

DFI Inc. and Subsidiaries

Consolidated Financial Statements  
and Independent Auditors' Review  
Report

For the Three Months Ended March 31,  
2021 and 2020

Address: 10F, No. 97, Sec. 1, Xintai 5th Rd.,  
Xizhi Dist., New Taipei City  
Tel: (02)26972986

This is the translation of the financial statements.  
CPAs do not audit or review on this translation.

*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.*

## **Independent Auditors' Review Report**

The Board of Directors and Shareholders

DFI Inc.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of DFI Inc. and its subsidiaries as of March 31, 2021 and 2020, the related consolidated statements of comprehensive income, of changes in equity, and of cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As described in Note 12 of the consolidated financial statements, the financial statements for the same periods of immaterial subsidiaries that have been included in the consolidated financial statements were not reviewed by independent auditors, which statements reflected total assets in New Taiwan Dollars (same as below) of \$618,485 and \$327,462, representing 7.36% and 3.76% of total consolidated assets as of March 31, 2021 and 2020, respectively; total liabilities of \$53,280 and \$39,332, representing 1.61% and 1.22% of total consolidated liabilities as of March 31, 2021 and 2020, respectively; its total comprehensive income of (\$12,114) and \$5,831, representing (15.83)% and 4.17% of total consolidated comprehensive income for the three-month periods ended March 31, 2021 and 2020, respectively; and the information on reinvestment described in Note 33 of the consolidated financial statements and the above mentioned information on immaterial subsidiaries were not reviewed by independent auditors.

### **Qualified Conclusion**

Based on our reviews and other independent auditors' review reports (please refer to the paragraph titled "Other Matters"), except for possible effects from financial statements of the immaterial subsidiaries mentioned in the paragraph titled "Basis for Qualified Conclusion" if they were reviewed by independent auditors, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of DFI Inc. and its subsidiaries as of March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34 "Interim

Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Emphasis of Matter**

As described in Note 15 of the consolidated financial statements, DFI Inc. and its subsidiaries obtained the acquisition price allocation reports of ACE Pillar Co., Ltd. and its subsidiaries in September 2020, and adjusted the original accounting treatments and the provisional amounts and restated comparative information since the acquisition date, and we did not amend our audit conclusion for these.

### **Other Matters**

Among the subsidiaries listed in the DFI Inc. and the subsidiaries' consolidated financial statements, partial immaterial subsidiaries' financial statements were not reviewed by us but by other independent auditors. Therefore, our conclusion to the aforementioned consolidated financial statements on the amount listed in the financial statements of these subsidiaries was based on other independent auditors' review reports. These subsidiaries' total assets represented 37.80% and 42.00% of total consolidated assets as of March 31, 2021 and 2020, respectively, and the operating revenue represented 43.73% and 39.88% of total consolidated operating revenue for the three months ended March 31, 2021 and 2020, respectively.

Deloitte & Touche

Certified Public Accountant Shu-Jiuan Ye

Certified Public Accountant Ming-Xin Juo

Financial Supervisory Commission

Approval Document No.:

Financial-Supervisory-Securities-Audit-09  
90031652

Securities and Futures Commission Approval

No.

Taiwan-Finance-Securities-VI-0920123784

May 6, 2021

## DFI Inc. and Subsidiaries

## Consolidated Balance Sheets

As of March 31, 2021, and December 31 and March 31, 2020

Unit: In Thousands of New Taiwan Dollars

Code	Assets	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Restated and reviewed)	
		Amount	%	Amount	%	Amount	%
	<b>Current assets</b>						
1100	Cash and cash equivalents (Note 6)	\$ 1,979,756	24	\$ 1,922,245	24	\$ 2,188,490	25
1110	Financial assets at fair value through profit or loss - current (Note 7)	30,477	-	28,221	-	35,925	-
1136	Financial assets at amortized cost - current (Notes 9 and 30)	1,708	-	1,708	-	46,608	1
1150	Notes receivable (Notes 10 and 30)	306,576	4	295,309	4	261,955	3
1170	Trade receivable (Notes 10 and 22)	1,581,639	19	1,544,938	19	1,588,614	18
1180	Trade receivable from related parties (Notes 22 and 29)	123,159	1	144,234	2	246,647	3
1200	Other receivables (Notes 10 and 29)	25,211	-	13,411	-	30,813	-
1220	Current income tax assets	8	-	8	-	37	-
130X	Inventories (Notes 11)	1,586,135	19	1,528,105	19	1,678,543	19
1410	Prepayments (Notes 29)	74,748	1	60,497	1	56,571	1
1470	Other current assets (Notes 17)	10,330	-	8,037	-	7,825	-
11XX	Total current assets	<u>5,719,747</u>	<u>68</u>	<u>5,546,713</u>	<u>69</u>	<u>6,142,028</u>	<u>70</u>
	<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	27,761	1	30,807	-	51,983	1
1600	Property, plant and equipment (Notes 13 and 29)	1,908,831	23	1,911,589	24	1,957,388	23
1755	Right-of-use assets (Notes 14 and 29)	261,090	3	144,577	2	102,055	1
1780	Intangible assets (Notes 16 and 29)	108,471	1	113,770	1	125,567	1
1805	Goodwill (Note 15)	195,020	2	195,020	2	195,020	2
1840	Deferred income tax assets	81,777	1	87,688	1	96,982	1
1990	Other non-current assets (Notes 17 and 29)	95,274	1	50,648	1	39,284	1
1975	Net defined benefit assets- non-current (Note 20)	3,291	-	3,192	-	2,375	-
15XX	Total non-current assets	<u>2,681,515</u>	<u>32</u>	<u>2,537,291</u>	<u>31</u>	<u>2,570,654</u>	<u>30</u>
1XXX	Total assets	<u>\$ 8,401,262</u>	<u>100</u>	<u>\$ 8,084,004</u>	<u>100</u>	<u>\$ 8,712,682</u>	<u>100</u>
	<b>Liabilities and equity</b>						
	<b>Current liabilities</b>						
2100	Short-term borrowings (Notes 18 and 30)	\$ 898,454	11	\$ 823,701	10	\$ 743,459	9
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	7,521	-	9,768	-	5,748	-
2130	Contract liabilities - current (Note 22)	124,937	1	96,698	1	82,925	1
2150	Notes payable	607	-	370	-	347	-
2170	Trade payable	1,186,967	14	1,083,104	13	1,310,511	15
2180	Trade payables to related parties (Note 29)	101,234	1	104,880	1	213,840	2
2200	Other payables (Notes 19 and 29)	331,177	4	404,349	5	366,268	4
2230	Current income tax liabilities	139,510	2	122,492	2	167,718	2
2250	Provisions - current	53,206	1	56,827	1	58,395	1
2280	Lease liabilities - current (Notes 14 and 29)	62,683	1	52,120	1	37,256	-
2399	Other current liabilities (Note 19)	22,996	-	17,614	-	10,187	-
21XX	Total current liabilities	<u>2,929,292</u>	<u>35</u>	<u>2,771,923</u>	<u>34</u>	<u>2,996,654</u>	<u>34</u>
	<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	176,457	2	174,584	2	164,542	2
2580	Contract liabilities - non-current (Notes 14 and 29)	173,493	2	63,896	1	37,315	1
2640	Net defined benefit liabilities - non-current (Note 20)	39,674	1	39,962	1	36,372	-
25XX	Total non-current liabilities	<u>389,624</u>	<u>5</u>	<u>278,442</u>	<u>4</u>	<u>238,229</u>	<u>3</u>
2XXX	Total liabilities	<u>3,318,916</u>	<u>40</u>	<u>3,050,365</u>	<u>38</u>	<u>3,234,883</u>	<u>37</u>
	<b>Equity attributable to owners of the company (Note 21)</b>						
	<b>Share capital</b>						
3110	Share capital - Ordinary shares	1,146,889	14	1,146,889	14	1,146,889	13
3200	Capital surplus	679,735	8	679,735	9	681,725	8
	<b>Retained earnings</b>						
3310	Legal reserve	788,518	9	788,518	10	725,424	8
3320	Special reserve	54,268	1	54,268	-	52,616	1
3350	Unappropriated earnings	451,704	5	393,207	5	801,315	9
3300	Total retained earnings	1,294,490	15	1,235,993	15	1,579,355	18
3400	Other equity	(97,207)	(1)	(74,607)	(1)	(60,479)	(1)
3500	Treasury shares	(12,907)	-	(12,907)	-	(12,907)	-
31XX	Total equity of owners of the company	3,011,000	36	2,975,103	37	3,334,583	38
36XX	Non-controlling interests (Note 21)	2,071,346	24	2,058,536	25	2,143,216	25
3XXX	Total equity	<u>5,082,346</u>	<u>60</u>	<u>5,033,639</u>	<u>62</u>	<u>5,477,799</u>	<u>63</u>
	Total liabilities and equity	<u>\$ 8,401,262</u>	<u>100</u>	<u>\$ 8,084,004</u>	<u>100</u>	<u>\$ 8,712,682</u>	<u>100</u>

