

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report For the Quarter Ended September 30, 2021 and 2020

Address: 9F.-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City
Tel: (02)22689141

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

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Independent Auditors' Report

To: Gudeng Precision Industrial Co., Ltd.

Preface

The consolidated balance sheets of Gudeng Precision Industrial Co., Ltd. and its subsidiaries as of September 30, 2021 and 2020, the consolidated income statement from July 1 to September 30, 2021 and 2020, from January 1 to September 30, 2021 and 2020, and the consolidated statement of changes in equity, consolidated statement of cash flows, and the notes to the consolidated financial statements (including the summary of major accounting policies) from January 1 to September 30, 2021 and 2020, which have been reviewed by the accountants. It is the responsibility of the management to prepare fairly presented consolidated financial statements in accordance with the Financial Report Preparation Standards for Securities Issuers and the International Accounting Standard No. 34 "Interim Financial Reporting" approved and promulgated by the Financial Supervisory Commission. Our responsibility is to make a conclusion on the consolidated financial statements based on the review results.

Scope

Except as stated in the basic paragraph of the reserved conclusion, the audit was conducted in accordance with the Audit Standards Bulletin No. 65 "Review of Financial Statements". The procedures performed when reviewing the consolidated financial statements include inquiries (mainly inquiries to personnel in charge of financial and accounting affairs), analytical procedures and other review procedures. The scope of review is obviously smaller than the scope of audit. Therefore, the accountant may not be able to detect all the major matters that can be identified through audit, so it is impossible to express an audit opinion.

Basis of reserved conclusions

As stated in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the aforesaid consolidated financial statements for the same period have not been reviewed by the accountants. The total assets as of September 30, 2021 and 2020 were respectively NT\$311,267 thousand and NT\$266,632 thousand, accounting

for 3.65% and 4.51% of the total consolidated assets, respectively; the total liabilities were respectively NT\$77,205 thousand and NT\$51,950 thousand, accounting for 1.81% and 1.62% of the total consolidated liabilities, respectively; the total comprehensive profit and loss from July 1 to September 30, 2021 and 2020, and from January 1 to September 30, 2021 and 2020, were NT\$135 thousand, NT\$(1,852) thousand, NT\$29,387 thousand and NT\$6,577 thousand, respectively, accounting for 0.63%, (0.50)%, 40.17% and 1.28% of the total consolidated profit and loss, respectively. As stated in Note 13 of the consolidated financial statements, the investment by equity method were NT\$45,930 thousand and NT\$38,324 thousand as of September 30, 2021 and 2020, respectively, and the profits or losses of the affiliated companies recognized from July 1 to September 30, 2021 and 2020 and from January 1 to September 30, 2021 and 2020 were NT\$4,211 thousand, NT\$1,367 thousand, NT\$7,301 thousand and NT\$3,324 thousand, respectively, based on the investee companies financial reports during the same period which have not been reviewed by accountants.

Reserved conclusions

According to the review results of the accountants, except for the financial statements of some non-significant subsidiaries and investments using the equity method mentioned in the basic paragraph of the reserved conclusions, which may affect the consolidated financial statements, it has not been found that the above-mentioned consolidated financial statements have been prepared in all material aspects not in accordance with the Financial Report Preparation Standards for Securities Issuers and the International Accounting Standard No. 34 “Interim Financial Reporting” approved and promulgated by the Financial Supervisory Commission, which makes it impossible to present the consolidated financial position of Gudeng Precision Industrial Co., Ltd. and its subsidiaries as of September 30, 2021 and 2020, and the consolidated financial performance from July 1 to September 30, 2021 and 2020, and the consolidated financial performance and consolidated cash flow from January 1 to September 30, 2021 and 2020.

Deloitte & Touche

Certified Public Accountant Yi-Huei Lin

Certified Public Accountant Jian-Ming Zeng

Financial Supervisory Commission

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November 5, 2021

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

September 30, 2021 and December 31 and September 30, 2020

Unit: In Thousands of New Taiwan Dollars

Code	Assets	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 1,846,717	22	\$ 1,555,504	25	\$ 466,844	8
1110	Financial assets at fair value through profit or loss - current (Note 7)	33,072	-	10,991	-	11,320	-
1136	Financial assets at amortized cost - current (Note 9)	6,500	-	22,000	-	5,000	-
1150	Notes receivable from unrelated parties (Note 10)	864	-	471	-	717	-
1172	Trade receivables from unrelated parties (Note 10)	410,404	5	421,004	7	251,764	5
1200	Other receivables (Note 10 and 34)	3,687	-	5,841	-	464,988	8
1210	Other receivables from related parties (Note 10 and 37)	25	-	-	-	12	-
1220	Current tax assets (Note 4)	5	-	13	-	-	-
130X	Inventories (Note 11)	978,912	12	819,990	13	834,542	14
1410	Prepayments (Note 19 and 37)	104,324	1	93,843	2	132,573	2
1479	Other current assets (Note 20)	2,590	-	1,695	-	9,426	-
11XX	Total current assets	<u>3,387,100</u>	<u>40</u>	<u>2,931,352</u>	<u>47</u>	<u>2,177,186</u>	<u>37</u>
	Non-current assets						
1517	Purchase of financial assets at fair value through other comprehensive income - non-current (Note 8)	346,032	4	47,314	1	25,112	-
1535	Financial assets at amortized cost - non-current (Note 9)	2,542	-	2,542	-	2,542	-
1550	Investments accounted for using the equity method (Note 13)	45,930	1	40,412	1	38,324	1
1600	Property, plant and equipment (Note 14)	3,392,030	40	2,083,569	33	1,497,932	25
1755	Right-of-use assets (Note 15)	69,021	1	54,018	1	56,921	1
1760	Investment properties, net (Note 16)	602,097	7	639,833	10	642,085	11
1805	Goodwill (Note 17)	100,318	1	100,318	2	49,961	1
1821	Other intangible assets (Note 18)	108,318	1	106,235	2	17,694	-
1840	Deferred tax assets	53,006	1	51,405	1	44,469	1
1915	Prepayments for equipment (Note 39)	379,730	4	133,876	2	335,021	6
1920	Refundable deposits (Note 37)	32,075	-	32,324	-	33,357	-
1990	Other non-current assets - other (Note 20)	5,960	-	6,904	-	985,584	17
15XX	Total non-current assets	<u>5,137,059</u>	<u>60</u>	<u>3,298,750</u>	<u>53</u>	<u>3,729,002</u>	<u>63</u>
1XXX	Total assets	<u>\$ 8,524,159</u>	<u>100</u>	<u>\$ 6,230,102</u>	<u>100</u>	<u>\$ 5,906,188</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Note 21)	\$ 30,496	1	\$ 332,604	6	\$ 226,873	4
2150	Notes payable to unrelated parties (Note 23)	90	-	-	-	-	-
2170	Trade payables to unrelated parties (Note 23)	336,808	4	219,512	4	216,537	4
2180	Trade payables to related parties (Note 23 and 37)	29,690	-	3,886	-	13,173	-
2219	Other payables (Note 24)	275,105	3	445,303	7	216,838	4
2220	Other payables - related parties (Notes 24 and 37)	-	-	1,142	-	-	-
2230	Current income tax liabilities	19,184	-	137,113	2	133,142	2
2280	Lease liabilities - current (Note 15)	17,129	-	11,160	-	11,664	-
2131	Contract liabilities - current (Note 27 and 37)	502,090	6	312,532	5	346,824	6
2320	Current portion of Long-term borrowings (Note 21)	171,918	2	121,736	2	121,373	2
2399	Other current liabilities (Note 24)	3,700	-	2,711	-	10,066	-
21XX	Total current liabilities	<u>1,386,210</u>	<u>16</u>	<u>1,587,699</u>	<u>26</u>	<u>1,296,490</u>	<u>22</u>
	Non-current liabilities						
2530	Corporate Bonds payable (Note 22)	-	-	6,967	-	60,594	1
2540	Long-term borrowings (Note 21)	2,807,894	33	1,773,405	29	1,803,974	31
2570	Deferred tax liabilities	480	-	435	-	445	-
2580	Lease liabilities - non-current (Note 15)	31,698	1	21,689	-	24,624	-
2640	Net defined benefit liabilities (Note 4)	18,659	-	18,755	-	16,910	-
2645	Guarantee deposits (Note 37)	9,417	-	10,291	-	11,092	-
25XX	Total non-current liabilities	<u>2,868,148</u>	<u>34</u>	<u>1,831,542</u>	<u>29</u>	<u>1,917,639</u>	<u>32</u>
2XXX	Total liabilities	<u>4,254,358</u>	<u>50</u>	<u>3,419,241</u>	<u>55</u>	<u>3,214,129</u>	<u>54</u>
	Equity attributable to owners of the company (Note 26)						
	Share capital						
3110	Ordinary shares	840,922	10	760,586	12	756,867	13
3140	Share capital collected in advance	51	-	79,795	1	2,978	-
3100	Total share capital	<u>840,973</u>	<u>10</u>	<u>840,381</u>	<u>13</u>	<u>759,845</u>	<u>13</u>
3200	Capital surplus	<u>3,074,803</u>	<u>36</u>	<u>1,396,857</u>	<u>22</u>	<u>1,235,847</u>	<u>21</u>
	Retained earnings						
3310	Legal reserve	135,964	1	103,238	2	90,119	2
3320	Special reserve	21,076	-	34,374	1	28,246	-
3350	Unappropriated earnings	<u>222,266</u>	<u>3</u>	<u>400,850</u>	<u>6</u>	<u>563,882</u>	<u>10</u>
3300	Total retained earnings	<u>379,306</u>	<u>4</u>	<u>538,462</u>	<u>9</u>	<u>682,247</u>	<u>12</u>
3400	Other equity	(106,130)	(1)	(21,076)	-	(30,198)	(1)
3500	Treasury stock	(15,289)	-	(15,289)	-	(22,882)	-
31XX	Total equity attributable to owners of the company	<u>4,173,663</u>	<u>49</u>	<u>2,739,335</u>	<u>44</u>	<u>2,624,859</u>	<u>45</u>
36XX	Non-controlling interests (Note 26)	<u>96,138</u>	<u>1</u>	<u>71,526</u>	<u>1</u>	<u>67,200</u>	<u>1</u>
3XXX	Total equity	<u>4,269,801</u>	<u>50</u>	<u>2,810,861</u>	<u>45</u>	<u>2,692,059</u>	<u>46</u>
	Total liabilities and equity	<u>\$ 8,524,159</u>	<u>100</u>	<u>\$ 6,230,102</u>	<u>100</u>	<u>\$ 5,906,188</u>	<u>100</u>

The attached notes are part of this consolidated financial statements.
(Please refer to Deloitte & Touche's audit report on November 5, 2021.)

Chairman: Ming-Chian Chiou

Manager: Tian-Ruei Lin

Accounting Supervisor: Bo-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries
Consolidated statements of comprehensive income
From July 1 to September 30, 2021 and 2020, and from January 1 to September 30, 2021 and 2020

(Just reviewed, not audited in accordance with generally accepted auditing standards)

Unit: In Thousands of New Taiwan Dollars, Except Earnings Per Share in Dollars

Code		From July 1 to September 30, 2021		From July 1 to September 30, 2020		From January 1 to September 30, 2021		From January 1 to September 30, 2020	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Note 27)	\$ 675,047	100	\$ 557,988	100	\$ 1,924,390	100	\$ 1,788,216	100
5000	Operating costs (Note 11 and 37)	<u>437,978</u>	<u>65</u>	<u>400,959</u>	<u>72</u>	<u>1,250,990</u>	<u>65</u>	<u>1,173,146</u>	<u>66</u>
5900	Gross Profit	<u>237,069</u>	<u>35</u>	<u>157,029</u>	<u>28</u>	<u>673,400</u>	<u>35</u>	<u>615,070</u>	<u>34</u>
	Operating expenses (Note 37)								
6100	Selling and marketing expenses	27,890	4	38,307	7	81,414	4	86,704	5
6200	General and administrative expenses	104,847	16	149,453	27	313,159	16	318,565	17
6300	Research and development expenses	44,467	7	44,506	8	113,175	6	86,165	5
6450	Expected credit loss (profit) recognized on trade receivables	(<u>4,614</u>)	(<u>1</u>)	<u>203</u>	<u>-</u>	(<u>8,204</u>)	<u>-</u>	<u>1,245</u>	<u>-</u>
6000	Total operating expenses	<u>172,590</u>	<u>26</u>	<u>232,469</u>	<u>42</u>	<u>499,544</u>	<u>26</u>	<u>492,679</u>	<u>27</u>
6900	Net operating profit (loss)	<u>64,479</u>	<u>9</u>	(<u>75,440</u>)	(<u>14</u>)	<u>173,856</u>	<u>9</u>	<u>122,391</u>	<u>7</u>
	Non-operating income and expenses								
7100	Interest Income (Note 28)	133	-	55	-	706	-	427	-
7190	Other income (Note 28 and 37)	17,579	3	10,683	2	37,343	2	41,344	2
7020	Other gains and losses (Note 28)	(3,819)	(1)	531,644	95	(8,109)	-	504,512	28
7050	Finance costs (Note 28 and 37)	(5,431)	(1)	(7,916)	(1)	(13,976)	(1)	(27,558)	(1)
7060	Share of profit or loss from the associates, and joint ventures accounted for using the equity method	<u>4,211</u>	<u>1</u>	<u>1,367</u>	<u>-</u>	<u>7,301</u>	<u>-</u>	<u>3,324</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>12,673</u>	<u>2</u>	<u>535,833</u>	<u>96</u>	<u>23,265</u>	<u>1</u>	<u>522,049</u>	<u>29</u>
7900	Net income before tax	77,152	11	460,393	82	197,121	10	644,440	36
7950	Income tax expense (Note 4 and 29)	(<u>17,058</u>)	(<u>2</u>)	(<u>94,503</u>)	(<u>17</u>)	(<u>38,914</u>)	(<u>2</u>)	(<u>129,059</u>)	(<u>7</u>)
8200	Net profit for the period	<u>60,094</u>	<u>9</u>	<u>365,890</u>	<u>65</u>	<u>158,207</u>	<u>8</u>	<u>515,381</u>	<u>29</u>
	Other comprehensive income/(loss)								
8310	Items that will not be reclassified to profit or loss								
8316	Unrealized valuation gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(81,282)	(12)	-	-	(81,282)	(4)	-	-
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translating the financial statements of foreign operations	(<u>211</u>)	<u>-</u>	<u>4,177</u>	<u>1</u>	(<u>3,772</u>)	<u>-</u>	(<u>1,952</u>)	<u>-</u>
8300	Total other comprehensive profit and loss (net after tax) for the current period	(<u>81,493</u>)	(<u>12</u>)	<u>4,177</u>	<u>1</u>	(<u>85,054</u>)	(<u>4</u>)	(<u>1,952</u>)	<u>-</u>
8500	Total Comprehensive Profit and Loss for the Period	(<u>\$ 21,399</u>)	(<u>3</u>)	<u>\$ 370,067</u>	<u>66</u>	<u>\$ 73,153</u>	<u>4</u>	<u>\$ 513,429</u>	<u>29</u>
	Net income attributable to								
8610	Owners of the company	\$ 58,972	9	\$ 357,176	64	\$ 133,595	7	\$ 488,364	27
8620	Non-controlling interests	<u>1,122</u>	<u>-</u>	<u>8,714</u>	<u>2</u>	<u>24,612</u>	<u>1</u>	<u>27,017</u>	<u>2</u>
8600		<u>\$ 60,094</u>	<u>9</u>	<u>\$ 365,890</u>	<u>66</u>	<u>\$ 158,207</u>	<u>8</u>	<u>\$ 515,381</u>	<u>29</u>
	Total comprehensive income/(loss) attributable to:								
8710	Owners of the company	(\$ 22,521)	(3)	\$ 361,353	65	\$ 48,541	3	\$ 486,412	27
8720	Non-controlling interests	<u>1,122</u>	<u>-</u>	<u>8,714</u>	<u>1</u>	<u>24,612</u>	<u>1</u>	<u>27,017</u>	<u>2</u>
8700		(<u>\$ 21,399</u>)	(<u>3</u>)	<u>\$ 370,067</u>	<u>66</u>	<u>\$ 73,153</u>	<u>4</u>	<u>\$ 513,429</u>	<u>29</u>
	Earnings per share (Note 30)								
9750	Basic	<u>\$ 0.71</u>		<u>\$ 4.85</u>		<u>\$ 1.60</u>		<u>\$ 6.60</u>	
9850	Diluted	<u>\$ 0.70</u>		<u>\$ 4.82</u>		<u>\$ 1.60</u>		<u>\$ 6.51</u>	

The attached notes are part of this consolidated financial statements.
(Please refer to Deloitte & Touche's audit report on November 5, 2021.)

Chairman: Ming-Chian Chiou

Manager: Tian-Ruei Lin

Accounting Supervisor: Bo-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated statements of changes in equity From January 1 to September 30, 2021 and 2020

(Just reviewed, not audited in accordance with generally accepted auditing standards)

Unit: In Thousands of New Taiwan Dollars

		Attributable to owners of the company												
		Ordinary shares				Retained earnings			Other equity					
		Number of Shares	Share capital	Share capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized appraisal gains and losses of financial assets measured at fair value through other comprehensive gains and losses	Treasury stock	Total	Non-controlling interests	Total equity
A1	Balance on January 1, 2020	70,561	\$ 705,606	\$ 35,000	\$ 882,264	\$ 80,482	\$ 9,103	\$ 185,031	(\$ 20,658)	(\$ 7,588)	(\$ 22,882)	\$ 1,846,358	\$ 40,367	\$ 1,886,725
M7	Changes in percentage of ownership interests in subsidiaries (Note 32)	-	-	-	-	-	-	(6)	-	-	-	(6)	-	(6)
C7	Other changes in capital surplus: Changes in associates accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-
N1	The Company issues employee stock options	-	-	-	55,059	-	-	-	-	-	-	55,059	-	55,059
E1	Share capital collected in advance transferred to ordinary shares	3,500	35,000	(35,000)	89,869	-	-	-	-	-	-	89,869	-	89,869
I1	Conversion of convertible corporate bonds	1,626	16,261	2,978	208,655	-	-	-	-	-	-	227,894	-	227,894
	2019 appropriation of earnings													
B1	Appropriation of legal reserve	-	-	-	-	9,637	-	(9,637)	-	-	-	-	-	-
B3	Appropriation of special reserve	-	-	-	-	-	19,143	(19,143)	-	-	-	-	-	-
B5	Cash dividends distributed by the company	-	-	-	-	-	-	(80,727)	-	-	-	(80,727)	-	(80,727)
D1	Net profit from January 1 to September 30, 2020	-	-	-	-	-	-	488,364	-	-	-	488,364	27,017	515,381
D3	Other comprehensive gains and losses after tax from January 1 to September 30, 2020	-	-	-	-	-	-	-	(1,952)	-	-	(1,952)	-	(1,952)
D5	Total comprehensive gains and losses from January 1 to September 30, 2020	-	-	-	-	-	-	488,364	(1,952)	-	-	486,412	27,017	513,429
O1	Increase or decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(184)	(184)
Z1	Balance on September 30, 2020	<u>75,687</u>	<u>\$ 756,867</u>	<u>\$ 2,978</u>	<u>\$ 1,235,847</u>	<u>\$ 90,119</u>	<u>\$ 28,246</u>	<u>\$ 563,882</u>	<u>(\$ 22,610)</u>	<u>(\$ 7,588)</u>	<u>(\$ 22,882)</u>	<u>\$ 2,624,859</u>	<u>\$ 67,200</u>	<u>\$ 2,692,059</u>
A1	Balance on January 1, 2021	76,059	\$ 760,586	\$ 79,795	\$ 1,396,857	\$ 103,238	\$ 34,374	\$ 400,850	(\$ 16,990)	(\$ 4,086)	(\$ 15,289)	\$ 2,739,335	\$ 71,526	\$ 2,810,861
	2020 appropriation of earnings													
B1	Appropriation of legal reserve	-	-	-	-	32,726	-	(32,726)	-	-	-	-	-	-
B3	Appropriation of special reserve	-	-	-	-	-	(13,298)	13,298	-	-	-	-	-	-
B5	Cash dividends distributed by the company	-	-	-	-	-	-	(292,751)	-	-	-	(292,751)	-	(292,751)
E1	Share capital collected in advance transferred to ordinary shares	8,033	80,336	(80,336)	1,671,575	-	-	-	-	-	-	1,671,575	-	1,671,575
I1	Conversion of convertible corporate bonds	-	-	592	6,371	-	-	-	-	-	-	6,963	-	6,963
D1	Net profit from January 1 to September 30, 2021	-	-	-	-	-	-	133,595	-	-	-	133,595	24,612	158,207
D3	Other comprehensive gains and losses after tax from January 1 to September 30, 2021	-	-	-	-	-	-	-	(3,772)	(81,282)	-	(85,054)	-	(85,054)
D5	Total comprehensive gains and losses from January 1 to September 30, 2021	-	-	-	-	-	-	133,595	(3,772)	(81,282)	-	48,541	24,612	73,153
Z1	Balance on September 30, 2021	<u>84,092</u>	<u>\$ 840,922</u>	<u>\$ 51</u>	<u>\$ 3,074,803</u>	<u>\$ 135,964</u>	<u>\$ 21,076</u>	<u>\$ 222,266</u>	<u>(\$ 20,762)</u>	<u>(\$ 85,368)</u>	<u>(\$ 15,289)</u>	<u>\$ 4,173,663</u>	<u>\$ 96,138</u>	<u>\$ 4,269,801</u>

The attached notes are part of this consolidated financial statements.
(Please refer to Deloitte & Touche's audit report on November 5, 2021.)

