re-measure the investment losses	(13,793)	-
Net loss on financial assets at fair value through profit or loss	(1,127)	(3,476)
Net gain on financial assets at fair value through profit or loss	480	-
	<b><u>\$ (9,307)</u></b>	<b><u>(5,637)</u></b>

(aa) Financial Instruments

Except as described below, there were no significant changes in the fair value of financial instruments and the degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments, please refer to Note 6(y) of the Group's financial statements for the year ended December 31, 2020.

(i) Credit risk

(1) Exposure to credit risk

The carrying amount of financial assets represents the Group's maximum credit exposure.

(2) Concentration of credit risk

As of March 31, 2021, December 31 and March 31, 2020, concentration of credit risk deriving from the Group's top customer did not constitute more than 9%, 16% and 13%, respectively, of the Group's receivables while those deriving from the Group's other top four customers did not constitute more than 22%, 23% and 22%, respectively, of the Group's receivables.

(3) Receivables

For credit risk exposure of note and trade receivables, please refer to Note 6 (d).

Other financial assets measured at amortized cost include other receivables and other financial assets.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to Note 4 (g) of the Group's financial statements for the year ended December 31, 2020.

The loss allowance provision as for the three months ended March 31, 2021 and 2020 were determined as follows:

	<b>Other financial assets (guarantee deposits paid)</b>
Balance on January 1, 2021	\$ 21,832
Foreign exchange losses	(78)
Balance on March 31, 2021	<u>\$ 21,754</u>
Balance on January 1, 2020	21,576
Foreign exchange losses	(261)
Balance on March 31, 2020	<u>\$ 21,315</u>

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payment and excluding the impact of netting agreements:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5years</u>	<u>More than 5 years</u>
<b>March 31, 2021</b>						
Non-derivative financial liabilities						
Secured bank loans	\$ 530,759	531,194	531,194	-	-	-
Unsecured bank loans	399,308	400,189	400,189	-	-	-
Short-term bills payable	11,200	11,283	11,283	-	-	-
Notes payable	117,152	117,152	117,152	-	-	-
Accounts payable (including related parties)	3,834,615	3,834,615	3,184,725	491,816	138,340	19,734
Bonds payable	773,003	800,000	-	-	800,000	-
Accrued salaries and bonuses	188,638	188,638	188,638	-	-	-
Dividend payable and other accrued expenses	1,019,293	1,019,293	1,008,449	-	-	10,844
Long-term loans (including current portions)	66,693	71,657	6,100	6,760	18,915	39,882
Leases liabilities (current and non-current)	<u>109,004</u>	<u>114,474</u>	<u>49,596</u>	<u>26,665</u>	<u>33,605</u>	<u>4,608</u>
	<b><u>\$ 7,409,665</u></b>	<b><u>7,088,495</u></b>	<b><u>5,497,326</u></b>	<b><u>525,241</u></b>	<b><u>990,860</u></b>	<b><u>75,068</u></b>
<b>December 31, 2020</b>						
Non-derivative financial liabilities						
Secured bank loans	\$ 346,892	346,996	346,996	-	-	-
Unsecured bank loans	319,978	320,020	320,020	-	-	-
Notes payable	95,853	95,853	95,853	-	-	-
Accounts payable (including related parties)	3,537,200	3,537,200	3,187,030	191,768	137,731	20,671
Bonds payable	770,519	800,000	-	-	800,000	-
Accrued salaries and bonuses	323,816	323,816	323,816	-	-	-
Dividend payable and other accrued expenses	317,477	317,477	306,594	-	-	10,883
Leases liabilities (current and non-current)	<u>105,749</u>	<u>108,025</u>	<u>43,044</u>	<u>29,206</u>	<u>30,070</u>	<u>5,705</u>
	<b><u>\$ 5,817,484</u></b>	<b><u>5,849,387</u></b>	<b><u>4,623,353</u></b>	<b><u>220,974</u></b>	<b><u>967,801</u></b>	<b><u>37,259</u></b>
<b>March 31, 2020</b>						
Non-derivative financial liabilities						
Secured bank loans	\$ 90,708	90,849	90,849	-	-	-
Notes payable	78,874	78,874	78,874	-	-	-
Accounts payable (including related parties)	2,892,695	2,892,695	2,585,076	195,498	112,121	-
Accrued salaries and bonuses	158,902	158,902	158,902	-	-	-
Dividend payable and other accrued expenses	1,043,229	1,043,229	1,032,604	-	-	10,625
Leases liabilities (current and non-current)	<u>101,915</u>	<u>108,006</u>	<u>35,259</u>	<u>29,970</u>	<u>30,850</u>	<u>11,927</u>
	<b><u>\$ 4,366,323</u></b>	<b><u>4,372,555</u></b>	<b><u>3,981,564</u></b>	<b><u>225,468</u></b>	<b><u>142,971</u></b>	<b><u>22,552</u></b>

The Group is not expecting that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

(1) Foreign currency risk

The Group's significant exposures to foreign currency risk were as follows:

		March 31, 2021			December 31, 2020			March 31, 2020		
		Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	65,118	28.552	1,859,249	70,969	28.515	2,023,681	44,620	30.236	1,349,147
CNY		819,352	4.3507	3,564,755	777,094	4.3664	3,393,103	629,496	4.2629	2,683,477
SGD		2,981	21.2054	63,213	3,301	21.4616	70,845	3,759	21.1189	79,378
JPY		49,875	0.2604	12,987	52,471	0.2750	14,430	26,518	0.2777	7,364
USD		16,834	28.552	480,644	16,816	28.515	479,508	510	30.236	15,417
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		15,709	28.552	448,523	17,479	28.515	498,414	5,195	30.236	157,061
CNY		439,398	4.3507	1,911,689	421,250	4.3664	1,839,346	233,038	4.2629	993,416
SGD		117	21.2054	2,481	126	21.4616	2,704	61	21.1189	1,289
JPY		16,441	0.2604	4,281	32,470	0.2750	8,929	27,275	0.2777	7,574

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables, other receivables, financial assets at fair value through other comprehensive income, loans, trade payables and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of the TWD against the USD, CNY, SGD and JPY as of March 31, 2021 and 2020 would have increased or decreased the before-tax net income by \$31,332 thousand and \$29,600 thousand, respectively. The analysis is performed on the same basis for both periods.