The accompanying notes are part of this consolidated financial statement.  
(Please refer to Deloitte & Touche's audit report on May 6, 2021.)

Chairman: Chi-Hung, Chen

Manager: Chi-Nan, Tsai

Accounting Supervisor: Li-Min, Huang

**DFI Inc. and Subsidiaries****Consolidated Statements of Comprehensive Income****For the three months ended March 31, 2021 and 2020****(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)**

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

Code		For the three months ended March 31, 2021		For the three months ended March 31, 2020 (Restated)	
		Amount	%	Amount	%
4000	Operating revenue (Notes 22 and 29)	\$ 2,008,118	100	\$ 2,176,321	100
5000	Operating costs (Notes 11, 23 and 29)	<u>1,514,121</u>	<u>75</u>	<u>1,579,917</u>	<u>73</u>
5900	Gross Profit	<u>493,997</u>	<u>25</u>	<u>596,404</u>	<u>27</u>
	Operating expenses (Notes 23 and 29)				
6100	Selling and marketing expenses	191,990	10	194,662	9
6200	General and administrative expenses	91,767	5	89,889	4
6300	Research and development expenses	97,014	5	101,041	5
6450	Expected credit loss (gain)	<u>( 9,192 )</u>	<u>( 1 )</u>	<u>11,201</u>	<u>-</u>
6000	Total operating expenses	<u>371,579</u>	<u>19</u>	<u>396,793</u>	<u>18</u>
6900	Net operating income	<u>122,418</u>	<u>6</u>	<u>199,611</u>	<u>9</u>
	Non-operating income and expenses (Notes 23 and 29)				
7010	Other income	4,766	-	3,884	-
7100	Interest income	341	-	1,337	-
7020	Other gain and loss	2,366	-	( 5,433 )	-
7050	Finance costs	<u>4,299</u>	<u>-</u>	<u>5,160</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>3,174</u>	<u>-</u>	<u>( 5,372 )</u>	<u>-</u>
7900	Net profit before tax	125,592	6	194,239	9
7950	Income tax expense (Note 24)	<u>28,406</u>	<u>1</u>	<u>43,737</u>	<u>2</u>
8200	Net profit/(loss) for the year	<u>97,186</u>	<u>5</u>	<u>150,502</u>	<u>7</u>

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Code		For the three months ended March 31, 2021		For the three months ended March 31, 2020 (Restated)	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Items that will not be reclassified to profit or loss				
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(\$ 3,046)	-	(\$ 8,761)	(1)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating the financial statements of foreign operations	(17,597)	(1)	(2,052)	-
8300	Other comprehensive income/(loss) for the period, net of income tax	(20,643)	(1)	(10,813)	(1)
8500	Total comprehensive income/(loss) for the period	\$ 76,543	4	\$ 139,689	6
	Net profit attributable to:				
8610	Owners of the company	\$ 66,234	3	\$ 144,805	7
8620	Non-controlling interest	30,952	2	5,697	-
8600		\$ 97,186	5	\$ 150,502	7
	Comprehensive income attributable to:				
8710	Owners of the company	\$ 43,634	2	\$ 138,594	6
8720	Non-controlling interest	32,909	2	1,095	-
8700		\$ 76,543	4	\$ 139,689	6
	Earnings per share (Note 25)				
9750	Basic	\$ 0.58		\$ 1.26	
9850	Diluted	\$ 0.58		\$ 1.25	

The accompanying notes are part of this consolidated financial statement.

(Please refer to Deloitte & Touche's audit report on May 6, 2021.)

Chairman: Chi-Hung, Chen

Manager: Chi-Nan, Tsai

Accounting Supervisor: Li-Min, Huang

DFI Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2021 and 2020

(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)