Chairman: Ming-Chian Chiou

Manager: Tian-Ruei Lin

Accounting Supervisor: Bo-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated statements of cash flows

From January 1 to September 30, 2021 and 2020

(Just reviewed, not audited in accordance with generally accepted auditing standards)

Unit: In Thousands of New Taiwan Dollars

Code		From January 1 to September 30, 2021	From January 1 to September 30, 2020
	Cash flows from operating activities		
A10000	Net profit before tax for the period	\$ 197,121	\$ 644,440
A20010	Adjustments for		
A20100	Depreciation expenses	125,298	101,960
A20200	Amortization expenses	12,748	3,701
A20300	Expected credit loss recognized/(reversed) on trade receivables	(8,204)	1,245
A20400	Net loss on financial assets at fair value through profit or loss	4,355	303
A20900	Finance costs	13,976	27,558
A21200	Interest income	(706)	(427)
A21300	Dividend income	(465)	-
A21900	Compensation costs of share-based payment	-	55,059
A22300	Share of profit or loss from associates, and joint ventures recognized by equity method	(7,301)	(3,324)
A22500	(Gains) losses from disposal of real estate, plant and equipment	(657)	138,885
A22900	Gain on lease amendment	(21)	(660,628)
A23800	Write-downs of inventories for price loss and obsolescence	7,272	68,999
A29900	Income from odd lot transferred from corporate bonds	(1)	-
A30000	Net Changes in operating assets and liabilities		
A31130	Notes receivable	(393)	(447)
A31150	Trade receivables	18,837	22,203
A31180	Other receivables	2,129	(1,512)
A31200	Inventories	(171,628)	(180,135)
A31230	Prepayments	(10,481)	(22,560)
A31240	Other current assets	(895)	(1,340)
A32130	Notes payable	90	(5,423)
A32150	Trade payables	143,100	(25,634)
A32180	Other payables	(81,436)	(78,419)
A32200	Provisions	-	(45)

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Code		From January 1 to September 30, 2021	From January 1 to September 30, 2020
A32125	Contract liabilities	\$ 189,558	\$ 138,650
A32230	Other current liabilities	989	634
A32240	Net defined benefit liabilities	(96)	(1,019)
A33000	Cash generated from/(used in) operations	433,189	222,724
A33100	Interest received	706	427
A33200	Dividend received	465	-
A33300	Interest paid	(13,569)	(22,543)
A33500	Income tax paid	(158,391)	(33,480)
AAAA	Net cash inflow from operating activities	<u>262,400</u>	<u>167,128</u>
Cash flows from investing activities			
B00010	Purchase of financial assets at fair value through other comprehensive income	(380,000)	(6,600)
B00050	Proceeds from sale of financial assets at amortized cost	22,000	28,673
B00040	Purchase of financial assets at amortized cost	(6,500)	-
B00100	Purchase of financial assets at fair value through profit or loss	(37,768)	(19,211)
B00200	Proceeds from sale of financial assets at fair value through profit or loss	10,943	34,152
B01800	Acquisition of long-term equity investment accounted for using the equity method	-	(35,000)
B02700	Payments for property, plant and equipment	(1,267,268)	(511,953)
B02800	Proceeds from disposal of property, plant and equipment	3,471	9,021
B03700	Increase in refundable deposits	-	(10,761)
B03800	Decrease in refundable deposits	249	-
B04500	Payments for intangible assets	(14,831)	(11,315)
B06700	Decrease (increase) in other non-current assets	944	(756)
B07600	Dividend received from associates	1,783	-
B07100	Increase in prepayments for equipment	(337,358)	(322,466)
B09900	Reimbursement received of lease amendment	<u>-</u>	<u>197,719</u>
BBBB	Net cash outflow from investment activities	<u>(2,004,335)</u>	<u>(648,497)</u>
Cash flows from financing activities			
C00100	Proceeds from short-term borrowings	156,951	737,780
C00200	Repayments of short-term borrowings	(457,631)	(813,587)
C04600	Issuance of ordinary shares for cash	1,671,575	89,869
C01600	Proceeds from long-term borrowings	2,083,000	1,927,510
C01700	Repayments of long-term borrowings	(998,329)	(1,356,074)
C03100	Refund of guarantee deposits	(874)	(2,751)

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<u>Code</u>		<u>From January 1 to September 30, 2021</u>	<u>From January 1 to September 30, 2020</u>
C04020	Return on lease principal	(\$ 11,015)	(\$ 10,314)
C04500	Cash dividends distribution	(406,630)	(150,616)
C05800	Changes in Non-controlling interests	<u>-</u>	(<u>190</u>)
CCCC	Net cash inflow from financing activities	<u>2,037,047</u>	<u>421,627</u>
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	(<u>3,899</u>)	(<u>4,847</u>)
EEEE	Net increase (decrease) in cash and cash equivalents	291,213	(64,589)
E00100	Beginning balance of cash and cash equivalents	<u>1,555,504</u>	<u>531,433</u>
E00200	Ending balance of cash and cash equivalents	<u>\$ 1,846,717</u>	<u>\$ 466,844</u>

The attached notes are part of this consolidated financial statements.
(Please refer to Deloitte & Touche's audit report on November 5, 2021.)

Chairman: Ming-Chian Chiou

Manager: Tian-Ruei Lin

Accounting Supervisor: Bo-An Lai

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Notes to the consolidated financial statements

From January 1 to September 30, 2021 and 2020

(Just reviewed, not audited in accordance with generally accepted auditing standards)

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company Overview

Gudeng Precision Industrial Co., Ltd. (hereinafter "the Company") was a company limited by shares incorporated at New Taipei City in March 1998, and opened for business in March of the same year with primary business of trading and manufacturing of mould and mask package.

Shares of the Company were traded in the over-the-counter (OTC) market at Taipei Exchange (TPEX) in August 2011.

The consolidated financial statements of the Company are presented in the New Taiwan Dollars, the functional currency of the Company.

2. Date and Procedures of Authorization of Financial Statements

This consolidated financial report was issued after presentation to the Board of Directors on November 5, 2021.

3. Application of New and Amended Standards and Interpretations

- a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The first application of IFRSs approved by the FSC and took effect will not result in a material change in the accounting policies of the consolidated company.

- b. IFRSs approved by FSC for 2022

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
"Annual improvements of IFRSs for 2018-2020"	January 1, 2022 (Note 1)
Amendment to IFRS 3: "References to Conceptual Frameworks"	January 1, 2022 (Note 2)
Amendment to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendment to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: Amendment to IFRS 9 is effective to exchanges of a financial liability or modifications of terms incurred during the annual periods beginning on or

after January 1, 2022. Amendment to IAS 41 "Agriculture" is effective to fair value measurements for annual periods beginning on or after January 1, 2022. Amendment to IFRS 1 "First-time Adoption of IFRS" is retrospectively effective for annual periods beginning on or after January 1, 2022.

Note 2: This amendment shall be applied to business combinations for which the acquisition date is beginning on or after January 1, 2022.

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

Note 4: The amendment shall be applied to contracts for which the Group has not yet fulfilled all its obligations on or after January 1, 2022.

1) Annual improvement of IFRSs for 2018-2020

Several standards for amendment to the annual improvement of IFRSs for 2018-2020, where the amendments in IFRS 9 "Financial Instruments" is used to assess whether there is a material difference in the exchange or provision modification of financial liabilities, compare whether there is a 10% difference in the discounted cash flow of new and old provisions (including net fees paid for entering into new contracts or modification of contracts), and the foregoing fees shall only include the fees received and paid between the borrower and the lender.

2) Amendment to IFRS 3: "References to Conceptual Frameworks"

This amendment updates the references to the conceptual framework and adds the provisions that the acquirer shall apply IFRIC 21 "Levies" to determine whether there is an obligation to pay liabilities of levies on the acquisition date.

3) Amendment to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"

The amendment regulates that any sale proceeds from items generated from the property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management shall not be a deduction of the cost of that asset. The above mentioned items shall be measured in accordance with IAS 2 "Inventories," and any sale proceeds and costs are recognized in profit or loss in accordance with the applicable standards.

This amendment shall be applied to the property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021, and the consolidated company shall restate information of the comparative periods as the initial application of the amendment.

4) Amendment to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"

The amendment specifies that when assessing whether a contract is onerous or not, the “cost of fulfilling a contract” shall include the incremental costs of fulfilling that contract (e.g., direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (e.g., an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

While initially applying the amendment, the consolidated company will recognize the cumulative impacts as retained earnings at the date of the initial application of the amendment.

Besides the abovementioned effects, as of the date the accompanying consolidated financial statements were authorized for issue, the consolidated company continues in evaluating the impact on its financial position and financial performance as a result of the aforementioned standards or interpretations. The related impact will be disclosed when the evaluation has been completed.

c. IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Undefined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendment to IAS 12 "Deferred income tax related to assets and liabilities arising from a single transaction"	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the aforementioned New, Revised or Amended Standards and Interpretations are effective for annual periods beginning on or after their respective effective dates.

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

Note 3: This amendment shall be applied to changes in accounting policies and changes in accounting estimates that occur for annual periods beginning on or after January 1, 2023.

Note 4: This amendment applies to transactions occurring after January 1, 2022, except for the deferred tax recognition of temporary differences in lease and ex-service obligations as of January 1, 2022.

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendment provides that if the consolidated company sells or invests assets in associates (or joint ventures), or loses control of subsidiaries, but retains material influence (or joint control) over the subsidiary and if the above assets or former subsidiaries meet the definition of "business" in IFRS 3 "business combination," the consolidated company shall fully recognize the profit or loss arising from such transactions.

In addition, if the consolidated company sells or invests assets in associates (or joint venture), or loses control over a subsidiary in a transaction with associates (or joint venture), but retains material influence (or joint control) over the subsidiary and if the above assets or former subsidiary do not comply with the definition of "business" in IFRS 3, the consolidated company shall only recognize the profit or loss arising from such transactions within the scope of equity unrelated to the investors' interest in such associates (or joint ventures), namely, the profit or loss attributable to the Company's share shall be written off.

2) Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendment clarifies whether or not a liability to be classified as non-current, the consolidated company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability

for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the consolidated company will exercise that right. The amendment also clarifies that, if the right to defer settlement is subject to compliance with specified conditions, the consolidated company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

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

3) Amendment to IAS 1 "Disclosure of Accounting Policies"

The amendment provides that the consolidated company shall determine the material accounting policy information to be disclosed in accordance with the definition of material information. Accounting policy information is material if, when considered together with other information included in the consolidated company's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. This amendment also clarifies that:

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

Moreover, this amendment gives examples to explain that it is likely to consider accounting policy information significant to the financial statements if that information relates to significant transactions, other events or conditions and the accounting policy:

- a) Has changed during the period by the consolidated company, and this change results in a significant change on information of the financial statements
- b) Was chosen properly by the consolidated company from alternatives permitted by IFRS Standards
- c) Was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS Standard that specifically applies
- d) Relates to an area for which the consolidated company is required to make significant judgments and assumptions
- e) Relates to complex accounting practices, and users of the consolidated company's financial statements would otherwise not understand the relating significant transactions, other events or conditions

4) Amendment to IAS 8 "Definition of Accounting Estimates"

This amendment defines accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". The accounting policy may require items in financial statements to be measured at monetary amounts that cannot be observed directly and must instead be estimated. Therefore, an input or a measurement technique has to be used to develop an accounting estimate to achieve this goal. The changes are considered as changes in accounting estimates while the effects of changes in accounting estimates from changes in an input or a measurement technique do not belong to correction of prior period errors.

5) Amendment to IAS 12 "Deferred income tax related to assets and liabilities arising from a single transaction"

The amendment clarifies that the exemption provisions originally recognized in IAS 12 are not applicable to the transactions of taxable and deductible temporary differences of the same amount resulting at the time of original recognition. The consolidated company will recognize the

deferred income tax assets (where taxable income is likely to be used to deduct temporary differences) and deferred income tax liabilities for all deductible and taxable temporary differences related to the lease and decommissioning obligations on January 1, 2022, and recognize the cumulative impact as an adjustment to the initial balance of retained earnings on that date. The amendment is deferred for transactions other than lease and decommissioning obligations occurring after January 1, 2022.

Besides the abovementioned effects, as of the date the accompanying consolidated financial statements were authorized for issue, the consolidated company continues in evaluating the impact on its financial position and financial performance as a result of the aforementioned standards or interpretations. The related impact will be disclosed when the evaluation has been completed.

4. Summary of Significant Accounting Policies

a. Statement of Compliance

This consolidated financial report has been prepared in accordance with the Financial Report Preparation Standards for Securities Issuers and the International Accounting Standard No. 34 “Interim Financial Reporting” approved and promulgated by the Financial Supervisory Commission. This consolidated financial report does not contain all information disclosed by the IFRSs required by the entire annual financial report.

b. Basis of Preparation

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

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

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

indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (subsidiaries). The consolidated statement of comprehensive income has included the operating profit and loss of subsidiaries that are acquired or disposed of from the acquisition date or until the disposal date in the current period. Adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the consolidated company. When preparing the consolidated financial statements, all intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where the change in the consolidated company's ownership interest in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction. The carrying amounts of the consolidated company and non-controlling interests have been adjusted to reflect the changes in their relative interests in subsidiaries. The difference between the adjustment amount of non-controlling interests and the fair value of consideration paid or collected shall be directly recognized in equity attributable to the owners of the Company.

For details of subsidiaries, ratio of shareholding, and operations, Please refer to Note XII and Table VII & VIII.

d. Other major accounting policies

In addition to the following descriptions, please refer to the summary of significant accounting policies in the 2020 consolidated financial report.

1) Determine post-retirement benefits

The pension cost of the interim period is calculated based on the pension cost rate determined by actuarial calculations on the end of the previous year and calculated on the basis of the beginning of the year to the end of the current period, and is adjusted based on major market fluctuations in the current period, as well as major plan amendments, settlements, or other major one-time items.

2) Income tax

Income tax expenses is the sum of the current income tax and deferred income tax. Income tax for interim periods is assessed on an annual basis and is calculated on the basis of the tax rate applied to the projected annual gross earnings.

5. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

When the consolidated company adopts accounting policies, the management must make judgments, estimates and assumptions based on historical experience and other critical factors. Actual results might be different from estimates.

The consolidated company takes the recent development of the COVID-19 epidemic in Taiwan and its possible impact on the economic environment into consideration of relevant major accounting estimates such as cash flow estimation, growth rate, discount rate, profitability, etc., and the management will continue to review estimates and underlying assumptions. If the revision of the accounting estimate affects both the current period and the future period, it shall be recognized in the current revised period and the forthcoming period.

6. Cash and cash equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand and working capital	\$ 1,436	\$ 1,156	\$ 1,243
Bank checking and demand deposits	1,825,281	1,540,133	436,551
Cash equivalents (investments with original maturity date within 3 months)			
Bank time deposits	20,000	14,215	29,050
	<u>\$ 1,846,717</u>	<u>\$ 1,555,504</u>	<u>\$ 466,844</u>

7. Financial Instruments at Fair Value through Profit or Loss

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets - current</u>			
Mandatorily at fair value through profit or loss			
Non-derivative financial assets			
— Domestic non-publicly	\$ 24,462	\$ -	\$ -

traded shares			
Hybrid financial assets			
Structured deposits (I)	8,610	10,943	10,672
Held for trading			
Derivatives (not designated for hedging)			
- Conversion of options (Note 22)	-	48	648
	<u>\$ 33,072</u>	<u>\$ 10,991</u>	<u>\$ 11,320</u>

- a. Structured time deposit contracts entered into between the consolidated company and the banks for the years ended December 31, 2021 and 2020. The structured time deposits include an embedded derivative that is not closely related to the main contract. Because the main contract included in the hybrid contract is an asset within the scope of IFRS 9, the overall hybrid contract evaluation is mandatorily to be classified as measured at fair value through profit or loss.

8. Financial assets at fair value through other comprehensive income

Investments in equity instruments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Non-current</u>			
Domestic investment			
Publicly traded			
placement shares			
Symtek Automation			
Asia Co., Ltd.	\$ 298,718	\$ -	\$ -

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	September 30, 2021	December 31, 2020	September 30, 2020
Non-publicly traded shares			
NanoClean Materials Co., LTD.	\$ 3,565	\$ 3,565	\$ 5,460
MontJade Engineering Co., Ltd.	17,085	17,085	13,052
HIGHLAND APPLIED MATERIALS, INC.	4,278	4,278	1,600
Origin Precision Technology Co., Ltd.	3,378	3,378	5,000
Certain Micro Application Technology Inc.	<u>19,008</u>	<u>19,008</u>	<u>-</u>
	<u>\$ 346,032</u>	<u>\$ 47,314</u>	<u>\$ 25,112</u>

The consolidated company invests in domestic publicly and non-publicly traded ordinary shares under the medium and long-term strategy and expects to make profits through long-term investment. The management of the consolidated company considers that the short-term fair value of the investments will be included in the profit or loss and is not consistent with the long-term investment planning mentioned above, and therefore, the designation of such investments is not in line with the fair value of the investment in other comprehensive income.

The shares of Symtek Automation Asia Co., Ltd. held by the consolidated company are private ordinary shares subject to transfer restrictions pursuant to Article 43-8 of the Securities and Exchange Act.

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9. Financial assets at amortized cost

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Pledged deposits	\$ -	\$ -	\$ 5,000
Pledged certificate of deposit	6,500	2,000	-
Time deposits with an original maturity date more than 3 months	-	20,000	-
	<u>\$ 6,500</u>	<u>\$ 22,000</u>	<u>\$ 5,000</u>
<u>Non-current</u>			
Pledged deposits	<u>\$ 2,542</u>	<u>\$ 2,542</u>	<u>\$ 2,542</u>

Please refer to Note 38 for information on financial assets at amortized cost pledged as collateral.