As the Group transacts in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended March 31, 2021 and 2020, the foreign exchange gains or losses, including both realized and unrealized, amounted to \$5,284 thousand and \$(2,094) thousand, respectively.

(2) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in this note of liquidity risk management.

The following sensitivity analysis is based on the exposure to the interest rate risk on the derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate which increases or decreases by 1% when reporting to the internal management, which also represents the Group management's assessment of the reasonably possible interest rate change-

If the interest rate increases or decreases by 1%, the Group's net income will decrease/increase by \$9,968 thousand and \$907 thousand for the three months ended March 31, 2021 and 2020, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in variable rate.

(3) Other market price risk

The sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Prices of securities at the reporting date	2021Q1		2020Q1	
	Other comprehensive income before-tax	Net income before-tax	Other comprehensive income before-tax	Net income before-tax
Increasing 3%	\$ 4,015	11,073	3,886	8,068
Decreasing 3%	\$ (4,015)	(11,073)	(3,886)	(8,068)

(iv) Fair value of financial instruments

(1) The kinds of financial instruments and fair value

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and leases liabilities disclosure of fair value information is not required :

	March 31, 2021				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 369,113	369,113	-	-	369,113
<b>Financial assets at fair value through other comprehensive income</b>					
Emerging Stock	4,175	4,175	-	-	4,175
Unlisted stock	129,646	-	-	129,646	129,646
Subtotal	133,821	4,175	-	129,646	133,821
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	5,187,886	-	-	-	-
Contract Assets	3,593,864	-	-	-	-
Notes receivable	215,496	-	-	-	-
Trade receivable	4,101,543	-	-	-	-
Other receivable	13,728	-	-	-	-
Other financial assets	327,432	-	-	-	-
Subtotal	13,439,949	-	-	-	-
Total	\$ 13,942,883	373,288	-	129,646	502,934

March 31, 2021					
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial liabilities at fair value through profit or loss</b>					
financial liabilities at fair value through profit or loss	\$ 960	-	960	-	960
<b>Financial liabilities at amortized cost</b>					
Short-term loans	\$ 930,067	-	-	-	-
Short-term bills payable	11,200	-	-	-	-
Notes payable	117,152	-	-	-	-
Trade payable (including related parties)	3,834,615	-	-	-	-
Accrued salaries and bonuses	188,638	-	-	-	-
Other accrued expenses and dividend payable	1,019,293	-	-	-	-
Bonds payable	773,003	-	953,120	-	953,120
Long-term loans (including current portion)	66,693	-	-	-	-
Leases liabilities (current and non-current)	109,004	-	-	-	-
Subtotal	7,049,665	-	953,120	-	953,120
Total	<u>\$ 7,050,625</u>	<u>-</u>	<u>954,080</u>	<u>-</u>	<u>954,080</u>

December 31, 2020					
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 370,145	370,145	-	-	370,145
<b>Financial assets at fair value through other comprehensive income</b>					
Emerging Stock	5,448	5,448	-	-	5,448
Unlisted stock	129,646	-	-	129,646	129,646
Subtotal	135,094	5,448	-	129,646	135,094
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	5,165,884	-	-	-	-
Contract Assets	2,935,250	-	-	-	-
Notes receivable	197,443	-	-	-	-
Trade receivable	3,930,281	-	-	-	-
Other receivables	8,689	-	-	-	-
Other current financial assets	297,554	-	-	-	-
Subtotal	12,535,101	-	-	-	-
Total	<u>\$ 13,040,340</u>	<u>375,593</u>	<u>-</u>	<u>129,646</u>	<u>505,239</u>
<b>Financial liabilities at fair value through profit or loss</b>					
financial liabilities at fair value through profit or loss	\$ 1,440	-	1,440	-	1,440
<b>Financial liabilities at amortized cost</b>					
Short-term loans	\$ 666,870	-	-	-	-

		<b>December 31, 2020</b>			
		<b>Fair Value</b>			
	<b>Book value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Notes payable	95,853	-	-	-	-
Trade payable (including related parties)	3,537,200	-	-	-	-
Accrued salaries and bonuses	323,816	-	-	-	-
Other accrued expenses	317,477	-	-	-	-
Bonds payable	770,519	-	918,240	-	918,240
Leases liabilities (current and non-current)	<u>105,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>5,817,484</u>	<u>-</u>	<u>918,240</u>	<u>-</u>	<u>918,240</u>
Total	<u><b>\$ 5,818,924</b></u>	<u><b>-</b></u>	<u><b>918,680</b></u>	<u><b>-</b></u>	<u><b>919,680</b></u>
		<b>March 31, 2020</b>			
		<b>Fair Value</b>			
	<b>Book value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ <u>268,938</u>	<u>268,938</u>	<u>-</u>	<u>-</u>	<u>268,938</u>
<b>Financial assets at fair value through other comprehensive income</b>					
Emerging Stock	2,130	2,130	-	-	2,130
Unlisted stock	<u>127,400</u>	<u>-</u>	<u>-</u>	<u>127,400</u>	<u>127,400</u>
Subtotal	<u>129,530</u>	<u>2,130</u>	<u>-</u>	<u>127,400</u>	<u>129,530</u>
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	3,518,228	-	-	-	-
Contract Assets	1,670,475	-	-	-	-
Notes receivable	354,011	-	-	-	-
Trade receivable	3,246,942	-	-	-	-
Other receivable	16,850	-	-	-	-
Other financial assets	<u>302,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><b>\$ 9,507,105</b></u>	<u><b>271,068</b></u>	<u><b>-</b></u>	<u><b>127,400</b></u>	<u><b>398,468</b></u>
<b>Financial liabilities at amortized cost</b>					
Short-term loans	\$ 90,708	-	-	-	-
Notes payable	78,874	-	-	-	-
Trade payable (including related parties)	2,892,695	-	-	-	-
Accrued salaries and bonuses	158,902	-	-	-	-
Other accrued expenses and dividend payable	1,043,229	-	-	-	-
Leases liabilities (current and non-current)	<u>101,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><b>\$ 4,366,323</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

## 2) Valuation techniques for financial instruments measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

## 3) Valuation techniques for financial instruments measured at fair value

Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on the run bonds from Taipei Exchange can be used as basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or regulators and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid ask spreads is an indication of non-active market.