Unit: In Thousands of New Taiwan Dollars

		Equity attributable to owners of the company										
		Retained earnings (Notes 15 and 21)					Other equity (Note 21)			Non-controlling interests (Restated) (Notes 15 and 21)		Total equity
Code		Share capital (Note 21)	Capital surplus (Note 21)	Legal reserve	Special reserve	Unappropriated earnings (Restated)	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	Treasury shares (Note 21)	Total		
A1	Balance after restatement on January 1, 2020	\$ 1,146,889	\$ 679,644	\$ 725,424	\$ 52,616	\$ 657,399	( \$ 69,158 )	\$ 14,890	( \$ 12,907 )	\$ 3,194,797	\$ 2,166,001	\$ 5,360,798
D1	Net profit/(loss) after restatement for the three months ended March 31, 2020	-	-	-	-	144,805	-	-	-	144,805	5,697	150,502
D3	Other comprehensive income/(loss) after tax for the three months ended March 31, 2020	-	-	-	-	-	627	( 6,838 )	-	( 6,211 )	( 4,602 )	( 10,813 )
D5	Total comprehensive income/(loss) after restatement for the three months ended March 31, 2020	-	-	-	-	144,805	627	( 6,838 )	-	138,594	1,095	139,689
M5	Difference between prices of equity of subsidiaries from acquisition and carrying value	-	2,081	-	-	( 889 )	-	-	-	1,192	( 24,036 )	( 22,844 )
M7	Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	156	156
Z1	Balance after restatement on March 31, 2020	\$ 1,146,889	\$ 681,725	\$ 725,424	\$ 52,616	\$ 801,315	( \$ 68,531 )	\$ 8,052	( \$ 12,907 )	\$ 3,334,583	\$ 2,143,216	\$ 5,477,799
A1	Balance on January 1, 2021	\$ 1,146,889	\$ 679,735	\$ 788,518	\$ 54,268	\$ 393,207	( \$ 83,110 )	\$ 8,503	( \$ 12,907 )	\$ 2,975,103	\$ 2,058,536	\$ 5,033,639
D1	Net profit/(loss) for the three months ended March 31, 2021	-	-	-	-	66,234	-	-	-	66,234	30,952	97,186
D3	Other comprehensive income/(loss) after tax for the three months ended March 31, 2021	-	-	-	-	-	( 19,359 )	( 3,241 )	-	( 22,600 )	1,957	( 20,643 )
D5	Total comprehensive income/(loss) for the three months ended March 31, 2021	-	-	-	-	66,234	( 19,359 )	( 3,241 )	-	43,634	32,909	76,543
M5	Difference between prices of equity of subsidiaries from acquisition and carrying value	-	-	-	-	( 7,737 )	-	-	-	( 7,737 )	( 20,099 )	( 27,836 )
Z1	Balance on March 31, 2021	\$ 1,146,889	\$ 679,735	\$ 788,518	\$ 54,268	\$ 451,704	( \$ 102,469 )	\$ 5,262	( \$ 12,907 )	\$ 3,011,000	\$ 2,071,346	\$ 5,082,346

The accompanying notes are part of this consolidated financial statement.

(Please refer to Deloitte & Touche's audit report on May 6, 2021.)

Chairman: Chi-Hung, Chen

Manager: Chi-Nan, Tsai

Accounting Supervisor: Li-Min, Huang

**DFI Inc. and Subsidiaries****Consolidated Statements of Cash Flows****For the three months ended March 31, 2021 and 2020****(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)**

Unit: In Thousands of New Taiwan Dollars

Code		For the three months ended March 31, 2021	For the three months ended March 31, 2020 (Restated)
	Cash flows from operating activities		
A10000	Net profit before tax for the period	\$ 125,592	\$ 194,239
A20010	Adjustments for		
A20100	Depreciation expense	39,350	38,486
A20200	Amortization expense	7,267	7,065
A20300	Expected credit loss (gain)	( 9,192)	11,201
A20400	Net loss (gain) on financial assets and liabilities at fair value through profit or loss	5,205	( 2,525)
A20900	Finance costs	4,299	5,160
A21200	Interest income	( 341)	( 1,337)
A22500	Net loss on disposal and scrap of property, plant and equipment	216	33
A23800	Recovery gain on inventory valuation and obsolescence	( 19,298)	( 14,811)
A24100	Net loss on foreign exchange	3,751	278
A29900	Loss on lease modification	-	7
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at fair value through profit or loss	( 10,389)	3,519
A31130	Notes receivable	( 11,267)	( 16,761)
A31150	Trade receivable	( 26,355)	( 102,027)
A31160	Trade receivable - related parties	18,118	28,049
A31180	Other receivables	( 11,770)	225
A31200	Inventories	( 39,164)	102,111
A31230	Prepayments	( 14,251)	13,072
A31240	Other current assets	( 2,293)	( 55)
A32125	Contract liabilities	28,239	( 10,237)
A32130	Notes payable	237	( 743)
A32150	Trade payable	99,628	( 99,979)
A32160	Trade payable to related parties	( 4,228)	( 1,736)
A32180	Other payables	( 75,408)	( 67,169)
A32200	Provisions	( 3,621)	2,410
A32240	Net defined benefit assets	( 99)	-
A32240	Net defined benefit liabilities	( 288)	73
A32230	Other current liabilities	<u>5,382</u>	<u>( 2,269)</u>
A33000	Cash generated from operations	109,320	86,279

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Code		For the three months ended March 31, 2021	For the three months ended March 31, 2020 (Restated)
A33100	Interest received	\$ 342	\$ 1,319
A33300	Interest paid	( 1,233 )	( 642 )
A33500	Income tax paid	( 3,867 )	( 10,092 )
AAAA	Net cash flows generated from operating activities	<u>104,562</u>	<u>76,864</u>
	Net cash flows from investing activities		
B00200	Proceeds from sale of financial assets at fair value through profit or loss	681	-
B00040	Purchase of financial assets at amortized cost	-	( 1,500 )
B00050	Proceeds from sale of financial assets at amortized cost	-	1,425
B02700	Purchase of Property, plant and equipment	( 61,406 )	( 10,460 )
B02800	Disposal of property, plant and equipment	190	-
B03800	Decrease in refundable deposits	1,208	1,054
B04500	Purchase of intangible assets	( 289 )	( 3,307 )
B06700	Other non-current assets	( 2,115 )	1,575
BBBB	Net cash flows used in investing activities	<u>( 61,731 )</u>	<u>( 11,213 )</u>
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	1,147,627	856,504
C00200	Repayments of short-term borrowings	( 1,073,426 )	( 733,673 )
C04020	Repayment of the principal portion of lease	( 14,130 )	( 12,514 )
C05400	Acquisition of subsidiaries	( 27,836 )	( 22,844 )
C05600	Interest paid	( 3,177 )	( 4,591 )
C05800	Changes in non-controlling interests	-	156
CCCC	Net cash flows generated from financing activities	<u>29,058</u>	<u>83,038</u>
DDDD	Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	<u>( 14,378 )</u>	<u>( 5,542 )</u>
EEEE	Net increase in cash and cash equivalents	57,511	143,147
E00100	Cash and cash equivalents at the beginning of the period	<u>1,922,245</u>	<u>2,045,343</u>
E00200	Cash and cash equivalents at the end of the period	<u>\$ 1,979,756</u>	<u>\$ 2,188,490</u>

The accompanying notes are part of this consolidated financial statement.

(Please refer to Deloitte & Touche's audit report on May 6, 2021.)

Chairman: Chi-Hung, Chen

Manager: Chi-Nan, Tsai

Accounting Supervisor: Li-Min, Huang

DFI Inc. and Subsidiaries

Notes to the consolidated financial statements

For the three months ended March 31, 2021 and 2020

(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)

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

1. Company History

DFI Inc. (hereinafter "the Company") was incorporated in July 1981, primarily engaged in business of manufacturing and processing, and trading of industrial computer boards and computer accessories. Shares of the Company were traded at Taiwan Stock Exchange beginning on January 15, 2000.

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

The accompanying consolidated financial statements were authorized for issue by the Board of Directors on May 6, 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).

Initial application of the IFRSs endorsed and issued into effect by the FSC did not result in significant changes on the accounting policies of the consolidated company.

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022 (Note 2)
Amendment to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
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 6)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendment to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendment to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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

Note 4. 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 5. The amendment shall be applied to contracts for which the consolidated company has not yet fulfilled all its obligations on or after January 1, 2022.