10. Notes receivable, Trade receivables, Other receivables, and Collection

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 864	\$ 471	\$ 717
Less: Allowance for loss	-	-	-
	<u>\$ 864</u>	<u>\$ 471</u>	<u>\$ 717</u>

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	September 30, 2021	December 31, 2020	September 30, 2020
<u>Trade receivables</u>			
Measured at amortized cost			
Total carrying amount	\$ 412,472	\$ 422,927	\$ 253,844
Less: Allowance for loss	(<u>2,068</u>)	(<u>1,923</u>)	(<u>2,080</u>)
	<u>\$ 410,404</u>	<u>\$ 421,004</u>	<u>\$ 251,764</u>
<u>Other receivables</u>			
Other receivable - non-related parties			
Compensation receivable (Note 28)	\$ -	\$ -	\$ 462,000
Tax refunds of business tax receivable	-	1,334	-
Purchase discount receivable	-	2,749	-
Others	<u>3,687</u>	<u>1,758</u>	<u>2,988</u>
	<u>\$ 3,687</u>	<u>\$ 5,841</u>	<u>\$ 464,988</u>
Other receivable - related parties			
Others	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 12</u>
<u>Collection</u>			
Measured at amortized cost			
Total carrying amount	\$ 2,453	\$ 10,835	\$ 2,160
Less: Allowance for loss	(<u>2,453</u>)	(<u>10,835</u>)	(<u>2,160</u>)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Trade receivables

The average credit period of the consolidated company for commodity sales is 60 to 120 days. In assessing the recoverability of trade receivable, the consolidated company considers any change in the credit quality of the trade receivable from the original credit date to the balance sheet date. To mitigate the credit risk, the management of the consolidated company appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the consolidated company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Company believes that the consolidated company's credit risk is significantly reduced.

The consolidated company applies the simplified approach of IFRS 9 and recognizes allowance for uncollectible accounts for trade receivable as lifetime expected credit losses for the duration of contract. The lifetime expected credit loss is determined the provision matrix which refers to past default records and the current financial condition of the clients and industrial economic conditions. Due to the historical experience of credit losses of the consolidated company, there is no significant difference in the loss patterns of different client's groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of notes receivable and entry days of trade receivable.

The consolidated company directly reclassifies the collection when there is evidence indicating that the debtor is experiencing in severe financial difficulty and there is no realistic prospect of recovery by the consolidated company, such as the counterparty is under liquidation or the aging of the debts is over 365 days. The consolidated company continues to engage in enforcement activity, and the recovered amounts are written off the related collection.

The consolidated company's loss allowance for notes receivable and trade receivable based on the provision matrix were as follows:

Notes receivable

September 30, 2021

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 864
Allowance for losses (lifetime expected credit losses)	<u>-</u>
Costs after amortization	<u>\$ 864</u>

December 31, 2020

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 471
Allowance for losses (lifetime expected credit losses)	<u>-</u>
Costs after amortization	<u>\$ 471</u>

September 30, 2020

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 717
Allowance for losses (lifetime expected credit losses)	<u>-</u>
Costs after amortization	<u><u>\$ 717</u></u>

Trade receivables

September 30, 2021

	<u>1-90 days</u>	<u>91-180 days</u>	<u>181-270 days</u>	<u>271-365 days</u>	<u>Total</u>
Expected credit loss rate	0.3%	1.3%	8%	11%	-
Total carrying amount	\$ 369,895	\$ 37,205	\$ 2,718	\$ 2,654	\$ 412,472
Allowance for losses (lifetime expected credit losses)	(<u>1,063</u>)	(<u>494</u>)	(<u>218</u>)	(<u>293</u>)	(<u>2,068</u>)
Costs after amortization	<u><u>\$ 368,832</u></u>	<u><u>\$ 36,711</u></u>	<u><u>\$ 2,500</u></u>	<u><u>\$ 2,361</u></u>	<u><u>\$ 410,404</u></u>

December 31, 2020

	<u>1-90 days</u>	<u>91-180 days</u>	<u>181-270 days</u>	<u>271-365 days</u>	<u>Total</u>
Expected credit loss rate	0.4%	1.5%	4.6%	1.8%	-
Total carrying amount	\$ 403,669	\$ 16,917	\$ 1,719	\$ 622	\$ 422,927
Allowance for losses (lifetime expected credit losses)	(<u>1,583</u>)	(<u>250</u>)	(<u>79</u>)	(<u>11</u>)	(<u>1,923</u>)
Costs after amortization	<u><u>\$ 402,086</u></u>	<u><u>\$ 16,667</u></u>	<u><u>\$ 1,640</u></u>	<u><u>\$ 611</u></u>	<u><u>\$ 421,004</u></u>

September 30, 2020

	<u>1-90 days</u>	<u>91-180 days</u>	<u>181-270 days</u>	<u>271-365 days</u>	<u>Total</u>
Expected credit loss rate	0.2%-1.3%	1.3%-9.3%	9.3%-17.6%	17.6%-17.8%	-
Total carrying amount	\$ 234,841	\$ 10,664	\$ 1,515	\$ 6,824	\$ 253,844
Allowance for losses (lifetime expected credit losses)	(<u>583</u>)	(<u>140</u>)	(<u>141</u>)	(<u>1,216</u>)	(<u>2,080</u>)
Costs after amortization	<u><u>\$ 234,258</u></u>	<u><u>\$ 10,524</u></u>	<u><u>\$ 1,374</u></u>	<u><u>\$ 5,608</u></u>	<u><u>\$ 251,764</u></u>

The above is the aging analysis based on the date of entry.

Changes in loss allowance for trade receivable are as follows:

	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Beginning balance	\$ 1,923	\$ 1,768
Add: Provision for impairment loss in current period	148	1,245
Less: Outward transfer due to reclassification for the period	-	(934)
Foreign currency translation differences	(3)	1
Ending Balance	<u>\$ 2,068</u>	<u>\$ 2,080</u>

Changes in loss allowance for collection are as follows:

	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Beginning balance	\$ 10,835	\$ 3,116
Add: Transferred in due to reclassification for the period	-	934
Less: Actual write-off for the period	-	(1,896)
Reversed impairment loss for the period	(8,352)	-
Foreign currency translation differences	(30)	6
Ending Balance	<u>\$ 2,453</u>	<u>\$ 2,160</u>

11. Inventories

	September 30, 2021	December 31, 2020	September 30, 2020
Raw materials	\$ 160,442	\$ 113,348	\$ 109,161
Semi-finished products	145,141	116,967	123,273
Work in process	461,843	289,975	325,793
Finished products	145,995	88,202	80,599
Stock in hand	<u>65,491</u>	<u>211,498</u>	<u>195,716</u>
	<u>\$ 978,912</u>	<u>\$ 819,990</u>	<u>\$ 834,542</u>

Nature of cost of goods sold as below:

	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Cost of inventory sold	\$ 439,359	\$ 386,673	\$ 1,242,756	\$ 1,104,243
Loss of inventory impairment (recovery benefit)	(1,149)	14,299	7,272	68,999
Others	(232)	(13)	962	(96)
	<u>\$ 437,978</u>	<u>\$ 400,959</u>	<u>\$ 1,250,990</u>	<u>\$ 1,173,146</u>

Please refer to Note 38 for the amount of inventory pledged as collateral for loans.

12. Subsidiaries

Subsidiaries included in consolidated financial statements

The consolidated financial statements are presented as follows:

Name of investor company	Name of Subsidiary	Nature of business	Percentage of equity held			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
Gudeng Precision Industrial Co., Ltd. (hereinafter "the Company")	Gudeng Venture Capital Co., Ltd. (hereinafter "Gudeng Venture")	Venture capital and management consulting business	100%	100%	100%	-
	We Solutions (previously known as Wei Zhen) Technology Co., Ltd. (hereinafter "We Solutions")	Trading, repair, and maintenance of various precision instruments	100%	100%	100%	Note 1
	Gudeng Automation Corporation (hereinafter "Gudeng Automation")	Manufacture, trading, repair, and maintenance of various precision instruments	50.87%	50.87%	50.87%	Note 2
	Rich Point Global Corp. (hereinafter "Rich Point")	Engaged in various investment business	100%	100%	100%	Note 1
	Partner one Ltd.	Engaged in various investment business	-	-	-	Note 3
	Gudeng Inc.(USA)	Engaged in various electronic components business	-	-	-	Note 5

Name of investor company	Name of Subsidiary	Nature of business	Percentage of equity held			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
Gudeng Venture	Jia Shuo Construction (formerly: Daisho Giken), Inc. (hereinafter "Jia Shuo")	Industrial plant, residential and building development and leasing, real estate sales and leasing	100%	100%	100%	Note 1 and 7
Rich Point	Sun Park Development Limited (hereinafter "Sun Park")	Engaged in various investment business	100%	100%	100%	Note 1
	Gudeng Investment Co., Ltd. (hereinafter "Gudeng Investment")	Engaged in various investment business	100%	100%	100%	Note 1
Sun Park	Shanghai Gudeng Trading Co., Ltd. (hereinafter "Shanghai Gudeng")	Sales of plastic and electronic products	100%	100%	100%	Note 1
	Suzhou Kun Ju Trading Co., Ltd. (hereinafter "Suzhou Kun Ju")	Sales and maintenance of automobiles, trading of various alcohol and aluminum foil	100%	100%	100%	Note 1
Gudeng Investment	Suzhou City Wu Jiang Start-up Automobile Trading Co., Ltd. (hereinafter "Wu Jiang Start-up")	Sales and maintenance of automobiles	100%	100%	100%	-
Partner one Ltd.	Gudeng Investment (HK)	Engaged in various investment business	-	-	-	Note 3
Gudeng Investment (HK)	Welton Technology Co., Ltd. (hereinafter "Welton")	Engaged in manufacture of plastic products, electronic and communication equipment, electrical machinery and equipment	-	-	-	Note 4
Gudeng Automation	Showa Precision Co., Ltd. (hereinafter "Showa")	Manufacturing, sale, repair and maintenance of precision instruments	100%	100%	-	Note 6

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Note 1: Non-significant subsidiary, the financial statements of which have not been reviewed by accountants.

Note 2: The consolidated company failed to subscribe for the shares of Gudeng Automation in proportion to its shareholding on July 24, 2020. Please refer to Note 32.

Note 3: The company was registered in 2017 with no yet capital investment.

Note 4: Welton is currently in the pre-trial stage of name and has not yet established.

Note 5: The establishment and registration of subsidiaries approved by the Board of Directors in 2019 has not been completed.

Note 6: The acquisition of 100% equity interest in Showa was approved by the board of directors of Gudeng Automation on December 9, 2020. Please refer to Note 33.

Note 7: Daisho Giken changed its name to Jia Shuo Construction, Inc. on June 29, 2021.

13. Investments accounted for using the equity method

Investment in associates

	September 30, 2021	December 31, 2020	September 30, 2020
Significant associates			
Jinhui Technology Co., Ltd.	\$ 45,930	\$ 40,412	\$ 38,324

The related enterprises of significance are as follows:

	Ratio of equity held and voting right		
Name of Company	September 30, 2021	December 31, 2020	September 30, 2020
Jinhui Technology Co., Ltd.	35%	35%	35%

Please refer to Table VII "Names, Locations and Relevant Information of Investee Companies" for nature of business, primary business premises, and countries of company registration of the above mentioned associates.

Gudeng Venture, a subsidiary of the consolidated company, had been resolved by the Board of Directors on February 12, 2020 to participate in the cash capital increase of JIN HUI Technology Co., Ltd. for the year ended December 31, 2020 through acquiring 3,500 thousand ordinary shares of JIN HUI Technology Co., Ltd. by cash at \$10 per share with a shareholding of 35% and obtained significant influence over the company.

The profit and loss and other share of the consolidated profit and loss of the affiliated company and the consolidated company using the equity method are calculated on the basis of the financial report which has not been reviewed by other accountants.

14. Property, Plant and Equipment

	Self-owned Land	Buildings	Machinery equipment	Leasehold improvements	Other Equipment	Real property under construction	Total
Cost							
Balance on January 1, 2021	\$ 937,688	\$ 583,884	\$ 492,971	\$ 22,973	\$ 761,532	\$ -	\$ 2,799,048
Addition	1,035,687	32,611	75,921	1,400	103,510	41,718	1,290,847
Disposal	-	-	(192)	-	(7,898)	-	(8,090)
Reclassification	44,240	33,105	1,973	-	17,623	-	96,941
From investment properties	9,938	23,204	-	-	-	-	33,142
Net exchange differences	-	(1,451)	-	(9)	(362)	-	(1,822)
Balance on September 30, 2021	<u>\$ 2,027,553</u>	<u>\$ 671,353</u>	<u>\$ 570,673</u>	<u>\$ 24,364</u>	<u>\$ 874,405</u>	<u>\$ 41,718</u>	<u>\$ 4,210,066</u>
Accumulated depreciation and impairment							
Balance on January 1, 2021	\$ -	\$ 105,956	\$ 229,809	\$ 14,285	\$ 365,429	\$ -	\$ 715,479
Disposal	-	-	(187)	-	(5,089)	-	(5,276)
Depreciation expenses	-	12,284	34,637	2,063	58,244	-	107,228
From investment properties	-	1,820	-	-	-	-	1,820
Net exchange differences	-	(1,092)	-	(9)	(114)	-	(1,215)
Balance on September 30, 2021	<u>\$ -</u>	<u>\$ 118,968</u>	<u>\$ 264,259</u>	<u>\$ 16,339</u>	<u>\$ 418,470</u>	<u>\$ -</u>	<u>\$ 818,036</u>
Net Balance, September 30, 2021	<u>\$ 2,027,553</u>	<u>\$ 552,385</u>	<u>\$ 306,414</u>	<u>\$ 8,025</u>	<u>\$ 455,935</u>	<u>\$ 41,718</u>	<u>\$ 3,392,030</u>
Net amount as of December 31, 2020 and January 1, 2021	<u>\$ 937,688</u>	<u>\$ 477,928</u>	<u>\$ 263,162</u>	<u>\$ 8,688</u>	<u>\$ 396,103</u>	<u>\$ -</u>	<u>\$ 2,083,569</u>
Cost							
Balance on January 1, 2020	\$ 218,478	\$ 449,326	\$ 374,999	\$ 103,807	\$ 450,034	\$ -	\$ 1,596,644
Addition	129,341	86,251	27,451	3,894	265,016	-	511,953
Disposal	-	(144,587)	(35,428)	(82,227)	(43,693)	-	(305,935)
Reclassification	-	-	51,371	(2,938)	48,643	-	97,076
From investment properties	91,218	189,718	-	-	-	-	280,936
Net exchange differences	-	(729)	-	(4)	(221)	-	(954)
Balance on September 30, 2020	<u>\$ 439,037</u>	<u>\$ 579,979</u>	<u>\$ 418,393</u>	<u>\$ 22,532</u>	<u>\$ 719,779</u>	<u>\$ -</u>	<u>\$ 2,179,720</u>
Accumulated depreciation and impairment							
Balance on January 1, 2020	\$ -	\$ 118,750	\$ 214,851	\$ 70,389	\$ 343,380	\$ -	\$ 747,370
Disposal	-	(40,917)	(21,232)	(65,954)	(29,926)	-	(158,029)
Depreciation expenses	-	13,747	25,668	9,282	34,745	-	83,442
Reclassification	-	-	-	(124)	219	-	95
From investment properties	-	9,464	-	-	-	-	9,464
Net exchange differences	-	(480)	-	(6)	(68)	-	(554)
Balance on September 30, 2020	<u>\$ -</u>	<u>\$ 100,564</u>	<u>\$ 219,287</u>	<u>\$ 13,587</u>	<u>\$ 348,350</u>	<u>\$ -</u>	<u>\$ 681,788</u>
Net Balance, September 30, 2020	<u>\$ 439,037</u>	<u>\$ 479,415</u>	<u>\$ 199,106</u>	<u>\$ 8,945</u>	<u>\$ 371,429</u>	<u>\$ -</u>	<u>\$ 1,497,932</u>

Depreciation expenses are calculated by straight-light basis using the estimated useful lives as follows:

Buildings	6 to 51 years
Machinery equipment	4 to 16 years
Leasehold improvements	2 to 9 years
Other Assets	1 to 21 years

The consolidated company's significant components of the buildings includes main buildings of plants, improvement of main buildings, roads and walls, etc., and they are depreciated based on the estimated useful lives of 51 years, 21 years, and 20 years, respectively.

Please refer to Note 38 for the amount of property, plant and equipment pledged as collateral for loans.

15. Lease Agreements

a. Right-of-use assets

	September 30, 2021	December 31, 2020	September 30, 2020
Book value of right-of-use assets			
Land	\$ 20,979	\$ 21,835	\$ 21,462
Buildings	29,920	12,408	13,457
Transportation Equipment	<u>18,122</u>	<u>19,775</u>	<u>22,002</u>
	<u>\$ 69,021</u>	<u>\$ 54,018</u>	<u>\$ 56,921</u>
	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021
Additions of right-of-use assets	<u>\$ -</u>	<u>\$ 12,354</u>	<u>\$ 28,222</u>
	From January 1 to September 30, 2020		
Depreciation expense of right-of-use assets			
Land	\$ 166	\$ 1,065	\$ 502
Buildings	2,095	1,047	4,543
Transportation Equipment	<u>2,303</u>	<u>2,331</u>	<u>6,611</u>
	<u>\$ 4,564</u>	<u>\$ 4,443</u>	<u>\$ 11,656</u>

Except for the addition recognition of depreciation expenses set out above, there were no significant subleases and impairments of the right-of-use assets of the consolidated companies from January 1 to September 30, 2021 and 2020.

b. Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
Book value of lease liabilities			
Current	<u>\$ 17,129</u>	<u>\$ 11,160</u>	<u>\$ 11,664</u>
Non-current	<u>\$ 31,698</u>	<u>\$ 21,689</u>	<u>\$ 24,624</u>

Ranges of discount rates for lease liabilities are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Land	-%	-%	1.85%
Buildings	1.45%-1.63%	1.45%-2.5%	1.45%-2.5%
Transportation Equipment	1.5%-7.9%	1.85%-7.9%	2%-7.9%

c. Major lease activities and terms

The consolidated company leases several transportation equipment for operational use with lease terms of 2 to 3 years. At the end of the lease term, the consolidated company has the option to purchase the equipment for its nominal amount at that time.

The consolidated company has also leased certain land and buildings for plant use for a period of 5 to 20 years. Lease payments for land lease agreement situated in the Republic of China are subject to an annual rent adjustment based on announcement land price every two years. At the end of the lease terms, the consolidated company has no bargain purchase option over the leasehold land and buildings, and the consolidated company may not sublease or transfer all or part of the underlying lease without the lessor's consent.

d. Other lease information

Please refer to Note 16 for related explanation of investment properties by the consolidated company.

	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Short-term leases expenses	<u>\$ 3,158</u>	<u>\$ 3,772</u>	<u>\$ 9,721</u>	<u>\$ 11,777</u>
Total cash (outflow) for leases			<u>(\$ 21,362)</u>	<u>(\$ 23,516)</u>

All lease commitments with lease terms beginning after the balance sheet date are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Lease commitments	<u>\$ -</u>	<u>\$ 9,953</u>	<u>\$ -</u>

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16. Investment properties

	<u>Completed Investment Properties</u>
<u>Cost</u>	
Balance on January 1, 2021	\$ 678,168
Reclassified to Property, Plant and Equipment	(33,142)
Balance on September 30, 2021	<u>\$ 645,026</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2021	\$ 38,335
Reclassified to Property, Plant and Equipment	(1,820)
Depreciation expenses	<u>6,414</u>
Balance on September 30, 2021	<u>\$ 42,929</u>
Net Balance, September 30, 2021	<u>\$ 602,097</u>
	<u>Completed Investment Properties</u>
Net amount as of December 31, 2020 and January 1, 2021	<u>\$ 639,833</u>
<u>Cost</u>	
Balance on January 1, 2020	\$ 959,104
Reclassified to Property, Plant and Equipment	(280,936)
Balance on September 30, 2020	<u>\$ 678,168</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2020	\$ 38,791
Reclassified to Property, Plant and Equipment	(9,464)
Depreciation expenses	<u>6,756</u>
Balance on September 30, 2020	<u>\$ 36,083</u>
Net Balance, September 30, 2020	<u>\$ 642,085</u>

The total amount of lease payments to be collected in the future for investment property on operating lease for the years ended December 31, 2021 and 2020 is as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Year 1	\$ 33,322	\$ 33,750	\$ 35,518
Year 2	24,607	32,942	34,382
Year 3	<u>-</u>	<u>16,351</u>	<u>25,427</u>
	<u>\$ 57,929</u>	<u>\$ 83,043</u>	<u>\$ 95,327</u>

Depreciation expenses are calculated by straight-line basis using the estimated useful lives as follows:

Main buildings	51 years
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The investment property of the consolidated company is located at No. 19, Zilian Rd., Xinshi Dist., Tainan City, and the fair value cannot be reliably determined due to the scarcity of nearby buildings, which leads to less frequent comparable market transactions and reliable alternative estimates to replace the fair value.