The Group's financial instruments are classified by their category, and the attributes of their fair value are as follows if such financial instruments are traded in active markets: beneficiary securities—open end fund and emerging stock, whose fair value was determined based on market quoted prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

When the financial instrument of the Group is not traded in an active market, its fair value is determined as follows:

- The fair value is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.

## 4) Transfers between Levels

- There were no transfers from one level to another for the three months ended March 31, 2021 and 2020.

5) Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b>
Opening balance, January 1, 2021	\$ 129,646
Purchased	<u>-</u>
Ending Balance, March 31, 2021	<b><u>\$ 129,646</u></b>
Opening balance, January 1, 2020	\$ 127,400
Purchased	<u>-</u>
Ending Balance, March 31, 2020	<b><u>\$ 127,400</u></b>

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "fair value through other comprehensive income – equity investments" .

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income - equity investments without an active market	Market Approach	<ul style="list-style-type: none"> <li>◆ P/E multiplier (As of 2021.03.31 , 2020.12.31 and 2020.03.31 were 15.81,15.81 and 25.36, respectively)</li> <li>◆ Discount for lack of marketability (As of 2021.03.31, 2020.12.31 and 2020.03.31 were both 30%)</li> </ul>	<ul style="list-style-type: none"> <li>◆ The higher the price-equity ratio, the higher the fair value.</li> <li>◆ The higher the discount for lack of marketability, the lower the fair value.</li> </ul>
Financial assets at fair value through other comprehensive income - equity investments without an active market	Net asset value method	<ul style="list-style-type: none"> <li>◆ Discount for lack of marketability (As of 2021.03.31 and 2020.12.31 were both 30%)</li> </ul>	<ul style="list-style-type: none"> <li>◆ The higher the discount for lack of marketability, the lower the fair value.</li> </ul>

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions by 10% to reflect reasonably possible alternative assumptions would have the following effects:

	Inputs value	Increase or decrease	Effects of changes in fair value on other comprehensive income	
			Favorable	Unfavorable
March 31, 2021				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/E ratio	10%	12,740	(12,740)
Equity investments without an active market	Discount for lack of marketability	10%	18,521	(18,521)
December 31, 2020				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/E ratio	10%	12,740	(12,740)
Equity investments without an active market	Discount for lack of marketability	10%	18,521	(18,521)
March 31, 2020				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/E ratio	10%	12,740	(12,740)
Equity investments without an active market	Discount for lack of marketability	10%	18,200	(18,200)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique.

(aa) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosure in Note 6(z) of the consolidated financial statements for the year ended December 31, 2020.

(ab) Capital management

The objectives, policies and processes of capital management of the Group are in conformity with those disclosed in the consolidated financial statements for the year ended December 31, 2020. There were no significant changes on summary of quantitative data of capital management compared with the consolidated financial statements for the year ended December 31, 2020. Please refer to Note 6(aa) of the Group financial statements for the year

ended December 31, 2020.

(ac) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the three months ended March 31, 2021 and 2020, were as follows:

For acquisition of right-of-use assets under operating lease, please refer to Note 6(k).

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes			March 31, 2021	
			Foreign exchange movement	Increased	Amortization		Acquisition
Short-term loans	\$ 666,870	95,173	(111)	-	-	168,135	930,067
Short-term notes and bills payable	-	-	-	-	-	11,200	11,200
Lease liabilities	105,749	(11,074)	(155)	6,306	-	8,178	109,004
Bonds payable	770,519	-	-	-	2,484	-	773,003
Long-term borrowings	-	-	-	-	-	66,693	66,693
Total liabilities from financing activities	<u>\$ 1,543,138</u>	<u>84,099</u>	<u>(266)</u>	<u>6,306</u>	<u>2,484</u>	<u>254,206</u>	<u>1,889,967</u>

	January 1, 2020	Cash flows	Non-cash changes		March 31, 2020
			Foreign exchange movement	Fair value Changes	
Short-term loans	\$ 136,609	(46,000)	99	-	90,708
Lease liabilities	110,264	(9,451)	(593)	1,695	101,915
Total liabilities from financing activities	<u>\$ 246,873</u>	<u>(55,451)</u>	<u>(494)</u>	<u>1,695</u>	<u>192,773</u>

(7) Related party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Johnwell Ent Co.,Ltd	The key management personnel of the parent company's directors

(b) Other related party transactions

(i) Construction cost, and related assets and liabilities:

The amounts of significant purchase transactions and outstanding payables for goods and equipment between the Group and related parties were as follows:

	<b>Purchases</b>		<b>Payables to Related Parties</b>		
	<b>For the three months ended</b>		<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>March 31</b>				
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
Entity under the key management's control	<u>\$ 604</u>	<u>452</u>	<u>677</u>	<u>654</u>	<u>512</u>

There were no differences in the purchase price and terms of payments offered to related parties and those of third-party vendors.

(c) Key management personnel compensation

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 29,612	26,386
Post-employment benefits	108	108
	<u>\$ 29,720</u>	<u>26,494</u>

**(8) Pledged assets:**

The Group's pledged assets were as follows:

<b>Asset</b>	<b>Purpose of pledge</b>	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
		<b>2021</b>	<b>2020</b>	<b>2020</b>
Other financial assets—current:				
Demand deposit and time deposit	Construction contract fulfillment and warranty guarantee and short-term loan	\$ 87,374	60,246	35,105
Property, plant and equipment	Long-term loan guarantee	93,297	-	-
Other non-current assets:				
Other non-current assets	warranty guarantee	510	509	507
		<u>\$ 181,181</u>	<u>60,755</u>	<u>35,612</u>

**(9) Significant commitments and contingencies:**

Significant commitments and contingencies for the Group as of March 31, 2021, and December 31, March 31, 2020 were as follows:

- (a) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to \$758,641, \$789,274 and \$1,359,810, respectively.
- (b) The amounts pledged to the bank for engaging in construction contracts amounted to \$1,864,873, \$1,669,789 and \$1,780,085, respectively.
- (c) Contract fulfillment guarantee and warranty guarantee (excluding related parties) for the competitive corporations amounted to \$348,000, respectively.
- (d) The Company's subsidiary, Nova Tech entered into an agreement with Jing He Science Co., Ltd. (Jing He) for the construction and expansion of a new factory and gas factory, respectively, wherein Nova Tech is responsible for the installation process of the pipelines,

as well as for purchasing the related equipment according to the design layout and purchase order provided by Jing He. However, Jing He made certain changes to its layout plan, which in turn, requires extra work; and for this reason, Nova Tech requested Jing He for an additional payment, in which Jing He argued that the contract is a lump-sum contract; therefore, refused to make any additional payment. Furthermore, it unilaterally terminated the agreement prior to the completion of the construction. Nova Tech then filed a lawsuit to the District Court against Jing He, demanding the amount of the contract to be paid in full. Nova Tech has also engaged a lawyer to defend its case. On the other hand, the District Court appointed Taiwan Association of Construction and Development, as well as Taiwan Professional Electrical Engineers Association, to estimate the value of the completed part of the new factory building, with both parties providing supplementary opinions for the preliminary valuation. The District Court has also appointed Taiwan Construction Research Institute (TCRI) to estimate the value of the expansion of the gas factory, wherein the estimated result turned out to be the same as that of which conducted by Nova Tech. As of the issuance date of this financial statements, the Court's decision has yet to be made, wherein it included the compensation amount of the damage resulting in a recognition of allowance for impairment incurred from the construction cost by Nova Tech in accordance with the related accounting standards. Nova Tech has estimated the maximum loss incurred from this lawsuit to be \$70,000 thousand. On February 5, 2018, Jing He had partially paid the amount of \$10,500 thousand (including interest) for the said construction.

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events: None**

**(12) Other:**

- (a) The employee benefits, depreciation and amortization expenses categorized by function were as follows:

<u>By item</u>	<u>For the three months ended March 31</u>					
	<u>2021</u>			<u>2020</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit						
Salary	\$ 161,315	147,101	308,416	154,397	112,448	266,845
Labor, health and social insurance	18,013	17,048	35,061	11,268	9,862	21,130
Pension	4,407	2,103	6,510	4,444	2,066	6,510
Other	4,506	4,526	9,032	3,326	6,712	10,038
Depreciation	4,396	14,765	19,161	2,707	15,086	17,793
Amortization	12	1,849	1,861	68	2,422	2,490

Note: Depreciation for investment property for the three months ended March 31, 2021 and 2020 both were \$622 thousand, and were recorded in non-operating expenses.

- (b) Operation of seasonal:  
The Group's operations were not affected by seasonality or cyclicity factors.

**(13) Others disclosures:****(a) Information on significant transactions.**

The follows were the information on significant transactions required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers, of the Group:

**(i) Loans to other parties**

(In Thousands of Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related Party	Maximum Balance for the Period	Ending Balance (Note 1)	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	AIL	Acter Vietnam	Other receivables due from related parties	Y	228,416	171,312	171,312	1.00	Short-term financing	-	Operating capital	-	-	-	1,018,560 (Note 5)	1,018,560 (Note 5)
1	AIL	NMI Indonesia	Other receivables due from related parties	Y	132,767	114,208	114,208	2.50	Short-term financing	-	Operating capital	-	-	-	1,018,560 (Note 5)	1,018,560 (Note 5)
1	AIL	Acter Thailand	Other receivables due from related parties	Y	18,816	-	-	-	Short-term financing	-	Operating capital	-	-	-	40,742 (Note 5)	40,742 (Note 5)
2	Acter China	Shenzhen Dingmao	Other receivables due from related parties	Y	105,336	104,417	87,014	1.5	Short-term financing	-	Operating capital	-	-	-	596,276 (Note 5)	596,276 (Note 5)
2	Acter China	Sheng Huei Shenzhen	Other receivables due from related parties	Y	105,336	104,417	80,488	1.5	Short-term financing	-	Operating capital	-	-	-	596,276 (Note 5)	596,276 (Note 5)
2	Acter China	Acter Vietnam	Other receivables due from related parties	Y	88,401	87,629	29,210	1.00	Short-term financing	-	Operating capital	-	-	-	596,276 (Note 5)	596,276 (Note 5)
2	Acter China	Acter Thailand	Other receivables due from related parties	Y	29,467	29,210	29,210	1.00	Short-term financing	-	Operating capital	-	-	-	596,276 (Note 5)	596,276 (Note 5)

Note 1. The ending balance was the used credit line approved by the Board of Directors for the three months ended March 31, 2021.

Note 2. The limited amount and the total amount available for lending purpose shall not exceed 10% of the Company's net worth.

Note 3. The net worth was audited by a Certified Public Accountant.

Note 4. The total amounts available for loan to other parties shall not exceed 90% of the offshore subsidiaries' net worth. The total amount and maximum amount available loan to short term financing needs and loan to single party shall not exceed 40% of the foreign subsidiaries' net worth respectively; and the maximum amount to directly or indirectly wholly owned foreign subsidiaries for short term financing needs is not limited to 40% of the foreign subsidiaries' net worth; however, the total maximum amount for lending shall not exceed 90% of the net worth of each foreign subsidiary.

Note 5. Both the total amount and the maximum amount available for lending purpose and short-term financing needs, respectively, shall not exceed 40% of Acter China and its subsidiaries' net worth; and the maximum amount to directly or indirectly wholly owned subsidiaries outside Taiwan (must be within the scope of the consolidated financial statements of Acter China) for short-term financing needs is not limited to 40% of the net worth of each foreign subsidiary; however, the total amount and maximum amount for lending shall not exceed 1000% of the net worth of each foreign subsidiary.

Note 6. The transaction had been eliminated upon consolidation.