Note 6. The amendment shall be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7. 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.

1) 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 the conditions of the consolidated company's 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 equity instruments to the counterparty that results in 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.

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

This amendment prescribes that the consolidated company shall apply the concept of materiality in making decisions about the disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in the 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; or
- e) Relates to complex accounting practices, and users of the financial statements would otherwise not understand the relating significant transactions, other events or conditions.

As of the date of authorization of the consolidated financial statements, the consolidated company has continued to assess the effects of amendments to other standards and interpretations on its financial conditions and performance. Related impacts will be disclosed upon completion of the assessment.

#### 4. Summary of Significant Accounting Policies

##### a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs.

##### 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 (assets) 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 refer to the quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date;
- 2) Level 2 inputs refer to the 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 refer to the 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 statements of comprehensive income include the operating income/loss of the acquired or disposed subsidiaries from the date of acquisition to the date of disposal 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.

Please refer to Note 12 and Table VII and VIII for details, shareholding ratio, and operations of subsidiaries.

d. Other Significant Accounting Policies

In addition to the following explanation, please refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2020.

1) Benefits after retirement under defined benefit plan

The pension cost for the interim period is calculated based on actuarial pension cost rate of the preceding ending date of the fiscal year from the start to the end of the year, and adjusted for material market fluctuations, material project modifications, settlements or other material one-time matters for the period.

2) Income tax

Income tax expenses are the sum of current income tax and deferred income tax. The income tax for an interim period are accrued by applying the tax rate applicable based on expected total annual earnings to the profit before tax of the interim period.

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

The consolidated financial statements for the three months ended March 31, 2021 and 2020 adopt the same primary sources of uncertainties in major accounting judgments, estimates, and assumptions as the ones used in the consolidated financial statements for the year ended December 31, 2020. Please refer to the consolidated financial statements for the year ended December 31, 2020 for details.

6. Cash and cash equivalents

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Cash on hand and petty cash	\$ 750	\$ 742	\$ 1,667
Bank checking and demand deposits	1,624,132	1,842,123	2,036,405
Cash equivalents (investments with original maturity date within 3 months)			
Bank time deposits	<u>354,874</u>	<u>79,380</u>	<u>150,418</u>
	<u>\$ 1,979,756</u>	<u>\$ 1,922,245</u>	<u>\$ 2,188,490</u>

The market interest rate intervals of bank deposits on the balance sheet date are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Bank deposits	0.001%-0.301%	0.001%-0.35%	0.001%-2.600%

7. Financial instruments at fair value through profit or loss - current

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Financial assets</u>			
Mandatorily at fair value through profit or loss			
Derivatives (not designated for hedging)			
- Forward foreign exchange contracts (I)	\$ 3,059	\$ 226	\$ 4,583
- Foreign exchange SWAP (II)	183	42	952
Non-derivative financial assets			
- Fund beneficiary certificates	<u>27,235</u>	<u>27,953</u>	<u>30,390</u>
	<u>\$ 30,477</u>	<u>\$ 28,221</u>	<u>\$ 35,925</u>
<u>Financial liabilities</u>			
Held-for-trading			
Derivatives (not designated for hedging)			
- Forward foreign exchange contracts (I)	\$ 1,036	\$ 2,185	\$ 1,151
- Foreign exchange SWAP (II)	<u>6,485</u>	<u>7,583</u>	<u>4,597</u>
	<u>\$ 7,521</u>	<u>\$ 9,768</u>	<u>\$ 5,748</u>

- a. The forward foreign exchange contracts not applicable to hedge accounting and have not yet expired on the balance sheet date were as follows:

March 31, 2021

	Currency	Maturity period	Contractual Amount (NTD in thousands)
Sales of forward foreign exchange	USD: JPY	2021.4.21~2021.4.29	USD 1,708/ JPY 186,208
Sales of forward foreign exchange	RMB : USD	2021.4.7~2021.4.28	CNY 74,584/ USD 11,454
Sales of forward foreign exchange	USD: RMB	2021.4.23~2021.4.28	USD 1,441/ CNY 9,426
Sales of forward foreign exchange	USD: EUR	2021.4.29	USD 915/ EUR 777

December 31, 2020

	Currency	Maturity period	Contractual Amount (NTD in thousands)
Sales of forward foreign exchange	USD: JPY	2021.1.22~2021.1.28	USD 2,386/ JPY 246,778
Sales of forward foreign exchange	RMB : USD	2021.1.11~2021.1.27	CNY 100,491/ USD 15,356

March 31, 2020

	Currency	Maturity period	Contractual Amount (NTD in thousands)
Sales of forward foreign exchange	RMB : USD	2020.4.20~2020.4.28	CNY 193,992/USD 27,432

The purpose of the consolidated company's forward foreign exchange transactions is mainly to avoid the risk of foreign currency assets and liabilities arising from exchange rate fluctuations.

- b. The foreign exchange SWAP not applicable to hedge accounting and have not yet expired on the balance sheet date were as follows:

March 31, 2021

	Currency	Maturity period	Contractual Amount (NTD in thousands)
SWAP out foreign exchange	NTD : USD	2021.4.7~2021.4.29	NTD 864,073 /USD 30,510

December 31, 2020

	Currency	Maturity period	Contractual Amount (NTD in thousands)
SWAP out foreign exchange	NTD : USD	2021.1.7~2021.1.28	NTD 985,567 / USD 34,860

March 31, 2020

	<u>Currency</u>	<u>Maturity period</u>	<u>Contractual Amount (NTD in thousands)</u>
SWAP out foreign exchange	NTD : USD	2020.4.6~2020.4.30	NTD 1,249,890 /USD 41,500

The purpose of the consolidated company's foreign exchange SWAP is mainly to avoid the risk of foreign currency assets and liabilities arising from exchange rate fluctuations.

8. Financial assets at fair value through other comprehensive income - non-current

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Investments in equity instruments</u>			
Domestic investment			
- OTC stocks	\$ 26,473	\$ 29,920	\$ 50,569
Foreign investment			
- Non-publicly traded stocks	<u>1,288</u>	<u>887</u>	<u>1,414</u>
	<u>\$ 27,761</u>	<u>\$ 30,807</u>	<u>\$ 51,983</u>

The consolidated company invests in ordinary shares of the domestic and foreign companies under the medium-term 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 as the above-mentioned, and therefore the designation of such investments is not in line with the fair value of the investment in other comprehensive income.

9. Financial Assets at Amortized Cost - current

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Pledged certificate of deposit	\$ 1,708	\$ 1,708	\$ 45,075
Time deposits with original maturity date over 3 months	-	-	1,500
Restricted bank deposits	<u>-</u>	<u>-</u>	<u>33</u>
	<u>\$ 1,708</u>	<u>\$ 1,708</u>	<u>\$ 46,608</u>
Total carrying amount	\$ 1,708	\$ 1,708	\$ 46,608
Allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
At amortized cost	<u>\$ 1,708</u>	<u>\$ 1,708</u>	<u>\$ 46,608</u>

- a. As of March 31, 2021, and December 31 and March 31, 2020, the interest rate intervals of financial assets at amortized cost were 0.795%-0.815%, 0.795%-1.045% and 0.815%-1.700%, respectively.
- b. The credit risk of bank deposits is measured and monitored by the finance department, and the consolidated company selects counterparties of transactions and counterparties for whose contracts have been performed of banks with good credit ratings.
- c. Please refer to Note 30 for information on financial assets at amortized cost pledged as collateral.