The consolidated company held freehold interests in all of its investment properties. Please refer to Note 38 for the amount of investment property pledged as collateral for loans.

The consolidated company has no lease commitment commencing after the balance sheet date for the lease term.

17. Goodwill

Cost

Balance on January 1, 2021	<u>\$ 104,084</u>
Balance on September 30, 2021	<u>\$ 104,084</u>

Accumulative impairment

Balance on January 1, 2021	<u>(\$ 3,766)</u>
Balance on September 30, 2021	<u>(\$ 3,766)</u>

Net Balance, September 30, 2021	<u>\$ 100,318</u>
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Net amount as of December 31, 2020 and January 1, 2021	<u>\$ 100,318</u>
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Cost

Balance on January 1, 2020	<u>\$ 53,727</u>
Balance on September 30, 2020	<u>\$ 53,727</u>

Accumulative impairment

Balance on January 1, 2020	<u>(\$ 3,766)</u>
Balance on September 30, 2020	<u>(\$ 3,766)</u>

Net Balance, September 30, 2020	<u>\$ 49,961</u>
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18. Other Intangible Assets

	Patents	Cost of Computer software	Franchise	Golf membership card	Technique	Total
<u>Cost</u>						
Balance on January 1, 2021	\$ 97,425	\$ 32,451	\$ 44,494	\$ 8,763	\$ 5,900	\$ 189,033
Acquired separately	-	14,831	-	-	-	14,831
Net exchange differences	-	-	(732)	-	-	(732)
Balance on September 30, 2021	<u>\$ 97,425</u>	<u>\$ 47,282</u>	<u>\$ 43,762</u>	<u>\$ 8,763</u>	<u>\$ 5,900</u>	<u>\$ 203,132</u>
<u>Accumulated amortization and impairment</u>						
Balance on January 1, 2021	\$ 14,138	\$ 24,166	\$ 44,494	\$ -	\$ -	\$ 82,798
Amortization expenses	6,247	5,869	-	-	632	12,748
Net exchange differences	-	-	(732)	-	-	(732)
Balance on September 30, 2021	<u>\$ 20,385</u>	<u>\$ 30,035</u>	<u>\$ 43,762</u>	<u>\$ -</u>	<u>\$ 632</u>	<u>\$ 94,814</u>
Net Balance, September 30, 2021	<u>\$ 77,040</u>	<u>\$ 17,247</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 5,268</u>	<u>\$ 108,318</u>
Net amount as of December 31, 2020 and January 1, 2021	<u>\$ 83,287</u>	<u>\$ 8,285</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 5,900</u>	<u>\$ 106,235</u>

	Patents	Cost of Computer software	Franchise	Golf membership card	Technique	Total
<u>Cost</u>						
Balance on January 1, 2020	\$ 12,750	\$ 29,243	\$ 43,762	\$ -	\$ -	\$ 85,755
Acquired separately	-	2,552	-	8,763	-	11,315
Net exchange differences	-	-	(366)	-	-	(366)
Balance on September 30, 2020	<u>\$ 12,750</u>	<u>\$ 31,795</u>	<u>\$ 43,396</u>	<u>\$ 8,763</u>	<u>\$ -</u>	<u>\$ 96,704</u>
<u>Accumulated amortization and impairment</u>						
Balance on January 1, 2020	\$ 10,625	\$ 21,288	\$ 43,762	\$ -	\$ -	\$ 75,675
Amortization expenses	1,594	2,107	-	-	-	3,701
Net exchange differences	-	-	(366)	-	-	(366)
Balance on September 30, 2020	<u>\$ 12,219</u>	<u>\$ 23,395</u>	<u>\$ 43,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,010</u>
Net Balance, September 30, 2020	<u>\$ 531</u>	<u>\$ 8,400</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ -</u>	<u>\$ 17,694</u>

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The franchise represents the franchise of operation granting to Wu Jiang Start-up to sell Shanghai Volkswagen in Suzhou City.

Golf membership card of the consolidated company is a right of use and the management of the consolidated company considers that the consolidated company has the intention and ability to extend the useful life continuously, hence it is an intangible asset with indefinite useful life, and is tested for impairment annually whether or not there is any indication of impairment. Security deposit of golf membership amounted to \$12,000 thousand and recognized as refundable deposits.

Amortization expenses are calculated by straight-light basis using the estimated useful lives as follows:

Cost of Computer	
software	3 to 10 years
Franchise	3 years and a half year
Patents	6 years
Technique	7 years

Amortization expenses summarized by function:

	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Operating costs	\$ 1,816	\$ 91	\$ 4,333	\$ 272
Selling and marketing expenses	-	669	-	2,039
General and administrative expenses	640	476	1,704	1,379
Research expenses	2,237	11	6,711	11
	<u>\$ 4,693</u>	<u>\$ 1,247</u>	<u>\$ 12,748</u>	<u>\$ 3,701</u>

19. Prepayments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Advance payment	\$ 70,668	\$ 59,381	\$ 70,237
Prepaid rent	1,325	1,380	1,601
Tax overpaid retained for offsetting the future tax payable	11,871	17,029	26,486
Prepaid insurance fee	842	431	891
Other prepayments	19,618	15,622	33,358
	<u>\$ 104,324</u>	<u>\$ 93,843</u>	<u>\$ 132,573</u>

20. Other Assets

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Other current assets			
Temporary payments	\$ 2,484	\$ 1,575	\$ 1,746
Advances to employees	106	120	351
Payment on behalf of others	-	-	7,329
	<u>\$ 2,590</u>	<u>\$ 1,695</u>	<u>\$ 9,426</u>
<u>Non-current</u>			
Other non-current assets			
Counter-guarantee deposit (I)	\$ -	\$ -	\$ 978,870
Others	5,960	6,904	6,714
	<u>\$ 5,960</u>	<u>\$ 6,904</u>	<u>\$ 985,584</u>

- a. Please refer to Note 38 and 39 for information on counter-guarantee deposit.

21. Borrowings

- a. Short-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Secured loans</u> (Note 38)			
- Other loans (1)	\$ 30,496	\$ 132,604	\$ 116,873
- Bank loans (2)	-	150,000	110,000
<u>Unsecured loans</u>			
- Line of credit loans (2)	-	50,000	-
	<u>\$ 30,496</u>	<u>\$ 332,604</u>	<u>\$ 226,873</u>

- Other borrowings were borrowed by Wujiang Xinchuang from SAIC Finance at fixed interest rates of 6.16%, 6.16%-6.50% and 6.16%-6.50%, respectively on September 30, 2021, December 31 and September 30, 2020.
- The interest rates of revolving bank loan were 1.3%-1.5% on December 31 and September 30, 2020.

b. Long-term Borrowings

The consolidated company's borrowings include:

	Maturity Date	Material terms and conditions	Effective interest rate	September 30, 2021	December 31, 2020	September 30, 2020
<u>Secured loans</u>						
Secured bank loans in New Taiwan Dollars of Taiwan Cooperative Bank	2022.4.5	The borrowing period was from April 5, 2017 to April 5, 2022 with principal due upon maturity.	1.70	\$ 25,000	\$ 25,000	\$ 25,000
Secured bank loans in New Taiwan Dollars of First Bank	2039.8.6	The borrowing period was from August 6, 2019 to August 6, 2039 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.60	40,461	41,934	42,422
Secured bank loans in New Taiwan Dollars of Chang Hwa Bank	2027.3.31	The borrowing period was from March 31, 2020 to March 31, 2027 with principal and interests evenly split into a total of 84 installments. It was fully repaid in advance in January 2021.	1.25	-	163,396	169,670
Secured bank loans in New Taiwan Dollars of Chang Hwa Bank	2040.3.31	The loan period is from March 31, 2020 to March 31, 2040, with a grace period of 36 installments, which is amortized into 216 installments starting from March 31, 2023, with monthly principal and interest amortized evenly.	1.15	712,861	872,000	872,000
Secured bank loans in New Taiwan Dollars of Bank of Panhsin	2035.2.21	The borrowing period was from February 21, 2020 to February 21, 2035 with principal and interests evenly split into a total of 180 installments, and with fixed annuities.	1.49	47,023	49,361	50,132
Secured bank loans in New Taiwan Dollars of Taiwan Business Bank	2027.3.11	The borrowing period was from March 11, 2020 to March 11, 2027 with principal and interests evenly split into a total of 84 installments. It was fully repaid in advance in January 2021.	1.30	-	159,900	162,600
Secured bank loans in New Taiwan Dollars of First Bank	2027.6.1	The borrowing period was from June 1, 2020 to June 1, 2027 with principal and interests evenly split and paid monthly, and interests calculated monthly. It was fully repaid in advance in January 2021.	1.50	-	28,892	29,948
Secured bank loans in New Taiwan Dollars of First Bank	2027.6.5	The borrowing period was from June 5, 2020 to June 5, 2027 with principal and interests evenly split and paid monthly, and interests calculated monthly. It was fully repaid in advance in January 2021.	1.50	-	3,728	3,864
Secured bank deposits in New Taiwan Dollars of Chang Hwa Bank	2027.4.9	The borrowing period was from April 9, 2020 to April 9, 2027 with principal and interests evenly split and paid monthly, and interests calculated monthly. It was fully repaid in advance in January 2021.	1.25	-	295,258	306,440
Secured bank loans in New Taiwan Dollars of First Bank	2027.6.5	The borrowing period was from June 5, 2020 to June 5, 2027 with principal and interests evenly split into a total of 84 installments, and interests calculated monthly. It was fully repaid in advance in January 2021.	1.65	-	24,241	25,122
Secured bank loans in New Taiwan Dollars of Taiwan Business Bank	2040.8.21	The borrowing period was from August 21, 2020 to August 21, 2040 with grace period of 3 years, evenly split on a monthly basis after the grace period, and interests calculated monthly. It was fully repaid in advance in January 2021.	1.25	-	120,000	120,000
Secured bank loans in New Taiwan Dollars of Taiwan Cooperative Bank	2041.3.2	The grace period was from March 2, 2021 to March 2, 2024 with interests paid monthly by the amount of the loans during this period, and principal and interests evenly split into a total of 204 installments from March 2, 2024.	1.25	389,000	-	-
Secured bank loans in New Taiwan Dollars of Bank of Panhsin	2041.4.6	The loan period is from April 6, 2021 to April 6, 2041, which is amortized into 240 installments starting from May 6, 2021, with monthly principal and interest amortized evenly.	1.35	61,856	-	-
Secured bank loans in New Taiwan Dollars of Chang Hwa Bank	2028.7.16	The borrowing period was from July 16, 2021 to July 16, 2028 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.25	586,316	-	-
Secured bank loans in New Taiwan Dollars of First Bank	2028.7.16	The borrowing period was from July 16, 2021 to July 16, 2028 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.20	34,200	-	-
Secured bank loans in New Taiwan Dollars of Taiwan Business Bank	2041.6.25	The grace period was from June 25, 2021 to June 25, 2026 with interests paid monthly by the amount of the loans during this period, and principal and interests evenly split into a total of 180 installments from July 25, 2026.	1.15	728,000	-	-
Secured bank loans in New Taiwan Dollars of Taiwan Business Bank	2028.7.16	The borrowing period was from July 16, 2021 to July 16, 2028 with principal and interests evenly split and paid monthly, and interests calculated monthly.	1.25	164,000	-	-
<u>Line of credit loans</u>						
Line of credit loans in New Taiwan Dollars of Chang Hwa Bank	2025.3.31	The borrowing period was from April 1, 2020 to March 31, 2025 with principal and interests evenly split into a total of 60 installments, and interests calculated monthly.	1.30	54,287	65,306	68,942

Line of credit loans in New Taiwan Dollars of Chang Hwa Bank	2025.3.31	The borrowing period was from May 15, 2020 to March 31, 2025 with principal and interests evenly split into a total of 59 installments, and interests calculated monthly.	1.30	27,582	33,181	35,028
Line of credit loans in New Taiwan Dollars of Taiwan Cooperative Bank	2023.7.15	The borrowing period was from July 15, 2020 to July 15, 2023 with principal and interests evenly split into a total of 36 installments, and interests calculated monthly.	1.85	9,226	12,944	14,179
Line of credit loans in New Taiwan Dollars of First Bank	2023.2.3	The borrowing period was from August 5, 2021 to February 3, 2023 with monthly interest and principal due upon maturity.	1.25	<u>100,000</u>	<u>-</u>	<u>-</u>
				2,979,812	1,895,141	1,925,347
Less: Current portion matured in 1 year				(<u>171,918</u>)	(<u>121,736</u>)	(<u>121,373</u>)
Long-term Borrowings				<u>\$ 2,807,894</u>	<u>\$ 1,773,405</u>	<u>\$ 1,803,974</u>

Please refer to Note 38 for the collateral of the above bank loans.

22. Corporate Bonds Payable

	September 30, 2021	December 31, 2020	September 30, 2020
Domestic secured convertible bonds	\$ -	\$ 6,967	\$ 60,594
Less: Current portion matured in 1 year	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 6,967</u>	<u>\$ 60,594</u>

Domestic secured convertible bonds

On November 21, 2019, the consolidated company issued 3,000 units with 3-year issuance periods of NTD denominated secured convertible corporate bonds at a coupon rate of 0% with a principal amounted to \$300,000 thousand.

Holders of corporate bonds of each unit are entitled to convert into the ordinary shares of the consolidated company at \$125 per share. After such conversion price is determined, if there is an increase in the ordinary shares in issue, the conversion price adjustment formula shall be adjusted. On September 24, 2019, the Board of Directors of the consolidated company resolved to issue 3,000 thousand new shares with a par value of \$10 per share for the cash capital increase, with the base date of the capital increase of November 26, 2019, and the conversion price of the consolidated corporate bonds was adjusted to \$124 per share beginning in the record date of that capital increase. The conversion price of the Consolidated Corporate Bonds was adjusted to \$123.3 as per the Adjustment Method on March 18, 2020. The conversion price of the consolidated corporate bonds was adjusted to \$122.8 as per the adjustment formula on August 28, 2020. The conversion price of the Consolidated Corporate Bonds was adjusted to \$121.3 as per the Adjustment Method on January 25, 2021. The conversion price of the

Consolidated Corporate Bonds was adjusted to \$120.7 as per the Adjustment Method on March 17, 2021. The conversion price of the Consolidated Corporate Bonds was adjusted to \$119.1 as per the Adjustment Method on July 12, 2021. The conversion period was from February 22, 2020 to November 21, 2022. The corporate bonds not converted during the period will be redeemed in cash at par value on November 21, 2022.

From the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, if the closing price of the consolidated company's ordinary shares exceeds 30% of the current conversion price for 30 consecutive business days, the consolidated company may, within 30 business days, delivery a “Notice to call back bonds” due in 30 days through registered mails, and call back all the corporate bonds by cash at par value by the end of that period; from the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, if the outstanding balance of the convertible corporate bonds is less than 10% of total initial issue amount, the consolidated company may, at any time after that time, delivery a “Notice to call back bonds” due in 30 days through registered mails, and call back all the corporate bonds by cash at par value by the end of that period.

On July 13, 2021, the consolidated company exercised the right to recover the bonds in accordance with the issuance and conversion measures, and the base date for recovering the convertible bonds was set at September 1, 2021, which have been fully converted by September 30, 2021.

This convertible corporate bonds comprise a liability and equity component, and the equity component is presented under equity as capital surplus – share option. The equity component is initially recognized at the effective interest rate of 1.76%.

The contents of the conversion which was fully converted by the consolidated company per the requests of the bond holders as of September 30, 2021 are as follows:

	<u>From January 1 to September 30, 2021</u>
Total amount of requested conversion of bonds	\$ 7,200
Less: Shares capital of ordinary shares issued at the conversion price of the above mentioned convertible bonds in accordance with issuance regulations.	(<u>592</u>)
premium on conversion	6,608
Add: capital surplus – share option	109
Less: Discount on corporate bonds payable	(222)
Financial assets at fair value through profit or loss	(14)
Odd lot transferred into other revenue	(<u>1</u>)
Ordinary shares Issued and partially transferred to capital surplus - premium on conversion of corporate bonds	<u>\$ 6,480</u>

Movements of the master contracts of debt from the issuance date to September 30, 2021 are as follows:

	<u>Amount</u>
Issue proceeds on November 21, 2019 (less transaction costs of \$ 4,411 thousand)	\$ 295,589
Equity components (less transaction cost allocated to equity of \$171)	(11,469)
Derivatives components - redemption rights	<u>570</u>
Liability components on issuance date (Derivatives components - redemption rights)	284,690
Interests calculated at the effective interest rate of 1.76%	4,255
Ordinary shares converted from corporate bonds payable	(<u>228,351</u>)
Liability components on September 30, 2020	<u>\$ 60,594</u>
Liability components on January 1, 2021	\$ 6,967
Interests calculated at the effective interest rate of 1.76%	11
Ordinary shares converted from corporate bonds payable	(<u>6,978</u>)
Liability components on September 30, 2021	<u>\$ -</u>

23. Note Payables and Trade Payables

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Notes payable</u>			
Arising from operations - unrelated parties	\$ <u>90</u>	\$ <u>-</u>	\$ <u>-</u>
<u>Trade payables</u>			
Arising from operations - unrelated parties	\$ <u>336,808</u>	\$ <u>219,512</u>	\$ <u>216,537</u>
Arising from operations - related parties (Note 37)	\$ <u>29,690</u>	\$ <u>3,886</u>	\$ <u>13,173</u>

The average credit periods of parts of Commodities purchased by the consolidated company are 1 - 3 months, and interests are not added to the trade payables. The consolidated company has financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

24. Other Liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Other payables			
Equipment payment payable	\$ 44,390	\$ 20,811	\$ 2,826
Salaries and bonuses payable	73,669	69,740	51,257
Employee compensation payable	16,646	40,048	40,897
Directors and supervisors remuneration payable	6,950	20,841	18,171
Vacation leave payment payable	13,541	12,556	12,638
Interest payable	1,286	890	1,722
Dividends payable	-	113,879	-
Others	<u>118,623</u>	<u>166,538</u>	<u>89,327</u>
	<u>\$ 275,105</u>	<u>\$ 445,303</u>	<u>\$ 216,838</u>
Other payable - related parties (Notes 37)	\$ <u>-</u>	\$ <u>1,142</u>	\$ <u>-</u>
Other Liabilities			
Temporary received	\$ 531	\$ 246	\$ 315
Received on behalf of others for others	2,716	2,465	9,751
Others	<u>453</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,700</u>	<u>\$ 2,711</u>	<u>\$ 10,066</u>

25. Benefits after retirement

The pension expenses related to the definite benefit plan recognized from July 1 to September 30, 2021 and 2020 and from January 1 to September 30, 2021 and 2020 are calculated based on the pension cost rate determined by the actuarial calculation, the amounts are NT\$14 thousand, NT\$32 thousand, NT\$41 thousand and NT\$95 thousand, respectively.

26. Equity

a. Ordinary shares

	September 30, 2021	December 31, 2020	September 30, 2020
Nominal shares (in Thousand Shares)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Nominal share capital	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and payments received in full (thousand shares)	<u>84,092</u>	<u>76,059</u>	<u>75,687</u>
Share capital issued	<u>\$ 840,922</u>	<u>\$ 760,586</u>	<u>\$ 756,867</u>
Share capital collected in advance	<u>\$ 51</u>	<u>\$ 79,795</u>	<u>\$ 2,978</u>

On September 24, 2019, the Board of Directors resolved a capital increase in cash to issue 3,500 thousand of new shares with a par value of \$10 per share, and issued on premiums for NT\$110 per share with the paid-in capital after the capital increase amounted to \$740,606 thousand. The above mentioned capital increase in cash had been reported and approved for effectiveness by the Securities and Futures Bureau, Financial Supervisory Commission on October 30, 2019, and the ex-rights date of the capital increase was November 26, 2019 resolved by the Board of Directors. The statutory procedures were completed on March 2, 2020 as the share capital collected in advance was transferred to ordinary share capital.