## (ii) Guarantees and endorsements for other parties

(In Thousands of Taiwan Dollars)

No	Endorsement/ Guarantee Provider	Guaranteed Party		Limited Amount for Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 13)										
0	The Company	Acter Vietnam	2	23,364,780 (Note3 and 4)	171,312	171,312	52,927	-	3.67	37,383,648 (Note3 and 4)	Y	N	N
0	The Company	Her Suo	2	23,364,780 (Note3 and 4)	187,438	184,813	184,813	-	3.95	37,383,648 (Note3 and 4)	Y	N	N
0	The Company	AIL	2	23,364,780 (Note3 and 4)	613,868	613,868	362,953	-	13.14	37,383,648 (Note3 and 4)	Y	N	N
0	The Company	Acter China, Sheng Huei Shenzhen and Shenzhen Dingmao	2	23,364,780 (Note3 and 4)	171,312	171,312	-	-	3.67	37,383,648 (Note3 and 4)	Y	N	Y
0	The Company	Acter China and Sheng Huei Shenzhen	2	23,364,780 (Note3 and 4)	171,171	104,417	13,643	-	2.23	37,383,648 (Note3 and 4)	Y	N	Y
0	The Company	Acter China	2	23,364,780 (Note3 and 4)	263,340	261,042	13,876	-	5.59	37,383,648 (Note3 and 4)	Y	N	Y
0	The Company	Enrich Tech	2	23,364,780 (Note3 and 4)	865,750	865,750	615,750	-	18.53	37,383,648 (Note3 and 4)	Y	N	N
1	Her Suo	Nova Tech	4	7,521,240 (Note6 and 8)	41,601	41,601	41,601	-	16.59	8,774,780 (Note6 and 8)	N	N	N
1	Her Suo	Chung Hsiang Engineering	5	7,521,240 (Note6 and 8)	348,000	348,000	348,000	-	138.81	8,774,780 (Note6 and 8)	N	N	N
1	Her Suo	The Company	3	7,521,240 (Note6 and 8)	78,000	78,000	78,000	-	31.11	8,774,780 (Note6 and 8)	N	Y	N

(In Thousands of Taiwan Dollars)

No	Endorsement/ Guarantee Provider	Guaranteed Party		Limited Amount for Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Guaranteed Party	Nature of Relationship (Note 14)										
2	Nova Tech	Winmax and Suzhou Winmax	2	4,233,144 (Note9)	691,268	532,961	181,093	-	25.18	6,349,716 (Note9)	N	N	Y
2	Nova Tech	Winmax	2	4,233,144 (Note9)	693,270	685,343	560,687	-	32.38	6,349,716 (Note9)	N	N	Y
2	Nova Tech	The Company	3	4,233,144 (Note9)	289,800	-	-	-	-	6,349,716 (Note9)	N	Y	N
2	Nova Tech	Sheng Huei Shenzhen	5	4,233,144 (Note9)	189,115	189,115	189,115	-	8.93	6,349,716 (Note9)	N	N	Y
3	Acter China	Acter Vietnam	2	8,944,140 (Note12)	985,721	977,119	977,119	-	65.55	11,925,520 (Note12)	N	N	N
3	Acter China	AIL	2	8,944,140 (Note12)	255,086	252,860	252,860	-	16.96	11,925,520 (Note12)	N	N	N
3	Acter China	Sheng Huei Shenzhen	2	8,944,140 (Note12)	131,670	130,521	-	-	8.76	11,925,520 (Note12)	N	N	Y
3	Acter China	Shenzhen Dingmao	2	8,944,140 (Note12)	555,045	523,991	418,035	-	35.15	11,925,520 (Note12)	N	N	Y
4	Shenzhen Sheng Huei	Acter China	3	3,734,100 (Note12)	140,834	139,605	139,605	-	56.08	4,480,920 (Note12)	N	N	Y
5	Winmax	Nova Tech	3	3,774,141 (Note10)	166,017	-	-	-	-	6,920,235 (Note10)	N	N	N
5	Winmax	Suzhou Winmax	4	3,774,141 (Note10)	87,780	87,014	-	-	6.92	6,920,235 (Note10)	N	N	Y
6	Shenzhen Dingmao	Acter China	3	1,369,560 (Note12)	43,890	43,507	43,507	-	47.65	1,643,472 (Note12)	N	N	Y
7	Enrich Tech	The Company	3	5,135,700 (Note6)	30,804	30,804	30,804	-	17.99	5,991,650 (Note6)	N	Y	N

- Note 1. Inter-industry mutual endorsement guarantee based on the needs of the contracted project is subject to contractual mutual endorsement guarantee. The total amount shall not exceed 5 times the company's net worth, and the amount of endorsement guarantee for a single company shall not exceed 3 times the company's net worth.
- Note 2. For non-group subsidiaries, in addition to contracting engineering guarantees, the limit of endorsement guarantees to a single company shall not exceed 10% of the company's net worth. If there is a business relationship, in addition to the above regulations, the limit of endorsement guarantees to a single company it shall not exceed the value of the purchase or sale of the goods within a year of the business between the two parties, and the total amount of accumulated external endorsements shall not exceed 20% of the company's net value.
- Note 3. For companies that directly or indirectly hold more than 50% of the voting shares, the total amount of endorsements and guarantees shall not exceed 8 times the company's net worth, and the amount of endorsements and guarantees for a single company shall not exceed the net worth of the company 5 times as a limit.
- Note 4. The company and its subsidiaries need mutual endorsement guarantee for non-group companies in accordance with the contractual provisions of the contracted projects, and the parent-subsidiary company or the company directly and indirectly hold 100% of the voting shares in the company's endorsement guarantee, the total guarantee amount shall not exceed the company's net worth is 8 times, and the amount of endorsement guarantee for a single enterprise is limited to not more than 5 times the net worth of the company.
- Note 5. Transactions of purchases or sales and net value of business refer to the most recent financial statement amount that has been certified or reviewed by an accountant.
- Note 6. The total amount of endorsement guarantee provided by Her Suo Company and Enrich Tech Company shall not exceed 35 times the net worth of the company; the amount of endorsement guarantee for a single enterprise shall not exceed 30 times the net worth of the company.
- Note 7. Net value refers to the most recent financial statement amount that has been certified or reviewed by an accountant.
- Note 8. In accordance with the first paragraph of Article 13 of the company's endorsement guarantee procedures, the endorsement guarantee object originally complied with but later did not meet the requirements, and the relevant endorsement guarantee amount was proposed to improve the relevant plan.
- Note 9. Nova Tech requires mutual endorsement guarantee between the peer in accordance with the contract provisions for the contracted project, and the total amount shall not exceed 3 times of the company's net worth, and the amount of endorsement guarantee for a single enterprise shall not exceed 2 times of the company's net worth; Except for contracting projects that require mutual endorsement guarantee between the peer in accordance with the provisions of the contract, the total accumulated external endorsement guarantee liability shall not exceed the limit of 3 times the company's net worth, and the limit of endorsement guarantees for a single enterprise shall not exceed the limit of 2 times the company's net worth; if there is business for those in a relationship, in addition to the above regulations, the limit of the endorsement guarantee for a single enterprise shall not exceed the actual purchase or sale amount that can be reasonably estimated by both parties in the last year or the next year, whichever is higher.