10. Notes receivable, Trade receivable, and Other receivables

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Notes receivable</u>			
Arising from operations	\$ <u>306,576</u>	\$ <u>295,309</u>	\$ <u>261,955</u>
<u>Trade receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 1,615,545	\$ 1,590,003	\$ 1,719,034
Less: Allowance for loss	<u>33,906</u>	<u>45,065</u>	<u>130,420</u>
	<u>\$ 1,581,639</u>	<u>\$ 1,544,938</u>	<u>\$ 1,588,614</u>
Other receivables	\$ <u>25,211</u>	\$ <u>13,411</u>	\$ <u>30,813</u>

a. Notes receivable and trade receivable

The average credit period of the consolidated company for commodity sales is 30 to 180 days, and no interest is calculated for trade receivable. The policy adopted by the consolidated company is to conduct transactions only with those who are equal to or higher than the investment grade and to attain sufficient guarantees, if necessary, to mitigate the risk of financial loss due to default. The credit rating information is provided by an independent rating agency. If such information is not available, the consolidated company will use other publicly available financial information and historical transaction records to rate major clients. The consolidated company continuously supervises the credit risk and the creditworthiness of the counterparty, and diversifies the total transaction amounts among qualified clients to manage the credit exposure.

The consolidated company recognizes the loss allowance of trade receivable according to the lifetime expected credit losses. The lifetime expected credit losses is calculated by using the reserve matrix, which examines the past default records of clients, the current financial situation, and industrial economic situation and outlook. The historical experience of the consolidated company's credit loss history has shown that the loss patterns of different client have not significantly different from the loss patterns. Therefore, the provision matrix is not further differentiated in the client base. Only the number of overdue days for trade receivable are used for setting the expected credit loss rate.

The consolidated company directly writes off related trade receivable 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. The consolidated company continues to engage in enforcement activity, and the recovered amounts are recognized as profit or loss.

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

March 31, 2021

	<u>Not overdue</u>	<u>1~30 days overdue</u>	<u>31~60 days overdue</u>	<u>61~90 days overdue</u>	<u>Overdue more than 90 days</u>	<u>Total</u>
Expected credit loss rate	0%~0.52%	0%~5.77%	0%~42.00%	0%~82.22%	0%~100%	
Total carrying amount	\$ 1,500,904	\$ 61,125	\$ 13,786	\$ 5,650	\$ 34,080	\$ 1,615,545
Allowance for loss (loss on lifetime expected credit)	( <u>1,265</u> )	( <u>1,189</u> )	( <u>857</u> )	( <u>568</u> )	( <u>30,027</u> )	( <u>33,906</u> )
At amortized cost	<u>\$ 1,499,639</u>	<u>\$ 59,936</u>	<u>\$ 12,929</u>	<u>\$ 5,082</u>	<u>\$ 4,053</u>	<u>\$ 1,581,639</u>

## December 31, 2020

	<u>Not overdue</u>	<u>1~30 days overdue</u>	<u>31~60 days overdue</u>	<u>61~90 days overdue</u>	<u>Overdue more than 90 days</u>	<u>Total</u>
Expected credit loss rate	0%~1.53%	0%~8.99%	0%~43.51%	0%~82.34%	0%~100%	
Total carrying amount	\$ 1,451,008	\$ 84,528	\$ 10,990	\$ 2,050	\$ 41,427	\$ 1,590,003
Allowance for loss (loss on lifetime expected credit)	( 2,888)	( 3,169)	( 1,685)	( 416)	( 36,907)	( 45,065)
At amortized cost	<u>\$ 1,448,120</u>	<u>\$ 81,359</u>	<u>\$ 9,305</u>	<u>\$ 1,634</u>	<u>\$ 4,520</u>	<u>\$ 1,544,938</u>

## March 31, 2020

	<u>Not overdue</u>	<u>1~30 days overdue</u>	<u>31~60 days overdue</u>	<u>61~90 days overdue</u>	<u>Overdue more than 90 days</u>	<u>Total</u>
Expected credit loss rate	0%-3.14%	0%-17.26%	0%-44.82%	0%-78.70%	0%-100%	
Total carrying amount	\$ 1,401,645	\$ 140,838	\$ 52,988	\$ 12,303	\$ 111,260	\$ 1,719,034
Allowance for loss (loss on lifetime expected credit)	( 4,956)	( 3,732)	( 11,434)	( 4,639)	( 105,659)	( 130,420)
At amortized cost	<u>\$ 1,396,689</u>	<u>\$ 137,106</u>	<u>\$ 41,554</u>	<u>\$ 7,664</u>	<u>\$ 5,601</u>	<u>\$ 1,588,614</u>

Changes in loss allowance for trade receivable were as follows:

	<u>For the three months ended March 31, 2021</u>	<u>For the three months ended March 31, 2020</u>
Beginning Balance	\$ 45,065	\$ 120,815
Add: Recovery of written-off bad debt	100	2,340
Add: impairment loss (reversed) recognized for the period	( 9,192)	11,201
Less: Actual write-off for the period	( 2,176)	( 2,342)
Foreign currency translation differences	109	( 1,594)
Ending balance	<u>\$ 33,906</u>	<u>\$ 130,420</u>

For the amount of notes receivable as collateral, refer to Note 30.

### b. Other receivables

The consolidated company considers the historical default records, current financial position, and forecasts of future economic conditions and so on of counterparties of other receivables to assess the recoverable amount of the other receivables which are equivalent to original recorded amounts, and therefore no allowance for loss was recognized.

## 11. Inventories

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Finished goods	\$ 701,658	\$ 758,717	\$ 797,473
Raw materials	640,614	533,178	577,232
Work in progress	101,969	46,838	139,088
Outsourced processing products	74,791	71,923	85,269
Goods in Transit	67,103	117,449	79,481
	<u>\$ 1,586,135</u>	<u>\$ 1,528,105</u>	<u>\$ 1,678,543</u>

Cost of goods sold and recovery gain on inventory valuation and obsolescence were as follows:

	<u>For the three months ended March 31, 2021</u>	<u>For the three months ended March 31, 2020</u>
Cost of goods sold	<u>\$ 1,514,121</u>	<u>\$ 1,579,917</u>
Recovery gain on inventory valuation and obsolescence	<u>\$ 19,298</u>	<u>\$ 14,811</u>