On October 16, 2020, the Board of Directors resolved a capital increase in cash to issue 7,600 thousand of new shares with a par value of \$10 per share, and issued on premiums for NT\$236 per share. The above mentioned capital increase in cash had been reported and approved for effectiveness by the Securities and Futures Bureau, Financial Supervisory Commission on November 12, 2020, and the ex-rights date of the capital increase was December 15, 2020 resolved by the Board of Directors. The statutory procedures were completed on February 24,

2021 as the share capital collected in advance was transferred to ordinary share capital.

As of September 30, 2020, the bond holders of the Company's unsecured convertible corporate bonds had requested to convert into 2,437 thousand ordinary shares, of which 5 thousand shares were recorded as share capital collected in advance amounted to \$51 thousand, and the registration of the change was made after new shares issued on the ex-rights date of the capital increase according to the law.

b. Capital surplus

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Used to offset deficit, distribute cash, or replenish share capital(1)</u>			
Premium on issuance of shares	\$ 2,593,056	\$ 921,481	\$ 875,456
Premium on conversion of convertible corporate bonds	275,497	269,017	217,855
Treasury shares transactions	103,161	103,161	48,125
	September 30, 2021	December 31, 2020	September 30, 2020
<u>Only to offset deficit</u>			
Invalid employees stock options	\$ 763	\$ 763	\$ 763
<u>Not to be used for any purposes</u>			
Employees stock options	84,971	84,971	74,024
Stock option	<u>17,355</u>	<u>17,464</u>	<u>19,624</u>
	<u>\$ 3,074,803</u>	<u>\$ 1,396,857</u>	<u>\$ 1,235,847</u>

- 1) This type of capital surplus may be used to offset deficit or issue cash or replenish share capital when there are no loss, but share capital replenishment is restricted to the ratio of actual share capital stock each year.

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c. Retained Earnings and Dividends Policy

The Company has resolved the amendments to the Articles in the shareholders' meeting on May 29, 2019, which stipulates that the Company's earning distribution or appropriation for deficits shall be made after the end of the half-year period in a fiscal year. As in the form of new share issuance, the proposal shall be resolved in the shareholders' meeting before the distribution; as in the form of cash, the proposal shall be resolved by the Board of Directors and then reported in the shareholders' meeting.

According to the surplus distribution policy of the company's articles of association, if there is a surplus in the annual final accounts, taxes shall be paid in accordance with the law, and after the accumulated losses are made up, another 10% shall be allocated as the statutory surplus reserve, and the rest shall be set aside or reversed to special surplus reserves as required by law and order; if there is a balance and accumulated undistributed surplus, the board of directors shall draw up a surplus distribution proposal and submit it to the shareholders' meeting for resolution to distribute dividends and bonuses to shareholders. For the policies on employees' compensation and remuneration of directors and supervisors, which is stipulated in the Company's Articles of Incorporation, please refer to Note 28(7).

The legal reserve shall be allocated until it reaches the balance of the Company's paid-in capital. The legal reserve can be used to offset deficit. When the Company has no loss, the part of the legal capital reserve exceeding 25% of the total paid-in capital may be distributed in cash in addition to being appropriated as share capital.

The Company has set aside and reversed the special surplus reserve in accordance with the provisions of Financial Supervisory Securities Letter- No. 1010012865 and No. 1090150022. If there is a subsequent reversal of the net reduction of other shareholders' equity, the surplus may be allocated in respect of the reserved portion of the reserved special surplus reserve.

The board of directors of the Company has decided on the surplus distribution plan for the year 2020 as follows:

	<u>From July 1 to December 31, 2020</u>	<u>From January 1 to June 30, 2020</u>
Date of the resolution of the Board of Directors Meeting	Mar 12, 2021	December 25, 2020
Legal reserve	<u>\$ 32,726</u>	<u>\$ 13,119</u>
Special reserve	<u>(\$ 13,298)</u>	<u>\$ 6,128</u>
Cash dividends	<u>\$ 292,751</u>	<u>\$ 113,879</u>
Cash dividend per share (Dollar)	<u>\$ 3.5</u>	<u>\$ 1.36</u>

The above cash dividends were distributed by resolution of the board of directors dated March 12, 2021 and December 25, 2020, respectively. The remaining earnings distribution items were also resolved at the regular shareholders' meeting held on July 30, 2021.

The board of directors of the Company has decided on the surplus distribution plan for the year 2019 as follows:

	<u>From July 1 to December 31, 2019</u>	<u>From January 1 to June 30, 2019</u>
Date of the resolution of the Board of Directors Meeting	Mar 11, 2020	December 28, 2019
Legal reserve	<u>\$ 9,637</u>	<u>\$ 12,779</u>
Special reserve	<u>\$ 19,143</u>	<u>(\$ 3,549)</u>
Cash dividends	<u>\$ 80,727</u>	<u>\$ 69,889</u>
Cash dividend per share (Dollar)	<u>\$ 1.08</u>	<u>\$ 0.95</u>

The above cash dividends were distributed by resolution of the board of directors on March 11, 2020 and December 28, 2019, respectively. The remaining items of surplus distribution were also distributed by resolution of the shareholders' general meeting on May 27, 2020.

d. Non-controlling interests

	<u>From January 1 to September 30, 2021</u>	<u>From January 1 to September 30, 2020</u>
Beginning balance	\$ 71,526	\$ 40,367
Net profit for the period	24,612	27,017
Acquisition of Non-Controlling Interest in Gudeng Automation (Note 32)	<u>-</u>	<u>(184)</u>
Ending Balance	<u>\$ 96,138</u>	<u>\$ 67,200</u>

e. Treasury stock

Reason for buy-back	Shares transferred to employees (in Thousand Shares)	Buy-back for Cancellation (in Thousand Shares)	Shares of parent company held by subsidiaries (in Thousand Shares)	Total (in Thousand Shares)
Number of shares on January 1, 2021	<u>449</u>	<u>-</u>	<u>-</u>	<u>449</u>
Number of shares on September 30, 2021	<u>449</u>	<u>-</u>	<u>-</u>	<u>449</u>
Number of shares on January 1, 2020	<u>672</u>	<u>-</u>	<u>-</u>	<u>672</u>
Number of shares on September 30, 2020	<u>672</u>	<u>-</u>	<u>-</u>	<u>672</u>

Treasury shares held by the Company shall not be pledged as collateral in accordance with the Securities and Exchange Act, nor shall it be entitled to dividend distribution and voting rights.

27. Revenue

	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Revenue from customer contracts				
Sales Revenue of Commodities	<u>\$ 675,047</u>	<u>\$ 557,988</u>	<u>\$ 1,924,390</u>	<u>\$ 1,788,216</u>

a. Explanation of customer contracts

Sales Revenue of Commodities

The sales revenue of commodities comes from the manufacturing of mask packages, its service of design, and the sales of semiconductor related products. Upon shipping of the products, the clients has the right to set prices and to use the merchandise as well as the major responsibility of reselling, and bear the risk of obsolescence. The consolidated company recognizes revenue and trade receivable at that point in time.

b. Balance of contracts

	September 30, 2021	December 31, 2020	September 30, 2020
Trade receivable (Note 10)	<u>\$ 410,404</u>	<u>\$ 421,004</u>	<u>\$ 251,764</u>
Contract liabilities			
Sales of			
Commodities	<u>\$ 502,090</u>	<u>\$ 312,532</u>	<u>\$ 346,824</u>

The contract liabilities from the beginning of the year and from previous periods whose performance obligations were fulfilled were recognized as revenue for the year amounted to \$312,532 thousand.

c. Breakdown of revenue from customer contracts

Please refer to Note 43 for information on the breakdown of revenue.

28. Net income before tax

a. Interest income

	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Bank deposits	\$ 115	\$ 33	\$ 647	\$ 368
Imputed interest on deposits	<u>18</u>	<u>22</u>	<u>59</u>	<u>59</u>
	<u>\$ 133</u>	<u>\$ 55</u>	<u>\$ 706</u>	<u>\$ 427</u>

b. Other income

	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Rental income				
Investment				
properties	\$ 8,456	\$ 8,989	\$ 25,543	\$ 26,968
Other rental	<u>1,133</u>	<u>919</u>	<u>3,151</u>	<u>2,943</u>
	<u>9,589</u>	<u>9,908</u>	<u>28,694</u>	<u>29,911</u>
Dividend income	<u>465</u>	<u>-</u>	<u>465</u>	<u>-</u>
Others	<u>7,525</u>	<u>775</u>	<u>8,184</u>	<u>11,433</u>
	<u>\$ 17,579</u>	<u>\$ 10,683</u>	<u>\$ 37,343</u>	<u>\$ 41,344</u>

c. Other gains and (losses)

	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Gain (loss) of financial assets and financial liabilities				
Financial assets mandatorily classified as at fair value through profit or loss				
– Unrealized	\$ 167	\$ 12	\$ 341	\$ 188
– Realized	(4,842)	(862)	(4,696)	(491)
	(4,675)	(850)	(4,355)	(303)
Net gain (loss) on foreign exchange	770	(2,655)	(3,021)	(3,535)
Gain (loss) on disposal of property, plant and equipment	235	(125,095)	657	(138,885)
Compensation losses	-	-	-	(13,000)
Gain on lease amendment	-	660,628	21	660,628
Others	(149)	(384)	(1,411)	(393)
	(\$ 3,819)	\$ 531,644	(\$ 8,109)	\$ 504,512

For the year ended December 31, 2020, the consolidated company entered into a relocation agreement with Taiwan Semiconductor Manufacturing Co. Ltd. at a compensation price of NT\$660,000 thousand, which included the relevant expenses arising from the relocation of the plants and the production capacity reconstruction works, and the gain on full termination of the lease of NT\$660,628 thousand, were recognized due to the termination of the lease and the relocation of the plants, with NT\$462,000 thousand outstanding as of September 30, 2020 (accounted for other receivables).

d. Finance costs

	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Interest on bank loans	\$ 8,649	\$ 6,456	\$ 17,445	\$ 19,633
Interest on convertible corporate bonds	1	748	11	3,693
Interest on lease liabilities	236	490	626	1,425
Imputed interest on deposits	4	6	11	18
Interest on borrowings from related parties	-	-	-	1,155
Other interest expenses	147	216	1,251	1,634
Less: Amount included in the cost of key assets	(<u>3,606</u>)	<u>-</u>	(<u>5,368</u>)	<u>-</u>
	<u>\$ 5,431</u>	<u>\$ 7,916</u>	<u>\$ 13,976</u>	<u>\$ 27,558</u>

Information on interest capitalization is as follows:

	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Amount of capitalized interest	\$ 3,606	\$ -	\$ 5,368	\$ -
Capitalized interest rate	0.41%-0.72%	-%	0.41%-1.23%	-%

e. Depreciation and amortization expenses

	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Depreciation expenses summarized by function				
Operating costs	\$ 30,777	\$ 24,828	\$ 88,325	\$ 69,577
Operating expenses	<u>12,541</u>	<u>11,528</u>	<u>36,973</u>	<u>32,383</u>
	<u>\$ 43,318</u>	<u>\$ 36,356</u>	<u>\$ 125,298</u>	<u>\$ 101,960</u>
Amortization expenses summarized by function				
Operating costs	\$ 1,816	\$ 91	\$ 4,333	\$ 272
Operating expenses	<u>2,877</u>	<u>1,156</u>	<u>8,415</u>	<u>3,429</u>
	<u>\$ 4,693</u>	<u>\$ 1,247</u>	<u>\$ 12,748</u>	<u>\$ 3,701</u>

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f. Employee benefits expenses

	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Benefits after retirement				
Defined contribution plans	\$ 4,033	\$ 2,844	\$ 11,094	\$ 8,416
Defined benefit plans (Note 25)	<u>14</u>	<u>32</u>	<u>41</u>	<u>95</u>
	4,047	2,876	11,135	8,511
Share-based payments				
Equity settlement	-	55,059	-	55,059
Other employee benefits	<u>144,111</u>	<u>146,131</u>	<u>411,066</u>	<u>353,147</u>
Total employee benefit expenses	<u>\$ 148,158</u>	<u>\$ 204,066</u>	<u>\$ 422,201</u>	<u>\$ 416,717</u>
	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Summarized by function				
Operating costs	\$ 63,854	\$ 53,131	\$ 167,865	\$ 133,535
Operating expenses	<u>84,304</u>	<u>150,935</u>	<u>254,336</u>	<u>283,182</u>
	<u>\$ 148,158</u>	<u>\$ 204,066</u>	<u>\$ 422,201</u>	<u>\$ 416,717</u>

g. Remunerations of employees, directors and supervisors

The Company allocates the employees' compensation and remuneration of directors and supervisors for not less than 3% and not more than 3%, respectively, of the income before tax before deducting the distributed the employees' compensation and the remuneration of directors and supervisors in the current year. The estimated remunerations of employees, directors and supervisors from January 1 to September 30, 2021 and 2020 are as follows:

Estimated ratio

	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Employees' compensation	5%	5%
Remuneration of directors and supervisors	3%	3%

Amount

	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Employees' compensation	<u>\$ 4,057</u>	<u>\$ 21,810</u>	<u>\$ 8,647</u>	<u>\$ 30,285</u>
Remuneration of directors and supervisors	<u>\$ 2,434</u>	<u>\$ 13,086</u>	<u>\$ 5,188</u>	<u>\$ 18,171</u>

If there is any change in the amount after the date of issuance of the annual consolidated financial statements, it shall be treated according to the change in accounting estimates and adjusted and recorded in the next year.

The remunerations of employees, directors and supervisors for 2020 and 2019 were adopted by resolution by the board of directors on March 12, 2021 and March 11, 2020 as approval follows:

Amount

	2020		2019	
	Cash	Stock	Cash	Stock
Employees' compensation	\$ 30,944	\$ -	\$ 14,778	\$ -
Remuneration of directors and supervisors	18,565	-	8,867	-

There was no difference between the amounts actually allocated for remunerations of employees, directors and supervisors for 2020 and 2019 and those recognized in the consolidated financial reports for 2020 and 2019.

For information on the remunerations of employees, directors and supervisors of the company, please visit the “Market Observation Post System” of Taiwan Stock Exchange.

29. Income tax

a. Income Tax Recognized in profit or loss

The main components of income tax expenses are as follows:

	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Current income tax				
Current amount	\$ 16,242	\$ 98,048	\$ 40,264	\$ 145,295
Adjustments from prior years	<u>-</u>	<u>-</u>	<u>206</u>	<u>(2,193)</u>
	<u>16,242</u>	<u>98,048</u>	<u>40,470</u>	<u>143,102</u>
Deferred income tax				
Current amount	<u>816</u>	<u>(3,545)</u>	<u>(1,556)</u>	<u>(14,043)</u>
Income tax expense recognized in profit or loss	<u>\$ 17,058</u>	<u>\$ 94,503</u>	<u>\$ 38,914</u>	<u>\$ 129,059</u>

b. Income tax assessments

The annual income tax return of a profit-seeking enterprise of the Company have been assessed by the tax authorities, except for 2019, through the 2018 annual income tax return of a profit-seeking enterprise. The annual income tax return of a profit-seeking enterprise of Gudeng Venture, We Solutions, Jia Shuo Construction and Gudeng Automation have been assessed by the tax authorities, except for 2020, through the 2019 annual income tax return of a profit-seeking enterprise.

30. Earnings per Share

Weighted average of ordinary shares and earnings used for calculating earnings per share are as follows:

Net profit for the period

	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Net income used to calculate earnings per share	\$ 58,972	\$ 357,176	\$ 133,595	\$ 488,364
Impacts of potential ordinary shares with dilution effect:				
Convertible corporate bond interest and conversion option evaluation gains and losses	<u>2</u>	<u>479</u>	<u>-</u>	<u>2,463</u>
Net income used for calculating basic earnings per share	<u>\$ 58,974</u>	<u>\$ 357,655</u>	<u>\$ 133,595</u>	<u>\$ 490,827</u>

Number of Shares

	Unit: thousand shares			
	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Weighted average of ordinary shares used for calculating basic earnings per share	83,648	73,623	83,640	74,010
Impacts of potential ordinary shares with dilution effect:				
Employees' compensation	37	23	62	131
Convertible corporate bonds	<u>3</u>	<u>525</u>	<u>-</u>	<u>1,302</u>
Weighted average of ordinary shares used for calculating dilutive earnings per share	<u>83,688</u>	<u>74,171</u>	<u>83,702</u>	<u>75,443</u>

If the consolidated company has the option to issue the employee bonus in stocks or cash when calculating the diluted earnings per share, it is assumed that the employee bonus will adopt the method of issuing stocks, and the weighted average number of outstanding shares will be included in the calculation of diluted earnings per share when the potential ordinary shares are diluted. While determining diluted earnings per share before distributing shares to employees as compensations in the following year, dilutive effects of such potential ordinary shares should still be considered.

31. Share-based Payment Agreement

The first transfer of treasury shares to employees in 2020

The regulations of transfer of treasury shares of the Company was approved by the Board of Directors on March 23, 2019, pursuant to which the employees are entitled to subscribe for such shares, and was considered and approved by the Remuneration Committee on September 30, 2020 to purchase 223 thousand of treasury shares at the subscription price of \$34.05. Recipients include employees that meet specific conditions within the Company.

The information on employee share options of treasury shares is as follows:

Employee share options of treasury shares	From January 1 to September 30, 2020	
	Unit (Thousands)	Weighted-Average Exercise price (Dollar)
Outstanding at the beginning of the period	-	\$ -
Granted for the period	223	34.05
Exercised for the period	-	-
Outstanding at the end of the period	<u>223</u>	
Weighted-average fair value of the employee share options of treasury shares granted for the period (Dollar)	<u>\$ 246.9</u>	

The Company priced the granted employee share options by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

	Treasury shares transferred to employees
Number of Shares	<u>223 thousand</u> shares
Restricted transfer period	Unrestricted
Share price on the grant date	NT\$281
Exercised price	NT\$34.05
Expected Volatility	67.23%
Duration	17 days
Risk-free Interest Rate	0.35%

The information on employee share options of outstanding treasury shares is as follows:

	<u>September 30, 2020</u>
Range of exercise price (Dollar)	\$ 34.05
Weighted-average remaining duration of contracts (year)	0.044 years

Cost of compensation recognized for the period from January 1 to September 30, 2020 amounted to NT\$55,059 thousand.

32. Equity transactions with non-controlling interests

On July 24, 2020, the consolidated company did not acquired shares of Gudeng Automation in proportion to the shareholding ratio resulting in a increase on the shareholding ratio from 50.72% to 50.87%.

As the above-mentioned transaction for the year ended December 31, 2020 did not change the control over the subsidiary, the consolidated company treated the transaction as a equity transaction.