Note 10. The total amount of endorsement guarantee provided by Winmax shall not exceed 5 times the net value of the company; the amount of endorsement guarantee for a single enterprise shall not exceed 3 times the net worth of the company. For those engaged in endorsements due to business relationships, in addition to the aforementioned provisions, the amount of individual endorsements shall not exceed the amount of business transactions. The "business transaction amount" refers to the higher of the actual purchase or sale amount that can be reasonably estimated by the two parties in the last year or the next year.

Note 11. Suzhou Winmax endorses the parent company, the parent company directly and indirectly holds 100% of the voting shares, the total amount of endorsement guarantee shall not exceed 35 times the company's net worth; the endorsement guarantee amount for a single company shall not exceed the company's net worth 35 times. In addition to the foregoing, the total amount of external endorsements and guarantees of Suzhou Winmax shall not exceed 5 times the company's net worth; the amount of endorsements and guarantees for a single enterprise shall not exceed 3 times the net worth of the company.

Note 12. The total amount of external guarantees of China Acter shall not exceed 8 times of the company's most recent audited consolidated net worth; the amount of external guarantees for a single company shall not exceed 6 times of the company's most recent audited consolidated net worth; The total amount of external guarantees provided by its subsidiaries shall not exceed 18 times of the latest audited net assets of the subsidiary; the amount of external guarantees provided to a single enterprise shall not exceed 15 times of the latest audited net assets of the subsidiary. For those who engage in guarantees due to business relationships, in addition to the aforementioned provisions, the amount of individual guarantees shall not exceed the amount of business transactions. The amount of business transactions referred to refers to the higher of the purchase or sale amount between the two parties in the most recent year.

Note 13. The relationship between the endorsement guarantor and the endorsed guarantor is as follows:

1. Companies with business relationships.
2. A company where the company directly or indirectly holds more than 50% of the voting shares.
3. A company that directly or indirectly holds more than 50% of the voting rights of the company.
4. Between companies where the company directly or indirectly holds more than 90% of the voting shares.
5. Based on the needs of the contracting project, peer or co-builder by the people in accordance with the contractual guarantee.

## (iii) Securities fields held at the reporting date (excluding investment in subsidiaries and associates)

Unit: Thousand NTD Dollars / Thousand Stock

Name of holder	Category and name of security	Relationship with the company	Account code	Ending balance				Remark
				Shares/Units (in thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Allianz Global Investors All Seasons Harvest Fund of Bond Funds (Accumulated)	-	Current financial assets at fair value through profit or loss	799	10,632	-	10,632	
The Company	Nomura EMD & High Yield Bond Portfolio	-	Current financial assets at fair value through profit or loss	832	10,213	-	10,213	
The Company	FSITC US Top 100 Bond Fund (Accumulated)	-	Current financial assets at fair value through profit or loss	46	<u>13,729</u>		<u>13,729</u>	
					<u>34,574</u>		<u>34,574</u>	
The Company	Holy Stone Healthcare Co., Ltd.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	250	4,175	0.20	4,175	
The Company	Waste Recovery Technology Inc.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	1,560	<u>127,400</u>	9.77	<u>127,400</u>	
					<u>131,575</u>		<u>131,575</u>	
Nova Tech	Pine Bridge Preferred Securities Income fund USD A	-	Current financial assets at fair value through profit or loss	18	6,223	-	6,223	
Nova Tech	Chailease Holding Company Limited Class A Preferred Shares	-	Current financial assets at fair value through profit or loss	200	<u>20,000</u>		<u>20,000</u>	
					<u>26,223</u>		<u>26,223</u>	
Her Suo	UPAMC James Bond Money Market Fund	-	Current financial assets at fair value through profit or loss	1,484	25,013	-	25,013	
Her Suo	Taishin Ta-Chong Money Market Fund	-	Current financial assets at fair value through profit or loss	1,746	25,016	-	25,016	
Her Suo	FSITC Money Market Fund	-	Current financial assets at fair value through profit or loss	139	25,016	-	25,016	
Her Suo	Fuh Hwa Money Market	-	Current financial assets at fair value through profit or loss	688	10,004	-	10,004	
Her Suo	Mega Diamond Money Market Fund	-	Current financial assets at fair value through profit or loss	2,372	30,022	-	30,022	