## 12. Subsidiaries

### a. 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
			March 31, 2021	December 31, 2020	March 31, 2020	
DFI Inc.	DFI AMERICA, LLC.	Sales of industrial computer cards	100	100	100	
	DFI Co., Ltd.	Sales of industrial computer cards	100	100	100	1
	Yan Tong Technology Ltd.	Investment	100	100	100	1
	Diamond Flower Information (NL) B.V.	Sales of industrial computer cards	100	100	100	1
	AEWIN Technologies Co., Ltd.	Design, manufacture and sale of industrial computer cards and related products	51.35	50.84	50.74	2
	Ace Pillar Co., Ltd.	Automated control and testing, processing, sales, repair, and mechanical and electrical integration of industrial transmission systems	34.28	33.56	27.88	3
Yan Tong Technology Ltd.	Yan Tong Infotech (Dongguan) Co., Ltd.	Manufacturing and sales of computer cards, board cards, host computer, electronic parts and components	100	100	100	1
	Yan Ying Hao Trading(Shenzhen) Co., Ltd..	Wholesale, import and export of computer cards, board cards, host computer, electronic parts and components	100	100	100	1
AEWIN Technologies Co., Ltd.	WISE WAY	Investment	100	100	100	2
	AEWIN TECH INC.	Wholesale of computer and peripheral equipment and software	100	100	100	2
WISE WAY	BRIGHT PROFIT	Investment	100	100	100	2
BRIGHT PROFIT	AEWIN Beijing Technologies Co., Ltd.	Wholesale of computer and peripheral equipment and software	100	100	100	2
AEWIN Beijing Technologies Co., Ltd.	AEWIN (Shenzhen) Technologies Co., Ltd	Wholesale of computer and peripheral equipment and software	100	100	100	2,4
Ace Pillar Co., Ltd.	Cyber South Management Ltd.	Investment	100	100	100	3
	Hong Kong Ace Pillar Enterprise Co., Ltd.	Sales and Purchases of transmission mechanical components	100	100	100	3
	Tianjin Ace Pillar Co., Ltd.	Sales and Purchases of transmission mechanical components	17.61	17.61	21.04	3
Cyber South Management Ltd.	Proton Inc.	Investment	100	100	100	3
	Ace Tek (HK) Holding Co., Ltd.	Investment	100	100	100	3
	Suzhou Super Pillar Automation Equipment Co., Ltd.	Processing and technical services of mechanical transmission and control products	100	100	100	3
	Grace Transmission (Tianjin) Co.,Ltd.	Manufacturing and processing of machinery transmission products	100	100	100	3
	Xuchang Ace AI Equipment Co.,Ltd.	Wholesale and retail of industrial robotic related products	100	100	100	3
Proton Inc.	Tianjin Ace Pillar Co., Ltd..	Sales and Purchases of transmission mechanical components	82.39	82.39	78.96	3
Ace Tek (HK) Holding Co., Ltd.	ADVANCEDTEK ACE(TJ) INC.	Electronic system integration	100	100	100	3

Remark:

1. It was not an immaterial subsidiary, and its financial statements were not reviewed by independent auditors.
  2. The consolidated company acquired the shares of AEWIN Technologies Co., Ltd. from the open market on November 10, 2020 as approved by the Board of Directors. As of March 31, 2021, the shareholding ratio was increased to 51.35%.
  3. On October 1, 2019, the consolidated company acquired 20.49% equity interest and more than half of the directors' seats, and the consolidated company was determined that it has the substantive ability to direct its relevant activities; therefore, it was accounted for as a subsidiary and the former subsidiaries of Ace Pillar Co., Ltd. are included in the consolidated financial statements; In addition, as approved by the Board of Directors on October 24, 2019 and November 10, 2020, the consolidated company purchased the shares of Ace Pillar Co., Ltd. on the open market. As of March 31, 2021, the shareholding ratio was increased to 34.28%.
  4. It was established in September 2018 and received payments for the shares in December 2020.
  5. To accelerate the development of the U.S. market and implement the first-mover strategy, the Group acquired 35.09% equity interest in Brainstorm Corporation for a total investment of US\$17,970 thousand with approval of the Board of Directors on March 22, 2021, and the contract was completed and signed on April 29, 2021.
- b. Subsidiaries not included in the consolidated financial statements: None.
- c. Information on subsidiaries with significantly non-controlling interests

Name of Subsidiary	Primary business premises	Percentage of Shares and Voting Rights Held by Non-Controlling Interests		
		March 31, 2021	December 31, 2020	March 31, 2020
AEWIN Technologies Co., Ltd.	Xizhi District, New Taipei City	48.65%	49.16%	49.26%
Ace Pillar Co., Ltd.	Sanchong Dist., New Taipei City	65.72%	66.44%	72.12%

Name of Subsidiary	Profit or Loss Allocated to Non-controlling Interests		Non-controlling interest		
	For the three months ended March 31, 2021	For the three months ended March 31, 2020	March 31, 2021	December 31, 2020	March 31, 2020
AEWIN Technologies Co., Ltd.	\$ 633	\$ 247	\$ 567,892	\$ 572,740	\$ 569,382
Ace Pillar Co., Ltd.	<u>30,319</u>	<u>5,450</u>	<u>1,503,454</u>	<u>1,485,796</u>	<u>1,573,834</u>
	<u>\$ 30,952</u>	<u>\$ 5,697</u>	<u>\$2,071,346</u>	<u>\$2,058,536</u>	<u>\$2,143,216</u>

The summary financial information of the following subsidiaries is prepared based on the amount before the elimination of intercompany transaction:

AEWIN Technologies Co., Ltd. and its subsidiaries

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 1,138,540	\$ 1,195,866	\$ 1,147,908
Non-current assets	519,867	525,757	516,741

	March 31, 2021	December 31, 2020	March 31, 2020
Current liabilities	( 454,626)	( 519,772)	( 491,911)
Non-current liabilities	( 31,802)	( 31,947)	( 11,787)
Equity	<u>\$ 1,171,979</u>	<u>\$ 1,169,904</u>	<u>\$ 1,160,951</u>
Equity attributable to:			
Owners of the Company	\$ 604,087	\$ 597,164	\$ 591,569
Non-controlling interest of AEWIN Technologies Co., Ltd.	<u>567,892</u>	<u>572,740</u>	<u>569,382</u>
	<u>\$ 1,171,979</u>	<u>\$ 1,169,904</u>	<u>\$ 1,160,951</u>

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Operating revenue	<u>\$ 323,055</u>	<u>\$ 426,513</u>
Net profit/(loss) for the year	\$ 1,272	\$ 476
Other comprehensive income	<u>803</u>	( 66)
Total comprehensive income	<u>\$ 2,075</u>	<u>\$ 410</u>
Net profit attributable to:		
Owners of the Company	\$ 639	\$ 229
Non-controlling interest	<u>633</u>	<u>247</u>
	<u>\$ 1,272</u>	<u>\$ 476</u>
Comprehensive income attributable to:		
Owners of the Company	\$ 1,056	\$ 196
Non-controlling interest	<u>1,019</u>	<u>214</u>
	<u>\$ 2,075</u>	<u>\$ 410</u>

Cash Flows		
Operating activities	(\$ 12,436)	(\$ 42,366)
Investing activities	( 1,478)	( 5,144)
Financing activities	42,888	94,665
Effect of exchange rate changes on cash	( 7,687)	<u>717</u>
Net cash flows generated	<u>\$ 21,287</u>	<u>\$ 47,872</u>