	(July 24, 2020) Gudeng Automation
Cash consideration paid	<u>(\$ 190)</u>
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	<u>184</u>
Difference in equity transactions	<u>(\$ 6)</u>
<u>Adjustment account for difference in equity transactions</u>	
Unappropriated earnings	<u>(\$ 6)</u>

33. Business combinations

a. Acquisition of subsidiaries

	Primary operating activities	Date of Acquisition	Ownership equity and the proportion of acquisitions with voting rights (%)	Transfer consideration
Showa	PVD Vacuum Technique for Semiconductor and Panels	December 31, 2020	100%	<u>\$ 70,000</u>

The consolidated company acquired Showa for the year ended December 31, 2020 to continue to expand the operations of the consolidated company.

b. Transfer consideration

Cash	<u>Showa</u> <u>\$ 70,000</u>
------	----------------------------------

c. Assets Acquired and Liabilities Assumed on the Acquisition Date

	<u>Showa</u>
Current assets	
Cash and cash equivalents	\$ 16,601
Trade receivables and other receivables	5,575
Inventories	12,973
Prepayments	413
Other current assets	20,294
Non-current assets	
Intangible Assets - Technique	5,900
Refundable deposits	125
Current liabilities	
Trade payables and other payables	(9,548)
Unearned sales revenue	(31,812)
Non-current liabilities	(878)
	<u>\$ 19,643</u>

The original accounting treatment for the acquisition of Showa on the balance sheet date is only provisional. For tax purposes, the tax bases of Showa's assets must be reassessed based on the market value of these assets. At the issued date of this consolidated financial statements, the required market evaluation and other calculations have not been completed. Therefore, the possible taxable value is tentative based only on the best estimate of the management of the consolidated company.

d. Goodwill arising from acquisition

	<u>Showa</u>
Transfer consideration	\$ 70,000
Less: Fair value of identifiable net assets acquired	(19,643)
Goodwill arising from acquisition	<u>\$ 50,357</u>

The goodwill arising from the acquisition of Showa mainly comes from control of premium. In addition, the consideration paid for the combination includes the expected synergies of the merger, revenue growth, future market development, and employee's value of Showa. However, such benefits do not meet the recognition criteria of identifiable intangible assets, so they are not recognized separately.

Goodwill arising from the business combination is not expected to be a tax deduction item.

e. Net cash outflow on acquisition of subsidiaries

	<u>Showa</u>
Consideration paid in cash	\$ 70,000
Less: Cash and cash equivalents acquired	(16,601) <u>\$ 53,399</u>

34. Information on cash flows

Non-cash Transactions

Except as disclosed in other notes, the consolidated company conducted financing activities of the following non-cash transactions between January 1 and September 30, 2020:

As of September 30, 2020, the Company still had NT\$462,000 thousand outstanding (accounted for other receivables) in respect of the compensation of NT\$660,000 received for the relocation of factory.

35. Capital Risk Management

The consolidated company is currently in stable operations, and it conducts management of risks in capital to ensure that it would continue as a going concern with the premise of optimizing the balances of debt and equity, and to maximize shareholders' equity.

The consolidated company adopts a prudent risk management strategy which is reviewed on a regular basis and makes overall planning in accordance with its business development strategies and operational requirements to determine the appropriate capital structure of the consolidated company.

36. Financial instruments

a. Fair value information - financial instruments not measured at fair value

The carrying amounts of financial assets and financial liabilities not measured at fair value, except for the following table, are considered to be close to the fair value by the management of the consolidated company.

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

1) Fair Value Hierarchy

September 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
Domestic non-publicly traded shares	\$ 24,462	\$ -	\$ -	\$ 24,462
Structured deposits	-	8,610	-	8,610
Total	<u>\$ 24,462</u>	<u>\$ 8,610</u>	<u>\$ -</u>	<u>\$ 33,072</u>
<u>Financial assets at fair value</u>				
<u>through other</u>				
<u>comprehensive income</u>				
Investments in equity instruments				
— Domestic non-publicly traded shares	\$ -	\$ 298,718	\$ -	\$ 298,718
Domestic non-publicly traded shares	-	-	47,314	47,314
	<u>\$ -</u>	<u>\$ 298,718</u>	<u>\$ 47,314</u>	<u>\$ 346,032</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
Derivatives	\$ -	\$ -	\$ 48	\$ 48
Structured deposits	-	10,943	-	10,943
Total	<u>\$ -</u>	<u>\$ 10,943</u>	<u>\$ 48</u>	<u>\$ 10,991</u>
<u>Financial assets at fair value</u>				
<u>through other</u>				
<u>comprehensive income</u>				
Investments in equity instruments				
Domestic non-publicly traded shares	\$ -	\$ -	\$ 47,314	\$ 47,314

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September 30, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
Derivatives	\$ -	\$ -	\$ 648	\$ 648
Structured deposits	-	10,672	-	10,672
Total	<u>\$ -</u>	<u>\$ 10,672</u>	<u>\$ 648</u>	<u>\$ 11,320</u>

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through other</u>				
<u>comprehensive income</u>				
Investments in equity instruments				
Domestic non-publicly traded shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,112</u>	<u>\$ 25,112</u>

2) Valuation techniques and inputs applied to Level 2 fair value measurement

Financial Instruments Classification	Valuation Techniques and Inputs
Structured deposits	Discounted cash flow: Future cash flows are estimated based on end-of-period observable interest rates, discounted at market rates.
Domestic publicly traded securities	Private equity investments of the consolidated company are financial commodities that have an active market but cannot be sold subject to a lock-up period, and the consolidated company determines the fair value of such financial commodities based on the relevant market price.

There was no transfer between the fair value measurement of Class 1 and Class 2 from January 1 to September 30 in 2021 and 2020.

3) Reconciliation of financial instruments at Level 3 fair value measurement

From January 1 to September 30, 2021

	Measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income	
Financial assets	Derivatives	Equity instruments	Total
Beginning balance	\$ 48	\$ 47,314	\$ 47,362
Recognized in profit or loss (Other gain and loss)	(34)	-	(34)
Conversion	(14)	-	(14)
Ending Balance	<u>\$ -</u>	<u>\$ 47,314</u>	<u>\$ 47,314</u>
Change of unrealized loss in the current period related to assets held by the end of the period and recognized as gains and losses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

From January 1 to September 30, 2020

	Measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income	
Financial assets	Derivatives	Equity instruments	Total
Beginning balance	\$ 1,590	\$ 18,512	\$ 20,102
Recognized in profit or loss (Other gain and loss)	(491)	-	(491)
Acquisition	-	6,600	6,600
Conversion	(451)	-	(451)
Ending Balance	<u>\$ 648</u>	<u>\$ 25,112</u>	<u>\$ 25,760</u>
Change of unrealized loss in the current period related to assets held by the end of the period and recognized as gains and losses	<u>(\$ 491)</u>	<u>\$ -</u>	<u>(\$ 491)</u>

4) Valuation techniques and inputs applied to Level 3 fair value measurement

- a) The fair value of no publicly quoted shares is determined by using the market-based method of valuation – price-to-earnings ratio and share-price-to-net ratio to reasonably assess the fair value.
- b) Derivatives – the fair value of redemption of options of convertible corporate bonds were estimated by the binary tree model for convertible corporate bonds valuation, and the significant unobservable inputs used are stock price volatility. When share price volatility increases, the fair value of these derivatives will increase.

c. Classification of financial instruments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
Measured at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss	\$ 33,072	\$ 10,991	\$ 11,320
Financial assets at amortized cost (Note 1)	2,302,814	2,039,686	1,225,224
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	346,032	47,314	25,112
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	3,661,418	2,914,846	2,670,454

Note 1: The balance refers to financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivable, financial assets at amortized cost, other receivables, and refundable deposits.

Note 2: The balance refers to the financial liabilities measured at amortized cost, including short-term borrowings, note payables, trade payables, other payables, guarantee deposits, current portion of long-term borrowings, corporate bonds payables, and long-term borrowings.

d. Objectives and policy of financial risk management

The consolidated company's main financial instruments include equity, debt investments, trade receivables, trade payables, corporate bonds payables, and borrowings. Financial risks (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk related to the operation of the above-mentioned financial instruments.

1) Market Risks

The consolidated company's activities expose it primarily to the financial risks of changes in foreign exchange rates (see (1) below) and the changes in interest rates (see (2) below).

There is no change in the consolidated company's exposure to market risks of financial instruments and how such exposure is managed and measured.

a) Exchange Rate Risks

Several subsidiaries of the Company's sales and purchase transactions are denominated in foreign currency; as a consequence, the consolidated company is exposed to the risk of fluctuation in the exchange rate.

Please refer to Note 41 for the carrying amount of monetary assets and monetary liabilities of the consolidated company denominated in non-functional currencies on the balance sheet date (including monetary items denominated in a non-functional currency in the consolidated financial statements).

Sensitivity analysis

The consolidated company is mostly affected by the fluctuation of the USD and JPY exchange rate.

The following table details the sensitivity analysis of the consolidated company when the exchange rate of the New Taiwan dollar (functional currency) increases and decreases by 1% against the relevant foreign currencies. A sensitivity rate of 1% is used internally when reporting to management from the group on exchange rate risks. It represents management's assessment on reasonably possible scope of foreign exchange rates.

	Effect of USD currency		Effect of JPY currency	
	From January 1 to September 30, 2021	From January 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Gains and losses	\$ 3,662	\$ 1,775 (i)	\$ 136	\$ 5 (ii)

- i. It is mainly derived from USD-denominated bank deposits, receivables, and payables that are still outstanding on the balance sheet date of the consolidated company without cash flow hedging.
 - ii. It is mainly derived from JPY-denominated receivables and payables that are still outstanding on the balance sheet date of the consolidated company without cash flow hedging.
- b) Interest Rate Risks

The entities of the consolidated company has been exposed to interest rate risk through its fixed and floating-rate borrowings.

The carrying amounts of the consolidated company's financial assets and financial liabilities subject to interest rate exposure on the balance sheet date are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
With interest rate risk of fair value			
– Financial assets	\$ 20,000	\$ 14,215	\$ 29,050
– Financial liabilities	-	6,967	60,594
Interest rate risk with cash flows			
– Financial assets	1,834,323	1,564,675	444,093
– Financial liabilities	3,011,594	2,228,635	2,153,942

Sensitivity analysis

The following sensitivity analysis is based on the interest rate exposure of derivative and non-derivative instruments on the balance sheet date. For floating rate liabilities, the analysis is based on the assumption that the amount of liabilities outstanding on the balance sheet date is circulated during the reporting period. The rate of change used internally in reporting interest rates to the management from the group is the 0.25% basis points increase or decrease in interest rates, which also represents the management's evaluation of the reasonable range of possible changes in interest rates.

If the interest rate increases/decreases by 0.25%, the net profit before tax of the consolidated company from January 1 to September 30, 2021 and 2020 will decrease/increase by NT\$2,207 thousand and NT\$3,206 thousand, respectively, with all other variables remaining constant.

c) Other Price Risks

The consolidated company has equity price exposure arising from the investments in publicly traded equity securities, and the management of the consolidated company manage the risks by holding different risk investment portfolios.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the balance sheet date.

If the equity price increases/decreases by 10%, the pre-tax gains and losses from January 1 to September 30, 2021 and 2020 will increase/decrease by NT\$2,446 thousand and NT\$0 increased the, respectively due to the increase/decrease in the fair value of financial assets measured at fair value through gains and losses. The other pre-tax comprehensive gains and losses from January 1 to September 30, 2021 and 2020 will increase/decrease by NT\$34,603 thousand and NT\$2,511 thousand, respectively due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive gains and losses.

The increased sensitivity of the consolidated company to price risk during the period was mainly due to its participation in the private subscription of publicly traded shares.

2) Credit Risks

Credit risk refers to the risk of financial loss of the Group caused by the counterparty's default of contractual obligations. As of the balance sheet date, the consolidated company's maximum credit risk exposure that may cause financial losses due to the failure of the counterparty to fulfill the obligation and the financial guarantee provided by the consolidated company is mainly from:

- a) The carrying amount of financial assets recognized in the Consolidated Balance Sheets.

- b) The amount of contingent liabilities generated from providing a financial guarantee by the consolidated company.

The policies adopted by the consolidated company are to trade only with well-reputed counterparties, and, as it is necessary, sufficient collateral must be obtained to reduce the risk of financial losses. To mitigate the credit risk, the management of the consolidated company appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the consolidated company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Company believes that the consolidated company's credit risk is significantly reduced. Therefore, the credit risk is limited.

The consolidated company's credit risk is mainly concentrated in the consolidated company's largest customers. As of September 30, 2021, December 31 and September 30, 2020, the ratios of total accounts receivable from the aforementioned customers were 36%, 61% and 41%, respectively.

3) Liquidity Risks

The consolidated company manages and maintains sufficient positions in cash and cash equivalents to support the Group's operations and to mitigate the impact of cash flow fluctuations. The management of the consolidated company supervises the use of the bank's financing line and ensures compliance with the terms of the loans contract.

The bank loans are an important source of liquidity for the consolidated company. The unused short-term bank facility of the consolidated company as at September 30, 2021 and December 31 and September 30, 2020 refer to the description of (2) "Facility" below.

- a) Liquidity of non-derivative financial liabilities

The remaining contractual maturity analysis for non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities based on the earliest date on which the consolidated company can be required to pay. Therefore, the consolidated company's bank borrowings with repayment

on demand clause are included in the earliest duration in below table regardless of the probability of the banks choosing to exercise their rights immediately. The analysis of maturity dates for other non-derivative financial liabilities is based on the agreed repayment dates.

September 30, 2021

	Less than 1 year	1 to 2 years	2 to 3 years	3 years and above	Total
<u>Non-derivative financial liabilities</u>					
Notes payable	\$ 90	\$ -	\$ -	\$ -	\$ 90
Trade payables	366,498	-	-	-	366,498
Other payables	273,819	-	-	-	273,819
Lease liabilities	21,855	16,099	9,204	8,044	55,202
Other current liabilities	3,700	-	-	-	3,700
Borrowings	203,700	146,476	142,599	2,518,819	3,011,594
	<u>\$ 869,662</u>	<u>\$ 162,575</u>	<u>\$ 151,803</u>	<u>\$ 2,526,863</u>	<u>\$ 3,710,903</u>

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	5 years and above
Lease liabilities	<u>\$ 21,855</u>	<u>\$ 16,099</u>	<u>\$ 9,204</u>	<u>\$ 8,044</u>	<u>\$ -</u>

December 31, 2020

	Less than 1 year	1 to 2 years	2 to 3 years	3 years and above	T o t a l
<u>Non-derivative financial liabilities</u>					
Trade payables	\$ 223,398	\$ -	\$ -	\$ -	\$ 223,398
Other payables	445,555	-	-	-	445,555
Lease liabilities	11,770	16,313	4,249	1,600	33,932
Other current liabilities	2,711	-	-	-	2,711
Borrowings	455,230	148,176	122,512	1,502,717	2,228,635
Convertible corporate bonds	-	7,200	-	-	7,200
	<u>\$ 1,138,664</u>	<u>\$ 171,689</u>	<u>\$ 126,761</u>	<u>\$ 1,504,317</u>	<u>\$ 2,941,431</u>

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	5 years and above
Lease liabilities	<u>\$ 11,770</u>	<u>\$ 16,313</u>	<u>\$ 4,249</u>	<u>\$ 1,600</u>	<u>\$ -</u>

September 30, 2020

	Less than 1 year	1 to 2 years	2 to 3 years	3 years and above	Total
<u>Non-derivative financial liabilities</u>					
Trade payables	\$ 229,710	\$ -	\$ -	\$ -	\$ 229,710
Other payables	215,116	-	-	-	215,116
Lease liabilities	12,353	18,089	4,447	2,560	37,449
Other current liabilities	10,066	-	-	-	10,066
Borrowings	349,968	147,791	123,405	1,532,778	2,153,942
Convertible corporate bonds	-	-	62,900	-	62,900
	<u>\$ 817,213</u>	<u>\$ 165,880</u>	<u>\$ 190,752</u>	<u>\$ 1,535,338</u>	<u>\$ 2,709,183</u>

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	5 years and above
Lease liabilities	<u>\$ 12,353</u>	<u>\$ 18,089</u>	<u>\$ 4,447</u>	<u>\$ 2,560</u>	<u>\$ -</u>

b) Financing line

	September 30, 2021	December 31, 2020	September 30, 2020
Credit line of unsecured bank overdraft (to be extended with agreement between two parties)			
- Amount used	\$ 265,000	\$ 215,000	\$ 1,165,000
- Amount unused	<u>300,000</u>	<u>1,200,000</u>	<u>250,000</u>
	<u>\$ 565,000</u>	<u>\$ 1,415,000</u>	<u>\$ 1,415,000</u>
Credit line of secured bank loans (to be extended with agreement between two parties)			
- Amount used	\$ 2,976,400	\$ 2,002,400	\$ 2,032,400
- Amount unused	<u>470,000</u>	<u>95,000</u>	<u>65,000</u>
	<u>\$ 3,446,400</u>	<u>\$ 2,097,400</u>	<u>\$ 2,097,400</u>

37. Unrelated parties transaction

Transactions, balances, income and expenses between the Company and its subsidiaries (related parties of the Company) are eliminated in full on consolidation and therefore are not disclosed in this note. Transactions between the consolidated company and other related parties are as follows:

a. Name and relationship of Related party

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
Chiu, Ming-Chien	The key management
Sheng Jie Investment Co., Ltd. (hereinafter "Sheng Jie")	Substantial related party
Yun Sheng Investment Co., Ltd. (hereinafter "Yun Sheng")	Substantial related party
JIN HUI Technology Co., Ltd. (hereinafter "JIN HUI")	Associates
Jin Peng Investment Co., Ltd. (hereinafter "Jin Peng")	Substantial related party

b. Purchase

<u>Name of related party</u>	<u>From July 1 to September 30, 2021</u>	<u>From July 1 to September 30, 2020</u>	<u>From January 1 to September 30, 2021</u>	<u>From January 1 to September 30, 2020</u>
JIN HUI	<u>\$ 780</u>	<u>\$ -</u>	<u>\$ 3,252</u>	<u>\$ -</u>

c. Receivables from related parties

<u>Item</u>	<u>Name of related party</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Other receivable - related parties	JIN HUI	\$ 25	\$ -	\$ -
	Yun Sheng	-	-	4
	Sheng Jie	-	-	4
	Jin Peng	-	-	4
		<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 12</u>

d. Prepayments

<u>Item</u>	<u>Name of related party</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Advance payment	JIN HUI	<u>\$ -</u>	<u>\$ 5,133</u>	<u>\$ 19,050</u>

e. Lease agreements as a lessee

Item	Name of related party	September 30, 2021	December 31, 2020	September 30, 2020
Refundable deposits	Yun Sheng	\$ -	\$ -	\$ 504
	Jin Peng	-	504	-
		<u>\$ -</u>	<u>\$ 504</u>	<u>\$ 504</u>
Other prepayments	Sheng Jie	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>

Lease expenses

Lessor	Underlying subject	Rental and Payment Method of Rent	Lease expenses			
			From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Sheng Jie	Employee dorm	The monthly rent for each room is NT\$9-23 thousand, which shall be paid on a monthly basis.	<u>\$ 349</u>	<u>\$ -</u>	<u>\$ 1,035</u>	<u>\$ 459</u>
Sheng Jie	Employee dorm	Rent amounted to \$105 thousand per month with monthly payment.	<u>\$ -</u>	<u>\$ 315</u>	<u>\$ -</u>	<u>\$ 315</u>
Yun Sheng	Employee dorm	Rent amounted to \$206 thousand per month with monthly payment.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,212</u>
Yun Sheng	Employee dorm	Rent amounted to \$34 thousand per month with monthly payment.	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ -</u>	<u>\$ 304</u>
Yun Sheng	Warehouse	Rent amounted to \$133 thousand per month with monthly payment.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 800</u>
Jin Peng	Employee dorm	Rent amounted to \$206 thousand per month with monthly payment.	<u>\$ -</u>	<u>\$ 618</u>	<u>\$ -</u>	<u>\$ 618</u>
Jin Peng	Warehouse	Rent amounted to \$133 thousand per month with monthly payment.	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 400</u>
Jin Peng	Employee dorm	The monthly rent for each room is NT\$7-8 thousand, which shall be paid on a monthly basis.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24</u>	<u>\$ -</u>

f. Lease agreements as a lessor

1) Other advances received (listed contract liabilities) are summarized as follows

Name of related party	September 30, 2021	December 31, 2020	September 30, 2020
Sheng Jie	\$ 3	\$ -	\$ 3
Yun Sheng	3	-	3
Jin Peng	3	-	3
	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 9</u>

2) The total amount of lease payments received in the future is summarized as follows:

Name of related party	September 30, 2021	December 31, 2020	September 30, 2020
Sheng Jie	\$ 11	\$ 8	\$ 11
Yun Sheng	11	8	11
Jin Peng	11	8	11
	<u>\$ 33</u>	<u>\$ 24</u>	<u>\$ 33</u>

3) Guarantee deposits is summarized as follows:

Name of related party	September 30, 2021	December 31, 2020	September 30, 2020
Sheng Jie	\$ 2	\$ 2	\$ 2
Yun Sheng	2	2	2
Jin Peng	2	2	2
	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 6</u>

4) Rental income is summarized as follows:

Lessee	Underlying subject	Rental and Payment Method of Rent	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Sheng Jie	Office	Rent amounted to \$1 thousand per month with monthly payment.	\$ 3	\$ 3	\$ 9	\$ 9
Yun Sheng	Office	Rent amounted to \$1 thousand per month with monthly payment.	3	3	9	9
Jin Peng	Office	Rent amounted to \$1 thousand per month with monthly payment.	3	3	9	9
			<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 27</u>	<u>\$ 27</u>

g. Payable to related party (excluding loans to related parties)

Item	Name of related party	September 30, 2021	December 31, 2020	September 30, 2020
Trade payable - related parties	JIN HUI	<u>\$ 29,690</u>	<u>\$ 3,886</u>	<u>\$ 13,173</u>
Other payable - related parties	Jin Peng	\$ -	\$ 14	\$ -
	JIN HUI	<u>-</u>	<u>1,128</u>	<u>-</u>
		<u>\$ -</u>	<u>\$ 1,142</u>	<u>\$ -</u>

The outstanding balance of payables to related parties is not collateralized.

h. Borrowings from related parties (including interest payable)

Name of related party	September 30, 2021	December 31, 2020	September 30, 2020
Chiu, Ming-Chien	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest expenses

Name of related party	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Chiu, Ming-Chien	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,155</u>

The interest rate on the consolidated company's borrowings from related parties is 3%.

i. Other Related Party Transactions

Item	Name of related party	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Other income	JIN HUI	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ -</u>

j. Remuneration of key management

	From July 1 to September 30, 2021	From July 1 to September 30, 2020	From January 1 to September 30, 2021	From January 1 to September 30, 2020
Short-term employee benefits	<u>\$ 7,994</u>	<u>\$ 1,800</u>	<u>\$ 52,804</u>	<u>\$ 26,589</u>

The remuneration of directors and other members of key management, was determined by the remuneration committee based on the individual performance and market trends.