Name of holder	Category and name of security	Relationship with the company	Account code	Ending balance				Remark
				Shares/Units (in thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Her Suo	Jih Sun Money Market Fund	-	Current financial assets at fair value through profit or loss	1,672	25,020	-	25,020	
Her Suo	Franklin Templeton Sinoam Money Market Fund	-	Current financial assets at fair value through profit or loss	2,397	25,018	-	25,018	
Her Suo	DFE DWS Taiwan Money Market	-	Current financial assets at fair value through profit or loss	2,120	25,017	-	25,017	
Her Suo	Yuanta De-Li Money Market Fund	-	Current financial assets at fair value through profit or loss	1,521	<u>25,014</u>	-	<u>25,014</u>	
					<u>215,140</u>		<u>215,140</u>	
Her Suo	Hsinchu Golf Country Club Co., Ltd.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	0.002	<u>2,246</u>	-	<u>2,246</u>	
SHI	JPMorgan Funds - Emerging Markets Debt Fund A (mth)- USD	-	Current financial assets at fair value through profit or loss	1	495	-	495	
SHI	Allianz Global Investors Fund – Allianz Global Multi-Asset Credit AT-USD	-	Current financial assets at fair value through profit or loss	45	14,380	-	14,380	
SHI	Citibank red arc term liquidity fund-185a3USD	-	Current financial assets at fair value through profit or loss	19	<u>57,185</u>	-	<u>57,185</u>	
					<u>72,060</u>		<u>72,060</u>	
AIL	JPMorgan Funds - US Aggregate Bond Fund A (moth) - USD	-	Current financial assets at fair value through profit or loss	3	<u>986</u>	-	<u>986</u>	
Winmega	Franklin Templeton Sinoam Money Market Fund.	-	Current financial assets at fair value through profit or loss	1,929	<u>20,130</u>	-	<u>20,130</u>	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of holder	Category and name of security	Account code	Name of counter-party	Nature of relationship	Beginning Balance		Purchases		Sales				Ending balance	
					Shares	Amount	Shares	Amount	Shared	Price	Cost	Gain(loss) on disposal	Shares	Amount
Nova Tech	Ordinary shares	Credit balance of investments accounted for using equity method	Rayzher industrial Co., Ltd	-	3,125	112,500	7,650	252,450	-	-	-	-	10,775	355,575

(v) Acquisition of individual real estate with amount exceeding \$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding \$300million or 20% of the capital stock : None

(vii) Related-party transaction for purchases and sales for which amounts exceeding \$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable(payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable(payable)	
Nova Tech	The Company	The parent company of Nova Tech	Sales	103,564	26%	Depend on individual contract	Depend on individual contract	No significant difference	-	-%	Note

Note: The transactions have been eliminated upon consolidation.

(viii) Receivables from related parties with amounts exceeding \$100 million or 20% of the capital stock:

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions

No (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	Nova Tech	The Company	2	Construction cost	103,564	Same with the third parties	2.9%

Note 1. Accounts which exceed 1% of the total assets from the balance sheets and total operating revenue from the statements of comprehensive income should be disclosed.

Note 2. The transactions have been eliminated upon consolidation.

Note 3. The number filled in as follows:

- 1) 0 represents the Company.
- 2) Subsidiaries are sorted in a numerical order starting from 1.

Note 4. Transactions labeled as follows:

- 1) 1 represents the transactions from parent company to subsidiaries.
- 2) 2 represents the transactions from subsidiaries to parent company.
- 3) 3 represents the transactions between subsidiaries.

## (b) Information on investees (excluding mainland invested companies):

The following is the information on investees for the three months ended March 31, 2021:

Unit: Thousand NTD Dollars / Thousand Stock

Name of investor	Name of investee	Location	Main business and product	Original investment amount		Balance as of March 31,2021			Net income of investee	Share of profits of investee	Note
				March 31,2021	December 31,2020	Share (Thousand)	Percentage of ownership	Carrying value			
The Company	Nova Tech	Hsinchu	Wholesale of electronic and design chemical supply system for semi-conductor industrial	141,364	141,364	21,098	62.19%	1,316,194	64,671	40,216	Note2
The Company	Her Suo	Hsinchu	Construction and set up of freezing equipment	60,000	60,000	10,000	100%	259,644	8,936	8,936	Note2
The Company	Enrich Tech	Taichung	Comprehensive construction company	68,841	68,841	5,694	56.94%	93,008	(14,434)	(8,509)	Note2
The Company	SHI	Samoa	Investment holding company	129,126	129,126	4,205	100%	1,896,691	81,869	81,869	Note2
Nova Tech	Winmega	Hsinchu	Wholesale of electronic and chemical engineering equipment	15,000	15,000	3,000	100%	88,801	5,931	5,931	Note2
Nova Tech	NTEC	Singapore	Chemical supply system business	24,179	24,179	1,000	100%	51,991	(2,414)	(2,414)	Note2
Nova Tech	Rayzher	Taoyuan	Piping engineering, installation cable and automatic control equipment, etc.	355,575	112,500	10,775	51.31	355,575	17,673	4,418	Note2 and Note3
SHI	New Point	Seychelles	Investment holding company and trading of equipment	6,110	6,110	200	100%	182,790	183	183	Note2
Acter China	AIL	Hong Kong	Investment holding company and trading of clean rooms and air conditioners	99,994	99,994	25,327	100%	101,130	(881)	(881)	Note2
Acter China	NTS	Singapore	Investment holding company	80,000	80,000	3,376	100%	82,451	3,042	3,042	Note2
NTS	NTM	Malaysia	Investment holding company	26,780	26,780	2,600	100%	2,988	(17)	(17)	Note2
NTS	NMI	Indonesia	Equipment trading and set-up	14,816	14,816	491	99%	53,911	(58)	(57)	Note2
NTS	Acter Thailand	Thailand	Set up of electronic protection systems and central air conditioners	14,428	14,428	147	49%	14,525	7,629	3,737	Note2
NTS	DJR	Thailand	Investment holding company	908	908	13	25%	913	-	-	
NTS	Daejin Road	Thailand	Investment holding company	1,371	1,371	13	25%	1,379	-	-	
AIL	NMI	Indonesia	Equipment trading and set-up	150	150	5	1%	545	(58)	(1)	Note2
AIL	Acter Vietnam	Vietnam	Set up of electronic protection systems and central air conditioners	48,238	48,238	Note1	100%	114,060	2,848	2,848	Note2

AIL	Space Acter Thailand	Thailand	Investment holding company and trading of equipment	7,308	7,308	74	49%	7,025	3,041	1,491	Note2
AIL	DJR	Thailand	Investment holding company	871	871	12	24%	871	-	-	
AIL	Daejin Road	Thailand	Investment holding company	1,371	1,371	12	24%	1,317	-	-	

Note 1: Limited company.

Note 2: Relevant transactions and ending balances have all been written off.