#### Ace Pillar Co., Ltd. and its subsidiaries

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 2,446,674	\$ 2,260,104	\$ 2,488,505
Non-current assets	729,785	737,982	764,661
Current liabilities	( 847,380)	( 714,296)	( 1,012,894)
Non-current liabilities	( 87,644)	( 91,356)	( 81,579)
Equity	<u>\$ 2,241,435</u>	<u>\$ 2,192,434</u>	<u>\$ 2,158,693</u>
Equity attributable to:			
Owners of the Company	\$ 737,981	\$ 706,638	\$ 584,859
Non-controlling interest of Ace Pillar Co., Ltd.	<u>1,503,454</u>	<u>1,485,796</u>	<u>1,573,834</u>
	<u>\$ 2,241,435</u>	<u>\$ 2,192,434</u>	<u>\$ 2,158,693</u>

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Operating revenue	<u>\$ 878,085</u>	<u>\$ 632,795</u>
Net profit/(loss) for the year	\$ 46,595	\$ 8,173
Other comprehensive income	<u>2,406</u>	<u>( 6,392)</u>
Total comprehensive income	<u>\$ 49,001</u>	<u>\$ 1,781</u>
Net profit attributable to:		
Owners of the Company	\$ 16,276	\$ 2,723
Non-controlling interest	<u>30,319</u>	<u>5,450</u>
	<u>\$ 46,595</u>	<u>\$ 8,173</u>
Comprehensive income attributable to:		
Owners of the Company	\$ 17,111	\$ 900
Non-controlling interest	<u>31,890</u>	<u>881</u>
	<u>\$ 49,001</u>	<u>\$ 1,781</u>
Cash Flows		
Operating activities	(\$ 54,105)	\$ 41,945
Investing activities	( 1,738)	1,294
Financing activities	79,165	14,797
Effect of exchange rate changes on cash	<u>1,909</u>	<u>( 1,543)</u>
Net cash flows generated	<u>\$ 25,231</u>	<u>\$ 56,493</u>

### 13. Property, Plant and Equipment - Self-used

	Self-owned Land	Buildings	Machinery equipment	Income-genera ting equipment	Other Equipment	Unfinished construction	Total
<u>Cost</u>							
Balance on January 1, 2021	\$ 739,888	\$ 1,087,518	\$ 281,846	\$ 57,234	\$ 130,780	\$ 228,277	\$ 2,525,543
Additions	-	-	2,299	1,137	336	14,426	18,198
Disposal	-	-	-	( 1,613)	( 2,127)	( 191)	( 3,931)
Net Exchange Differences	-	551	-	( 35)	48	752	1,316
Balance on March 31, 2021	<u>\$ 739,888</u>	<u>\$ 1,088,069</u>	<u>\$ 284,145</u>	<u>\$ 56,723</u>	<u>\$ 129,037</u>	<u>\$ 243,264</u>	<u>\$ 2,541,126</u>
<u>Accumulated depreciation</u>							
Balance on January 1, 2021	\$ -	\$ 276,711	\$ 193,338	\$ 49,939	\$ 93,966	\$ -	\$ 613,954
Disposal	-	-	-	( 1,589)	( 1,936)	-	( 3,525)
Depreciation expense	-	10,424	6,948	1,082	3,027	-	21,481
Net Exchange Differences	-	367	-	( 11)	29	-	385
Balance on March 31, 2021	<u>\$ -</u>	<u>\$ 287,502</u>	<u>\$ 200,286</u>	<u>\$ 49,421</u>	<u>\$ 95,086</u>	<u>\$ -</u>	<u>\$ 632,295</u>
Net balance on December 31, 2020 and January 1, 2021	<u>\$ 739,888</u>	<u>\$ 810,807</u>	<u>\$ 88,508</u>	<u>\$ 7,295</u>	<u>\$ 36,814</u>	<u>\$ 228,277</u>	<u>\$ 1,911,589</u>
Net balance on March 31, 2021	<u>\$ 739,888</u>	<u>\$ 800,567</u>	<u>\$ 83,859</u>	<u>\$ 7,302</u>	<u>\$ 33,951</u>	<u>\$ 243,264</u>	<u>\$ 1,908,831</u>
<u>Cost</u>							
Balance on January 1, 2020	\$ 739,888	\$ 1,095,189	\$ 439,535	\$ 66,342	\$ 142,242	\$ 226,545	\$ 2,709,741
Additions	-	6,968	4,430	75	977	80	12,530
Disposal	-	-	( 433)	( 273)	( 8,574)	-	( 9,280)
Net Exchange Differences	-	( 1,323)	-	( 426)	( 658)	( 2,734)	( 5,141)
Balance on March 31, 2020	<u>\$ 739,888</u>	<u>\$ 1,100,834</u>	<u>\$ 443,532</u>	<u>\$ 65,718</u>	<u>\$ 133,987</u>	<u>\$ 223,891</u>	<u>\$ 2,707,850</u>
<u>Accumulated depreciation</u>							
Balance on January 1, 2020	\$ -	\$ 250,145	\$ 326,718	\$ 55,921	\$ 104,955	\$ -	\$ 737,739
Disposal	-	-	( 433)	( 269)	( 8,545)	-	( 9,247)
Depreciation expense	-	10,190	8,492	1,122	3,968	-	23,772
Net Exchange Differences	-	( 846)	-	( 395)	( 561)	-	( 1,802)
Balance on March 31, 2020	<u>\$ -</u>	<u>\$ 259,489</u>	<u>\$ 334,777</u>	<u>\$ 56,379</u>	<u>\$ 99,817</u>	<u>\$ -</u>	<u>\$ 750,462</u>
Net balance on March 31, 2020	<u>\$ 739,888</u>	<u>\$ 841,345</u>	<u>\$ 108,755</u>	<u>\$ 9,339</u>	<u>\$ 34,170</u>	<u>\$ 223,891</u>	<u>\$ 1,957,388</u>

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

Buildings	
Main buildings of plants	20 to 60 years
Electromechanical power equipment and engineering system	3 to 10 years
Machinery equipment	2 to 10 years
Income-generating equipment	3 to 6 years
Other Equipment	2 to 10 years

14. Lease arrangements

a. Right-of-use assets

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Carrying amount of right-of-use assets			
Land	\$ 29,485	\$ 29,616	\$ 30,347
Buildings	230,323	113,724	70,535
Transportation Equipment	<u>1,282</u>	<u>1,237</u>	<u>1,173</u>
	<u>\$ 261,090</u>	<u>\$ 144,577</u>	<u>\$ 102,055</u>
		For the three months ended	For the three months ended
		<u>March 31, 2021</u>	<u>March 31, 2020</u>
Additions of right-of-use assets		<u>\$ 138,881</u>	<u>\$ 17</u>
Depreciation expense of right-of-use assets			
Land		\$ 199	\$ 201
Buildings		17,305	14,224
Transportation Equipment		<u>365</u>	<u>289</u>
		<u>\$ 17,869</u>	<u>\$ 14,714</u>