38. Pledged Assets

The following assets were pledged as collateral for financing loans:

	September 30, 2021	December 31, 2020	September 30, 2020
Pledged time deposits (recognized as financial assets measured at amortized cost - current)	\$ 6,500	\$ 2,000	\$ -
Pledged deposits (recognized as financial assets measured at amortized cost - current)	-	-	5,000
Pledged deposits (recognized as financial assets measured at amortized cost - non-current)	2,542	2,542	2,542
Inventories	35,878	148,178	134,896
Self-owned Land	1,894,853	437,311	439,037
Buildings, net	508,044	454,234	454,924
Investment properties	602,097	639,833	642,085
Counter-guarantee deposit	-	-	978,870
	<u>\$ 3,049,914</u>	<u>\$ 1,684,098</u>	<u>\$ 2,657,354</u>

39. Significant Contingent Liabilities and Unrecognized Contract Commitments

Except for those disclosed in other notes, significant commitments and contingencies of the consolidated company on the balance sheet date are as follows:

a. Significant Commitments

- 1) As of September 30, 2021, guarantee notes issued by the consolidated company for financing facilities applied from financial institutions (including long-term and short-term borrowings) amounted to NT\$164,900 thousand.
- 2) The consolidated company has contracted with various manufacturers to purchase equipment and land. The total contract price is NT\$536,300 thousand. As of September 30, 2021, it has paid NT\$379,730 thousand (prepaid equipment payment), and the remaining NT\$156,570 thousand has not been paid.
- 3) As of September 30, 2021, guarantee notes received by the consolidated company for the outsourced construction works amounted to NT\$25,095 thousand.

b. Contingency

Entegris Inc. of the United States filed a civil lawsuit in the Civil Division of the Intellectual Property Court on May 5, 2015, claiming that the "Reticle SMIF Pod Mask Transmission Box" manufactured and sold by Gudeng Company infringed the invention patent of No. I317967, R.O.C. for the patent right. The claim amount was NT\$10 million, and was expanded to NT\$1 billion on May 4, 2017. The first instance of the Intellectual Property Court ruled the company on March 22, 2019 that the Company and Mr. Chiu Ming Chien shall jointly compensate NT\$978,870 thousand and the interest calculated at 5% per annum from May 6, 2017 to the settlement date. The Company received a written judgment on April 2, 2019, and declared an appeal on April 17, 2019. The case has not yet been determined. The original judgment of the first instance allowed the Company and Mr. Chiu Ming Chien to provide guarantees to avoid provisional executions. The Company has already deposited NT\$978,870 thousand (other non-current assets in the account) of counter-guarantee deposits for guarantees and avoided provisional executions. The guarantee operation was completed on April 18, 2019. According to the lawyer appointed by the Company, before the third trial of the judgment is confirmed, Entegris Inc. shall not enforce the Company's property, nor has it the right to request the Company to immediately stop manufacturing and selling products. At present, it should not have an immediate and significant impact on the Company's operations.

In addition to declare the appeal of the above mentioned first instance of the civil judgment, the company also filed issue report on the invention patents of Entegris Inc. in the US to the Intellectual Property Bureau of the Ministry of Economic Affairs. On April 29, 2020, it was approved by the Intellectual Property Bureau of the Ministry of Economic Affairs with (109) Zhi-Zhuan-III (2) 04024 Zi No. 10920384050 Patent Issue Examination Document on April 27, 2020, and it was determined that the above mentioned invention patent (I317967) violated the no progressive of the Article 22, Item 4 of the Patent Law so the above mentioned invention patent was revoked. The review was not yet final and Entegris Inc. has appealed to the Ministry of Economic Affairs.

In connection with the alleged infringement of the Republic of China No.I317967 invention patent claimed by Entegris Inc. in the US, the Company was asked to be charged with damages and liabilities, which is currently on trail by the Intellectual Property Court. However, in order to resolve the differences, the two parties signed a confidential "authorization agreement" on November 18, 2020, and applied for a "reconciliation in litigation" to the court. On December 7, 2020, the Intellectual Property Court made a settlement transcript in court. This litigation case was terminated, and the counter-guarantee deposit was NT\$978,870 thousand.

On June 28, 2019, Entegris Inc. in the US filed a petition against the Company and its legal representative, Ming-Chian Chiou, for exclusion of damages against patent infringement (Intellectual Property Court: Zhi-Yuan-Cheng-Shen V 108 Min-Bu 131 Zi No. 1080002430) to request the Company and its legal representative, Ming-Chian Chiou, to compensate NT\$10 million for damages.

The above-mentioned relevant Entegris Inc. sued the company for suspected infringement of the invention patent No. I391304, R.O.C., and requested the Company to be liable for damages. The Intellectual Property Court has heard the case. However, in order to resolve differences, the two parties signed a confidential "authorization agreement" on November 18, 2020, and applied for a "reconciliation in litigation" to the court. On December 24, 2020, the Intellectual Property Court made a settlement transcript in court. This litigation case was terminated.

40. Other Matters

The impact of the COVID-19 pandemic on the consolidated company is assessed as follows:

Assumption to continue as a going concern:

The consolidated company's primary business is the manufacturing and trading of semiconductor mask and wafer carrier, due to the substantial demand from the conversion of semiconductor EUV production process from semiconductor manufacturers, the product revenue remains robust and profitability of the products is steady. Therefore, COVID-19 pandemic has no significant impact on the assumption of the consolidated company's ability to continue as a going concern.

41. Information on Foreign Currency Assets and Liabilities with Significant Effect

The following information is summarized and expressed in foreign currencies other than the functional currency of each entity of the consolidated company, and the disclosed exchange rate refers to the exchange rate converted from such foreign currencies to the functional currency. Foreign currency assets and liabilities with significant influence are as follows:

September 30, 2021

	Foreign Currency	Exchange Rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 17,270	27.85 (USD:NTD)	\$ 480,970
JPY	61,947	0.2490 (JPY:NTD)	15,425
RMB	16	4.305 (RMB:NTD)	69
			<u>\$ 496,464</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	\$ 4,121	27.85 (USD:NTD)	\$ 114,770
JPY	7,200	0.2490 (JPY:NTD)	1,793
RMB	4,752	4.305 (RMB:NTD)	20,457
			<u>\$ 137,020</u>

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December 31, 2020

	Foreign Currency	Exchange Rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 5,712	28.48 (USD:NTD)	\$ 162,678
JPY	12,074	0.2763 (JPY:NTD)	3,336
RMB	16	4.377 (RMB:NTD)	70
			<u>\$ 166,084</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	4,997	28.48 (USD:NTD)	\$ 142,315
JPY	7,050	0.2763 (JPY:NTD)	1,948
			<u>\$ 144,263</u>

September 30, 2020

	Foreign Currency	Exchange Rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 7,172	29.10 (USD:NTD)	\$ 208,705
JPY	5,189	0.28 (JPY:NTD)	1,453
RMB	66	4.269 (RMB:NTD)	282
			<u>\$ 210,440</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	1,073	29.10 (USD:NTD)	\$ 31,224
JPY	3,580	0.28 (JPY:NTD)	1,002
			<u>\$ 32,226</u>

The net foreign currency exchange gains and losses of the consolidated company for the periods from July 1 to September 30, 2021 and 2020, and from January 1 to September 30, 2021 and 2020 were gains of NT\$770 thousand, losses of NT\$2,655 thousand, losses of NT\$3,021 thousand and losses of NT\$3,535 thousand, respectively. Due to the wide variety of foreign currency transactions and functional currencies of individuals of the Group, it is not possible to disclose the exchange gains and losses by each foreign currency with significant impact.

42. Supplementary Disclosures

a. Information on significant transactions and (b) reinvestment:

No.	Item	Description
1	Loans to others	Table I
2	Endorsements/guarantees to others	Table II
3	Marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and joint ventures)	Table III
4	The cumulative purchase or sale of the same securities amounted to NT\$300 million or 20% and above of the paid-in capital.	Table IV
5	The amount of property acquired reached NT\$300 million or 20% and above of the paid-in capital.	Table V
6	The amount of property disposal reached NT\$300 million or 20% and above of the paid-in capital.	None
7	The amount of purchases or sales with related parties reached NT\$100 million or 20% and above of the paid-in capital.	None
8	Receivables from related parties amounted to NT\$100 million or 20% and above of paid-in capital.	None
9	Engaged in derivative products transactions	Note 7
10	Others: The business relationships and significant transactions and amounts between parent and subsidiaries and between subsidiaries.	Table VI
11	Investee information.	Table VII

c. Information on Investments in Mainland China:

No.	Item	Description
1	Name of the investee in mainland China, primary business, paid-in capital, investment method, outward and inward remittance of the fund, shareholding ratio, investment gain (loss) recognized for the period, carrying amount of the investment at the end of the period, repatriation of investment profit or loss and investment limit in mainland China.	Table VIII
2	The following significant transactions with the mainland investee, directly or indirectly through the third region, and their prices, payment terms, unrealized gain or loss:	
	(1) Purchase amount and percentage, ending balance and percentage of payables.	Table IX
	(2) Sales amount and percentage, ending balance and percentage of receivables.	Table IX
	(3) The amount of property transactions and the amount of profit or loss generated.	None
	(4) The ending balance and the purpose of bill endorsement, or provision of collateral.	None
	(5) The maximum balance, ending balance, Interest rate interval and total amount of current interest of financing.	Table I
	(6) Other transactions that have a significant effect on the current profit or loss or financial situation, such as the provision or acceptance of services.	None

d. Information of major shareholder: List of all shareholders with ownership of 5 % or greater showing the names and the number of shares and percentage of ownership held by each shareholder. (Table X)

43. Segment information

The information provided to the key business decision-makers is for resource allocation and performance evaluation of the segments, focusing on types of each product provided and service offered. The consolidated company shall report the segment as follows:

Semiconductor products - manufacturer.

Motor vehicles – direct sales and maintenance.

Others

a. Segment revenue and results of operations

The revenue and operating results of the consolidated company reported by the segment were analyzed as follows:

	From January 1 to September 30, 2021				
	Semiconductor manufacturing	Motor vehicles trading	Others	Reconciliation and elimination	Total
Income					
Revenue from external clients	\$ 1,116,474	\$ 364,998	\$ 442,918	\$ -	\$ 1,924,390
Intersegment revenue	104,975	-	30,438	(135,413)	-
Interest income	343	154	508	(299)	706
Total revenue	<u>\$ 1,221,792</u>	<u>\$ 365,152</u>	<u>\$ 473,864</u>	<u>(\$ 135,712)</u>	<u>\$ 1,925,096</u>
Interest Expense	<u>\$ 12,607</u>	<u>\$ 1,598</u>	<u>\$ 150</u>	<u>(\$ 379)</u>	<u>\$ 13,976</u>
Depreciation and amortization	<u>\$ 125,582</u>	<u>\$ 4,680</u>	<u>\$ 10,872</u>	<u>(\$ 3,088)</u>	<u>\$ 138,046</u>
Segment (loss) profit	<u>\$ 138,651</u>	<u>(\$ 14,178)</u>	<u>\$ 66,124</u>	<u>(\$ 32,390)</u>	<u>\$ 158,207</u>
	From January 1 to September 30, 2020				
	Semiconductor manufacturing	Motor vehicles trading	Others	Reconciliation and elimination	Total
Income					
Revenue from external clients	\$ 992,999	\$ 443,123	\$ 352,094	\$ -	\$ 1,788,216
Intersegment revenue	55,977	-	13,824	(69,801)	-
Interest income	423	49	606	(651)	427
Total revenue	<u>\$ 1,049,399</u>	<u>\$ 443,172</u>	<u>\$ 366,524</u>	<u>(\$ 70,452)</u>	<u>\$ 1,788,643</u>
Interest Expense	<u>\$ 26,210</u>	<u>\$ 1,953</u>	<u>\$ 46</u>	<u>(\$ 651)</u>	<u>\$ 27,558</u>
Depreciation and amortization	<u>\$ 95,473</u>	<u>\$ 5,089</u>	<u>\$ 5,310</u>	<u>(\$ 211)</u>	<u>\$ 105,661</u>
Segment (loss) profit	<u>\$ 490,612</u>	<u>(\$ 8,545)</u>	<u>\$ 83,382</u>	<u>(\$ 50,068)</u>	<u>\$ 515,381</u>

b. Segment assets and liabilities

	September 30, 2021				
	Semiconductor manufacturing	Motor vehicles trading	Others	Reconciliation and elimination	Total
Segment assets	<u>\$ 7,793,527</u>	<u>\$ 214,008</u>	<u>\$ 1,961,706</u>	<u>(\$ 1,445,082)</u>	<u>\$ 8,524,159</u>
Segment liabilities	<u>\$ 3,504,337</u>	<u>\$ 52,579</u>	<u>\$ 770,034</u>	<u>(\$ 72,592)</u>	<u>\$ 4,254,358</u>
	September 30, 2020				
	Semiconductor manufacturing	Motor vehicles trading	Others	Reconciliation and elimination	Total
Segment assets	<u>\$ 5,297,941</u>	<u>\$ 344,208</u>	<u>\$ 1,348,890</u>	<u>(\$ 1,084,851)</u>	<u>\$ 5,906,188</u>
Segment liabilities	<u>\$ 2,563,758</u>	<u>\$ 165,795</u>	<u>\$ 547,366</u>	<u>(\$ 62,790)</u>	<u>\$ 3,214,129</u>

For the purposes of monitoring segment performance and allocating resources between each segment:

- 1) All assets are evenly allocated to reportable segments other than associates accounted for using the equity method, other financial assets and current and deferred income tax assets. Goodwill has been allocated to reportable segments. Assets used jointly by reportable segments are allocated on the basis of the separate revenues earned by individual reportable segments; and
- 2) All liabilities are evenly allocated to reportable segments other than borrowings, other financial liabilities and current and deferred income tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Table I

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Financing provided to others

From January 1 to September 30, 2021

Unit: In thousands of NT\$ and foreign currency, unless otherwise specified

No. (Note 1)	Financing Company	Counterparty	Transaction Item	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 2)	Business Interaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Total financing limits (Note 3)	Note
													Name	Value			
0	Gudeng Precision Industrial Co., Ltd.	We Solution Technology Co., Ltd.	Other receivable - related parties	Y	\$ 30,000	\$ 30,000	\$ -	3%	2	\$ -	Operating capital	\$ -	Promissory note	\$ 30,000	\$ 1,669,465	\$ 1,669,465	
0	Gudeng Precision Industrial Co., Ltd.	Gudeng Investment Co., Ltd.	Other receivable - related parties	Y	30,000	30,000	-	3%	2	-	Operating capital	-	Promissory note	30,000	1,669,465	1,669,465	
1	Shanghai Gudeng Trading Co., Ltd.	Suzhou Kunju Trading Co., Ltd.	Trade receivables from related parties	Y	30,135 (RMB 7,000)	- (RMB -)	- (RMB -)	3%	2	-	Operating capital	-	Promissory note	30,135 (RMB 7,000)	1,669,465	1,669,465	
1	Shanghai Gudeng Trading Co., Ltd.	Suzhou Wujiang Xinchuang Automobile Trade Co., Ltd.	Trade receivables from related parties	Y	30,135 (RMB 7,000)	- (RMB -)	- (RMB -)	3%	2	-	Operating capital	-	Promissory note	30,135 (RMB 7,000)	1,669,465	1,669,465	
2	Suzhou Wujiang Xinchuang Automobile Trade Co., Ltd.	Suzhou Kunju Trading Co., Ltd.	Trade receivables from related parties	Y	30,135 (RMB 7,000)	30,135 (RMB 7,000)	- (RMB -)	3%	2	-	Operating capital	-	Promissory note	30,135 (RMB 7,000)	1,669,465	1,669,465	
2	Suzhou Wujiang Xinchuang Automobile Trade Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Trade receivables from related parties	Y	30,135 (RMB 7,000)	30,135 (RMB 7,000)	- (RMB -)	3%	2	-	Operating capital	-	Promissory note	30,135 (RMB 7,000)	1,669,465	1,669,465	
3	Suzhou Kunju Trading Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Trade receivables from related parties	Y	30,135 (RMB 7,000)	30,135 (RMB 7,000)	- (RMB -)	3%	2	-	Operating capital	-	Promissory note	30,135 (RMB 7,000)	1,669,465	1,669,465	
3	Suzhou Kunju Trading Co., Ltd.	Suzhou Wujiang Xinchuang Automobile Trade Co., Ltd.	Trade receivables from related parties	Y	30,135 (RMB 7,000)	30,135 (RMB 7,000)	- (RMB -)	3%	2	-	Operating capital	-	Promissory note	30,135 (RMB 7,000)	1,669,465	1,669,465	
4	Gudeng Investment Co., Ltd.	Gudeng Precision Industrial Co., Ltd.	Other receivable - related parties	Y	30,000	30,000	-	3%	2	-	Operating capital	-	Promissory note	30,000	1,669,465	1,669,465	

Note 1: The No. column is filled as follows:

(1) Fill in 0 for issuer.

(2) Investee companies are numbered in order starting from Arabic numeral 1 by company.

Note 2: The nature of the financing are explained as follows:

(1) Fill in 1 for any business interaction.

(2) Fill in 2 for any needs in short-term financing.

Note 3: The methods of calculation and amounts for financing limits.

1. Financing limits for each borrowing company:

(1) The Company's financing limits for each borrowing company for is limited to 40% of the Company's current net worth (2021.9.30) in compliance with the Company's regulations of procedures for financing.

(2) The investee company's financing limits for each borrowing company for is limited to 40% of the Company's current net worth (2021.9.30) in compliance with the Company's regulations of procedures for financing.

2. Total financing limits:

(1) The Company's aggregate financing limits for external parties for is limited to 40% of the Company's current net worth (2021.9.30) in compliance with the Company's regulations of procedures for financing.