Note 3: The original investment amount at the end of March 31, 2021 is the sum of the re-measurement of the investment amount at December 31, 2020 \$103,125 thousand and \$252,450 thousand of investment gained in the current period

(c) Information on investment in Mainland China:

1. The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 11)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 8)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Winmax	Design and manufacture of air containers and liquid containers	151,426 (Note 1)	1	9,635	-	-	9,635	44,494	62.19%	27,671	782,380	621,053
Acter China	Construction and set-up of electronic equipment and air conditioners	284,355 (Note 2)	2	106,177	-	-	106,177	99,056	86.66%	85,845	1,291,877	154,384 (Note 4)
Shenzhen Dingmao	Electronic equipment and machinery trading	22,984	3	-	-	-	-	28,912	86.66%	25,056	119,685	-
Sheng Huei Shenzhen	Construction and set up of electronic equipment and air conditioners	172,877 (Note 3)	3	15,980	-	-	15,980	625	86.66%	542	215,499	55,876 (Note 4)
Suzhou Winmax	Design and manufacture of air containers and liquid containers	32,478	1	32,478	-	-	32,478	1,766	62.19%	1,098	130,701	-

2. Limitation on investment in Mainland China

<b>Accumulated Investment in Mainland China as of March 31,2021 (Note7)</b>	<b>Investment Amounts Authorized by investment Commission,MOEA (Note5 and 7)</b>	<b>Upper Limit on Investment (Note 6)</b>
193,372(USD6,238 thousand)	670,967(USD21,222 thousand)	2,803,774

Note 1: The total amount of capital included the capital increase incurred from retained earnings of USD4,590 thousand in 2007 and 2012.

Note 2: The total amount of capital included the capital increase incurred from retained earnings of USD4,537 thousand in 2006, 2007, 2010, 2011 and 2019.

Note 3: The total amount of capital included the capital increase incurred from retained earnings of USD4,830 thousand in 2009, 2010 and 2011.

Note 4: The amounts of cash dividends distributed to the Company and SHI were \$78,958 thousand (USD2,616 thousand) and CNY27,822 thousand, respectively.

Note 5: The accumulated investment in Mainland China included through Nova Tech amounting to \$183,904 thousand (USD5,890 thousand) was authorized by the Investment Commission. However, the remittance from Winmax to Nova Tech amounting to \$621,053 thousand (USD20,362 thousand) and the remittance from Acter China to the Company amounting to \$78,958 thousand (USD2,616 thousand) were not included in the accumulated investment amounts.

Note 6: According to the “Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China” issued by the Investment Commission on August 29, 2008, the maximum amount on investment in Mainland China shall not exceed 60% of the Company’s net worth.

Note 7: All foreign currency amounts were translated at the exchange rates and authorized by the Investment Commission.

Note 8: The amount of Acter China, Winmax and Suzhou Winmax was recognized based on the audited financial statements.

Note 9: GLOBAL Biotech had been liquidated in January 2018. However, the accumulated investment in Mainland China amounting to \$165 thousand (USD5 thousand) has yet to be remitted to the Company.

Note 10: SCEC Shanghai had been liquidated in October 2017. However, the accumulated investment in Mainland China amounting to \$22,827 thousand (USD783 thousand) has yet to be remitted to the Company.

Note 11: Fuyu had been liquidated in December 2020. However, the accumulated investment in Mainland China amounting to \$6,110 thousand (USD200 thousand) has yet to be remitted to the Company.

Note 12: Ways to invest in Mainland China:

- (1) Direct investment in Mainland China.
- (2) Indirect investment in Mainland China through a foreign company.
- (3) Investment in Mainland China through an existing company in Mainland China.

3. Significant transaction

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, were disclosed in “the Information on significant transactions” and “Business relationships and significant intercompany transactions”.

(d) Major shareholder information:

As of March 31, 2021, there were no shareholders holding more than 5% of the shares.

**(13) Segment information:**

The Group’s operating segment information and reconciliation are as follows:

<b>For the three months ended March 31, 2021</b>	<b>Taiwan</b>	<b>Mainland China</b>	<b>Other Asian</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
Revenue:					
Revenue from external customers	\$ 1,658,764	1,482,815	434,002	-	3,575,581
Intersegment revenues	<u>114,078</u>	<u>19,138</u>	<u>-</u>	<u>(133,216)</u>	<u>-</u>
Total revenue	<u>\$ 1,772,842</u>	<u>1,501,953</u>	<u>434,002</u>	<u>(133,216)</u>	<u>3,575,581</u>
<b>Reportable segment profit or loss</b>					<b><u>\$ 213,609</u></b>
<b>For the three months ended March 31, 2020</b>	<b>Taiwan</b>	<b>Mainland China</b>	<b>Other Asian</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
Revenue:					
Revenue from external customers	\$ 1,743,581	1,121,407	214,969	-	3,079,957
Intersegment revenues	<u>67,186</u>	<u>4,482</u>	<u>-</u>	<u>(71,668)</u>	<u>-</u>
Total revenue	<u>\$ 1,810,767</u>	<u>1,125,889</u>	<u>214,969</u>	<u>(71,668)</u>	<u>3,079,957</u>
<b>Reportable segment profit or loss</b>					<b><u>\$ 264,235</u></b>
<b>Reportable segment asset</b>	<b>Taiwan</b>	<b>Mainland China</b>	<b>Other Asian</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
March 31, 2021	<u>\$ 14,516,884</u>	<u>6,702,997</u>	<u>3,663,586</u>	<u>(8,331,635)</u>	<u>16,551,832</u>
December 31, 2020	<u>\$ 12,894,445</u>	<u>6,393,717</u>	<u>3,644,775</u>	<u>(7,814,342)</u>	<u>15,118,595</u>
March 31, 2020	<u>\$ 11,224,102</u>	<u>9,928,679</u>	<u>2,833,205</u>	<u>(12,282,485)</u>	<u>11,703,501</u>
<b>Reportable segment liability</b>					
March 31, 2021	<u>\$ 6,622,384</u>	<u>3,375,746</u>	<u>1,147,944</u>	<u>(641,064)</u>	<u>10,505,010</u>
December 31, 2020	<u>\$ 4,888,328</u>	<u>3,227,747</u>	<u>873,075</u>	<u>(169,035)</u>	<u>8,820,115</u>
March 31, 2020	<u>\$ 4,517,636</u>	<u>3,807,943</u>	<u>440,546</u>	<u>(2,038,407)</u>	<u>6,727,718</u>