(2) The investee company's aggregate financing limits for external parties for is limited to 40% of the Company's current net worth (2021.9.30) in compliance with the Company's regulations of procedures for financing.

3. The Company's financing limits are calculated based on the net worth of the Company's financial statements audited by the certified public accountants; the investee company's financing limits are calculated based on the net worth of the Company's foreign currency financial statements audited by the certified public accountants.

Note 4: Financing between the Company and foreign companies whose 100% voting rights held directly or indirectly by the Company is not restricted to the financing limits stated in Note 3.

Table II
Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Table II

Endorsements/guarantees to others
From January 1 to September 30, 2021
Unit: In thousands of NT\$ and foreign currency, unless otherwise specified

No. (Note 1)	Name of the endorser's company	Endorsement object		Limit of endorsement for single enterprise (Note 3)	Maximum endorsement balance for the current period	Ending endorsement balance	Amount Actually Drawn	Amount of endorsement secured by property	Ratio of accumulated endorsement amount to net value of latest financial statement (%)	Maximum limit of endorsement (Note 3)	Endorsement of the parent company to the subsidiary company	Endorsement of the subsidiary company to the parent company	Endorsement to Mainland China	Note
		Name of Company	Relationship (Note 2)											
0	Gudeng Precision Industrial Co., Ltd.	Suzhou Wujiang Xinchuang Automobile Trade Co., Ltd.	(3)	\$ 834,733	\$ 33,552 (USD 1,200)	\$ 33,420 (USD 1,200)	\$ - (USD -)	\$ -	0.8%	\$ 2,086,83	Y	N	Y	

Note 1: The No. column is filled as follows:

- (1) Fill in 0 for issuer.
- (2) Investee companies are numbered in order starting from Arabic numeral 1 by company.

Note 2: The relationship between the endorsement and the endorsed object is as follows:

- (1) The companies with business relationships.
- (2) The subsidiaries that directly hold more than 50% of the common stock.
- (3) The investee company in which the parent company and its subsidiary indirectly hold more than 50% of the common stock.
- (4) A parent company that owns more than 50% of its common stock, either directly or indirectly through a subsidiary.

Note 3: Calculation method and amount of endorsement limit:

1. Limit of endorsement for single enterprise:
 - (1) The limit of the company's endorsement for a single company is in accordance with the company's endorsement operating procedures, and the limit shall not exceed 20% of the company's current net value (2021.9.30).
 - (2) The limit of the company's endorsement for an overseas single affiliated company is in accordance with the company's endorsement operating procedures, and the limit shall not exceed 20% of the company's current net value (2021.9.30).
2. Maximum limit of endorsement:
 - (1) The limit of the company's cumulative endorsement is in accordance with the company's endorsement operating procedures, and the limit shall not exceed 50% of the company's current net value (2021.9.30).

Note 4: An inter-company endorsement in which the company directly or indirectly holds 100% of the voting shares is not subject to the endorsement limit of Note 3.

Table III

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES HELD AT THE END OF THE PERIOD

September 30, 2021

Unit: In thousands of NT\$, unless the number of shares

Name of Held Company	Type and Name of Marketable Securities (Note 1)	Relationship with the issuer of securities	Financial Statement Account	End of the Period				Note
				Number of Shares	Carrying amount	Percentage of Ownership	Fair Value	
Gudeng Precision Industrial Co., Ltd.	Listed companies							
	Symtek Automation Asia Co., Ltd.	None	Purchase of financial assets at fair value through other comprehensive income - non-current	4,000,000	<u>\$ 298,718</u>	0.06	<u>\$ 298,718</u>	Note 2
Gudeng Investment Co., Ltd.	Non-publicly traded company							
	Yinsmart Technology Co., Ltd.	None	Financial assets at fair value through profit or loss - current	25,000	\$ -	5.00	\$ -	—
	Listed companies							
	Elan Microelectronics Corporation	None	"	25,000	3,663	0.01	3,663	—
	Taiwan Semiconductor Manufacturing Co. Ltd.	None	"	10,000	5,800	-	5,800	—
	Symtek Automation Asia Co., Ltd.	None	"	30,000	3,030	0.04	3,030	—
	Foxsemicon Integrated Technology Inc.	None	"	23,000	4,726	0.03	4,726	—
	Fitipower Integrated Technology Inc.	None	"	20,902	4,086	0.01	4,086	—
	Advanced Wireless Semiconductor Company	None	"	22,000	<u>3,157</u>	0.01	<u>3,157</u>	—
					<u>\$ 24,462</u>		<u>\$ 24,462</u>	
	Non-publicly traded company							
	NanoClean Materials Co., LTD.	None	Purchase of financial assets at fair value through other comprehensive income - non-current	500,000	\$ 3,565	10.00	\$ 3,565	—
	MontJade Engineering Co., Ltd.	None	"	1,340,000	17,085	6.09	17,085	—
	Jiurun Precision Technology Co., Ltd.	None	"	248,000	4,278	16.00	4,278	—
	Origin Precision Technology Co., Ltd.	None	"	500,000	3,378	16.67	3,378	—
	Certain Micro Application Technology Inc.	None	"	1,100,000	<u>19,008</u>	9.91	<u>19,008</u>	—
					<u>\$ 47,314</u>		<u>\$ 47,314</u>	
Shanghai Gudeng Trading Co., Ltd.	Guaranteed financial products of Fubon Bank (China)	None	Financial assets at fair value through profit or loss - current	-	<u>\$ 8,610</u>	-	<u>\$ 8,610</u>	—

Note 1: The marketable securities stated in this table is defined as shares, bonds, and beneficiary certificates in the scope of IFRS 9 "Financial Instruments," and the marketable securities derived from the above mentioned items.

Note 2: It refers to private ordinary shares which are financial commodities that have an active market but cannot be sold subject to a lock-up period, the fair value of which is determined based on the relevant market price.

Note 3: The negotiable securities held by the consolidated company are not subject to any guarantee, pledge or other restrictions as agreed except as disclosed in the remarks.

Table IV

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

**The cumulative purchase or sale of the same securities amounted to NT\$300 million or 20% and above of the paid-in capital
From January 1 to September 30, 2021**

Unit: In thousands of NT\$, unless otherwise specified

Bought and sold company	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning		Buy		Sell				Other adjustment items (Note 1)	End of the Period	
					Number of Shares	Amount	Number of Shares	Amount (Note 2)	Number of Shares	Selling price	Book cost	Gain (Loss) on disposal		Number of Shares	Amount
Gudeng Precision Industrial Co., Ltd.	Gudeng Investment Co., Ltd.	Investments accounted for using the equity method	Gudeng Investment Co., Ltd.	Subsidiaries	15,200,000	\$ 101,394	26,500,000	\$ 265,000	-	\$ -	\$ -	\$ -	\$ 458	41,700,000	\$ 366,852
Gudeng Precision Industrial Co., Ltd.	Symtek Automation Asia Co., Ltd.	Purchase of financial assets at fair value through other comprehensive income - non-current	Symtek Automation Asia Co., Ltd.	Non-related party	-	-	4,000,000	380,000	-	-	-	-	(81,282)	4,000,000	298,718

Note 1: It includes the share of gains and losses of subsidiary recognized by adopting equity method and unrealized appraisal gains and losses of financial assets measured at fair value.

Table V

Gudeng Precision Industrial Co., Ltd. and Subsidiaries**Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital****From January 1 to September 30, 2021****Unit: In thousands of NT\$, unless otherwise specified**

Name of Acquiring Company	Types of Property	Transaction Date	Transaction Amount	Payment Term	Counterparty	Relationship	Information on Prior Transaction for the Counterparty of Related Party				Reference for price determination	Purpose of acquisition and situation of usage	Other agreements
							Owner	Relationship with the Issuer	Transfer Date	Amount			
Gudeng Precision Industrial Co., Ltd.	Self-owned Land and Buildings	2021.2.18	\$910,750	Paid in full	Yan Tai Steel Co., Ltd.	Non-related party	-	-	-	\$ -	Referred to market prices and property valuation reports from real estate appraisers, and the appraised value amounted to \$914,003 thousand.	Self-usage in operation	None
Gudeng Precision Industrial Co., Ltd.	Self-owned Land and Buildings	2021.8.11	423,176	The amount has not been paid in full	Hsing Lung Sheng Machinery Co., Ltd.	Non-related party	-	-	-	-	Referred to market prices and property valuation reports from real estate appraisers, and the appraised value amounted to \$443,872 thousand.	Self-usage in operation	None

Note 1: If the acquired assets should be appraised in accordance with the regulations, the appraisal result shall be indicated in the “Reference Basis for Price Determination” column.

Note 2: The paid-in capital is the paid-in capital of the parent company. For issuers with shares of no-par value or of par value which is not NT\$10 per share, the regulation regarding the 20% of the paid-in capital is calculated by the 10% equity attributable to owners of the parent company on the balance sheet.

Note 3: Date of occurrence: The date of contract signing, date of payment, dates of boards of directors' resolutions, date of transfer, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

Table VI

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Situations of business relationship and important transactions between parent company and subsidiaries

From January 1 to September 30, 2021

Unit: In thousands of NT\$, unless otherwise specified

No. (Note 1)	Name of Trader	Name of Counterparty	Relationship with the Trader (Note 2)	Situations of Transactions			
				Account	Amount	Transaction Terms (Note 4)	Ratio to Consolidated Total Revenue or Total Assets (Note 3)
0	Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	1	Sales	\$ 57,149	—	3
			1	Service fees	29,615	—	2
			1	Trade receivables - related parties	38,648	—	-
		Gudeng Investment Co., Ltd. Gudeng Automation Co., Ltd.	1	Other payable - related parties	20,533	—	-
			1	Rental income	360	—	-
			1	Sales	6,353	—	-
			1	Rental income	2,961	—	-
			1	Other income	1,499	—	-
			1	Other expenses	265	—	-
			1	Interest expenses	(50)	—	-
			1	Guarantee deposits	669	—	-
			1	Trade receivables - related parties	207	—	-
			1	Other receivable - related parties	1,161	—	-
		We Solution Technology Co., Ltd.	1	Advance rent receipt	1,003	—	-
			1	Trade payables	63	—	-
			1	Sales	31	—	-
			1	Other receivable - related parties	2	—	-
			1	Trade payable - related parties	4,244	—	-
			1	Purchase	41,442	—	2
			1	Other income	18	—	-
			1	Other expenses	(4)	—	-
			1	Other receivable - related parties	304	—	-
			1	Other receivable - related parties	77	—	-
		Rich Point Global Corp. Sun Park Development Limited Jia Shuo Construction, Inc.	1	Guarantee deposits	2	—	-
			1	Rental income	9	—	-
			1	Advance rent receipt	3	—	-
			1	Other receivable - related parties	278	—	-
			1	Trade payable - related parties	277	—	-
1	Rich Point Global Corp.	Gudeng Investment Co., Ltd.	3	Other payable - related parties	212	—	-
2	Suzhou Wujiang Xinchuang Automobile Trade Co., Ltd.	Suzhou Kunju Trading Co., Ltd.	3	Other expenses	556	—	-
			3	Interest expenses	347	—	-

Note 1: The information on business interaction between the parent company and subsidiaries should be remarked in the column of No., and the instructions for filling out No. are as below:

1. Fill in 0 for parent company
2. Subsidiary are numbered in order starting from Arabic numeral 1 by company.

Note 2: Three types of the relationship with the trader as below and remark it by type only:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3: For calculation on the ratio of transaction amount to consolidated total revenue or total assets, ending balance to consolidated total assets is used to calculate for those belongs to accounts on the balance sheet; mid-term cumulative balance to consolidated total revenue is used to calculate for those belongs to accounts on the income statement.

Note 4: The sales or purchase transaction price between parent company and subsidiary follows the terms of the contract, and the collection term is 90 days after monthly closing date, considering as capital usage and adjustment of affiliated companies. Other transactions are determined by negotiation between two parties due to no relevant similar transaction for reference.

Note 5: This table discloses one-way information on the transactions only, and the above mentioned transactions are wholly eliminated when preparing consolidated financial statements.

Table VII

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

NAMES, LOCATIONS AND RELEVANT INFORMATION OF INVESTEE COMPANIES

From January 1 to September 30, 2021

Unit: In thousands of NT\$ and foreign currency, unless the number of shares

Name of investor company	Name of Investee Company	Location	Main Business Activities	Original Investment Amount		Held at the End of The Period			Net Income (Loss) of the Investee	Investment Profit (Loss) Recognized in the Current Period	Note
				End of the Current Period	Year-end of the last year	Number of Shares	Ratio (%)	Carrying amount			
Gudeng Precision Industrial Co., Ltd.	Rich Point Global Corp.	Equity Trust Chambers, P. O. Box 3269, Apia, Samoa	Engaged in reinvestment of various business	\$ 289,824	\$ 289,824	-	100	\$ 275,315	\$ 1,394	\$ 1,394	Note 2
	Gudeng Investment Co., Ltd.	8F.-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Venture capital and management consulting business	417,000	152,000	41,700,000	100	366,852	458	458	Note 2
	We Solution Technology Co., Ltd.	No. 207, Fuxing 2nd Rd., Zhubei City, Hsinchu County	Trading , repair, and maintenance of various precision instruments	198,825	198,825	20,000,000	100	115,528	5,056	5,056	Note 2
	Gudeng Automation Co., Ltd.	8F.-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Manufacture, trading , repair, and maintenance of various precision instruments	35,190	35,190	5,616,000	50.87	99,265	50,096	25,652	Note 1 and 2
Rich Point Global Corp.	Sun Park Development Limited	Suite 2302-6 23/F Great Eagle CTR 23 Harbour RD Wanchai H.K.	Engaged in reinvestment of various business	RMB 14,020	RMB 14,020	-	100	RMB 19,990	RMB 4,250	RMB 4,250	Note 2
Gudeng Investment Co., Ltd.	Gudeng Investment Co., Ltd.	TMF Chambers, P. O. Box 3269, Apia, Samoa	Engaged in reinvestment of various business	RMB 50,549	RMB 50,549	-	100	RMB 43,078	(RMB 3,932)	(RMB 3,932)	Note 2
	Jia Shuo Construction, Inc.	8F.-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Industrial plant, residential and building development and leasing, real estate sales and leasing	135,100	100	13,510,000	100	135,024	(29)	(29)	Note 2
	Jinhui Technology Co., Ltd.	No. 43, Jingjian 4th Rd., Guanyin Dist., Taoyuan City	Surface treatment and thermal treatment, wholesale of chemical materials, manufacture of other chemical materials and other metals, wholesale of pollution prevention equipment, wholesale of recycled materials	35,000	35,000	3,500,000	35	45,930	20,860	7,301	Note 3
Gudeng Automation Co., Ltd.	Shenghe Precision Technology Co., Ltd.	8F.-6, No. 100, Sec. 1, Jiafeng 11th Rd., Zhubei City, Hsinchu County	Design and transformation of semiconductor and panel PVD vacuum technology related platform	70,000	70,000	800,000	100	75,886	10,865	5,886	Note 2 and 3

Note 1: Net income (loss) of the investee and investment profit (loss) recognized in the current period are the amounts audited by the certified public accountants.

Note 2: Wholly eliminated when preparing consolidated financial statements.

Note 3: The current gains and losses of Jinhui Technology Co., Ltd. and Shenghe Precision Technology Co., Ltd. are amounts not reviewed by accountants.

Note 4: Please refer to Schedule VIII for related information of Mainland Chinese investee companies.

Table VIII

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Information on Investments in Mainland China

From January 1 to September 30, 2021

Unit: In thousands of NT\$ and foreign currency, unless otherwise specified

Investee Company In Mainland China	Main Business Activities	Paid-in Capital	Method of Investment (Note 1)	Accumulated amount of investment remitted out of Taiwan at the beginning of the period	Remitted or repatriated amount of investment for the period		Accumulated amount of investment remitted out of Taiwan at the end of the period	Net Income (Loss) of the Investee	Ratio of Shareholdin g (%) of the direct or indirect investment of the Company	Investment profit (loss) recognized for the period (Note 2)	Carrying amount of the investment at the end of the period	Investment income repatriated by the year end of the period	Note
					Remitted	Repatriated							
Shanghai Gudeng Trading Co., Ltd.	Wholesale, import and export, commission agency and related ancillary services of plastic products, power products and hardware & electric materials	USD 1,000	(2) Investor company : Sun Park Development Limited	\$ 27,850 (USD 1,000)	\$ -	\$ -	\$ 27,850 (USD 1,000)	\$ 18,280 (RMB 4,215)	100	\$ 18,280 (RMB 4,215) (2) C	\$ 50,274 (RMB 11,678)	\$ -	
Suzhou Wujiang Xinchuang Automobile Trade Co., Ltd.	Motor vehicles trading	RMB 15,750	(2) Investor company : Gudeng Investment Co., Ltd.	218,456 (RMB 45,000) (USD 888)	-	-	218,456 (RMB 45,000) (USD 888)	(14,182) (RMB -3,270)	100	(17,053) (RMB -3,932) (2)B	185,442 (RMB 43,076)	12,915 (RMB 3,000)	
Suzhou Kunju Trading Co., Ltd.	Sales of automobiles, after-sales services and technical consulting services related to automobile repair	RMB 7,645	(2) Investor company : Sun Park Development Limited	33,643 (USD 1,208)	-	-	33,643 (USD 1,208)	152 (RMB 35)	100	152 (RMB 35) (2) C	35,852 (RMB 8,328)	-	

Accumulated amount of investment remitted out of Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Upper Limit on Investment in mainland China regulated by the Investment Commission of the Ministry of Economic Affairs
NTD 279,949 (USD 3,096) (RMB 45,000)	NTD 393,288 (USD 5,388) (RMB 56,500)	NTD 2,504,198 (USD 89,917)

Note 1: The methods of investment are classified as below five types:

- (1) Direct investment in Mainland China.
- (2) Reinvestment in Mainland China through companies registered in a third region. (please specify the investment company in a third region).
- (3) Other method.

Note 2: In the column of investment profit (loss) recognized for the period:

- (1) If the company is in preparation status without investment profit (loss), it shall be remarked.
- (2) Recognized basis of investment profit (loss) includes below three types and shall be remarked.
 - A. The financial statements audited and certified by international accounting firms in cooperation with accounting firms of Republic of China.
 - B. The financial statements had been audited and certified by the parent company's certified public accountant in Taiwan.
 - C. Other - Based on the financial statements unaudited by the certified public accountants.

Note 3: Amounts related to this table are listed in New Taiwan Dollars, and any foreign currencies are converted into New Taiwan Dollars with spot exchange rate on the financial report date. (USD spot exchange rate of 27.85; RMB spot exchange rate of 4.305; RMB profit and loss exchange rate of 4.337 on September 30, 2021)

Table IX

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Significant transactions with investee companies in mainland China incurred directly or indirectly through a third region, and their prices, payment terms, unrealized gain or loss, and other relevant information
From January 1 to September 30, 2021
Unit: In thousands of NT\$, unless otherwise specified

Investee Company In Mainland China	Type of Transaction	Purchases, Sales, and Service fees		Price	Transaction Terms		Notes/ Trade receivable (payable)		Unrealized gain (loss)	Note
		Amount	Percentage		Payment Terms	Compared with normal transactions	Amount	Percentage		
Shanghai Gudeng Trading Co., Ltd.	Sales	\$ 57,149	5	Same as normal clients	Same as normal clients	Same as normal clients	\$ 38,648	10	\$ -	
"	Service fees	29,615	7	Same as normal clients	Same as normal clients	Same as normal clients	(20,533)	9	-	

Table X**Gudeng Precision Industrial Co., Ltd. and Subsidiaries****Information on Major Shareholders****September 30, 2021****Unit: Shares**

Name of Major Shareholders	Shareholding	
	Number of Shares Held	Percentage of Ownership
Minglang Zhuang	8,249,563	9.80%
Chiu, Ming-Chien	6,614,237	7.86%
Lin, Tien-Jui	4,518,053	5.37%

Note 1: Information on major shareholders in this table is information on 5% and above of the total of the ordinary shares and preference shares held by shareholders without physical registration (including treasury shares) and calculated on the last business day of each quarter by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.