Besides the above mentioned additions and recognition of depreciation expenses, no significant sublease and impairment has been happened to the consolidated company's right-of-use assets for the three months ended March 31, 2021 and 2020.

b. Lease liabilities

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Carrying amount of lease liabilities			
Current	<u>\$ 62,683</u>	<u>\$ 52,120</u>	<u>\$ 37,256</u>
Non-current	<u>\$ 173,493</u>	<u>\$ 63,896</u>	<u>\$ 37,315</u>

Intervals of discount rates for lease liabilities are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Buildings	0.5400%- 4.5675%	0.8600%- 4.5675%	0.8600%- 5.2000%
Transportation Equipment	1.9250%- 4.5675%	1.9250%- 4.5675%	2.6000%- 4.5675%

c. Other lease information

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Short-term leases expenses and leases expenses of low-value assets	<u>\$ 2,830</u>	<u>\$ 2,735</u>
Total cash (outflow) from leases	<u>(\$ 18,193)</u>	<u>(\$ 15,891)</u>

The consolidated company has elected to apply the recognition exemption on the other equipment leases which qualify as short-term leases and leases expenses of low-value assets, and it did not recognize related right-of-use assets and lease liabilities for these leases.

15. Goodwill

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
<u>Cost</u>		
Beginning Balance	\$ 195,020	\$ 243,180
Post-acquisition adjustments against goodwill	<u>-</u>	<u>( 48,160)</u>
Ending balance	<u>\$ 195,020</u>	<u>\$ 195,020</u>
<u>Accumulated impairment</u>		
Balance at the beginning and end of the period	<u>\$ -</u>	<u>\$ -</u>
Net balance - end of the period	<u>\$ 195,020</u>	<u>\$ 195,020</u>

In September 2020, the consolidated company obtained the acquisition price allocation report of Ace Pillar Co., Ltd. and its subsidiaries, adjusted the initial accounting treatment and provisional amount since the acquisition date, and restated the comparative information.

The adjustments to the relevant items in the balance sheet were as follows:

	Provisional amount at acquisition date	Fair value at acquisition date
Property, plant and equipment	<u>\$ 425,054</u>	<u>\$ 585,562</u>
Right-of-use assets	<u>\$ 57,479</u>	<u>\$ 70,689</u>
Goodwill	<u>\$ 55,815</u>	<u>\$ 7,655</u>
Intangible assets	<u>\$ -</u>	<u>\$ 79,208</u>
Deferred income tax liabilities	<u>\$ 83,267</u>	<u>\$ 101,154</u>
Non-controlling interest	<u>\$ 1,568,412</u>	<u>\$ 1,755,291</u>

The adjustments to the relevant items in the statement of comprehensive income were as follows:

	For the three months ended March 31, 2020
Selling and marketing expenses	<u>\$ 2,964</u>
Income tax expense	<u>(\$ 360)</u>



16. Intangible Assets

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Computer Software	\$ 15,969	\$ 16,325	\$ 13,293
Client Relationship	<u>92,502</u>	<u>97,445</u>	<u>112,274</u>
	<u>\$ 108,471</u>	<u>\$ 113,770</u>	<u>\$ 125,567</u>

Besides the recognition of amortization expenses, no significant additions, disposal and impairment has been happened to the consolidated company's intangible assets for the three months ended March 31, 2021 and 2020. Amortization expenses were calculated by straight-light basis using the estimated useful lives as follows:

Computer Software	3 to 5 years
Client Relationship	4 to 11 years

17. Other Assets

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Current</u>			
Temporary payments	\$ 4,268	\$ 453	\$ 763
Payments on behalf of others	329	220	835
Other	<u>5,733</u>	<u>7,364</u>	<u>6,227</u>
	<u>\$ 10,330</u>	<u>\$ 8,037</u>	<u>\$ 7,825</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 46,537	\$ 2,595	\$ 2,183
Refundable deposits	29,662	31,093	27,850
Other	<u>19,075</u>	<u>16,960</u>	<u>9,251</u>
	<u>\$ 95,274</u>	<u>\$ 50,648</u>	<u>\$ 39,284</u>

18. Borrowings

a. Short-term borrowings

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Secured loans (Note 30)</u>			
Bank loans	\$ 58,811	\$ 39,558	\$ 343,459
<u>Unsecured loans</u>			
Line of credit loans	<u>839,643</u>	<u>784,143</u>	<u>400,000</u>
	<u>\$ 898,454</u>	<u>\$ 823,701</u>	<u>\$ 743,459</u>

Interest Rate Intervals were as fellow:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Secured loans	3.30%-3.93%	2.93%-4.00%	1.10%-4.60%
Unsecured loans	0.64%-4.25%	0.74%-4.20%	0.80%-1.30%

19. Other Liabilities - current

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other payables (including related parties)			
Salaries and bonuses payable	\$ 124,585	\$ 235,208	\$ 140,549
Employee compensation payable	56,870	49,232	79,940
Vacation leave payment payable	16,182	15,805	14,311
Other	<u>133,540</u>	<u>104,104</u>	<u>131,468</u>
	<u>\$ 331,177</u>	<u>\$ 404,349</u>	<u>\$ 366,268</u>
Other Liabilities			
Received on behalf of others	\$ 11,392	\$ 7,922	\$ 6,246
Temporary received	3,615	3,627	2,848
Other	<u>7,989</u>	<u>6,065</u>	<u>1,093</u>
	<u>\$ 22,996</u>	<u>\$ 17,614</u>	<u>\$ 10,187</u>

20. Plans of benefits after retirement

The pension expenses related to the defined benefit plans recognized for the three months ended March 31, 2021 and 2020, were calculated based on the rate of pension cost actuarially determined as of December 31, 2020 and 2019, amounted to \$104 thousand and \$212 thousand, respectively.

21. Equity

a. Share capital

Ordinary shares

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Nominal shares (in Thousand Shares)	<u>177,200</u>	<u>177,200</u>	<u>177,200</u>
Nominal share capital	<u>\$ 1,772,000</u>	<u>\$ 1,772,000</u>	<u>\$ 1,772,000</u>
Number of shares issued and payments received in full (in Thousand Shares)	<u>114,689</u>	<u>114,689</u>	<u>114,689</u>
Share capital issued	<u>\$ 1,146,889</u>	<u>\$ 1,146,889</u>	<u>\$ 1,146,889</u>

The par value of each issued ordinary shares is NTD10, and each share has one voting right and the right to receive dividends.

The share capital of authorized share capital reserved for issuance of the exercise of employee share options was 20,000 thousand shares.

b. Capital Surplus

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Used to offset deficit, distribute cash, or replenish share capital(1)</u>			
Premium on issuance of shares	\$ 649,362	\$ 649,362	\$ 649,362
Differences between the actual price for acquisition or disposal of the subsidiaries and their carrying amount	-	-	2,081

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Only to offset deficit</u>			
Gain on disposal of assets	808	808	808
Recognized changes in percentage of ownership interests in subsidiaries(2)	5,962	5,962	5,871
Other	<u>23,603</u>	<u>23,603</u>	<u>23,603</u>
	<u>\$ 679,735</u>	<u>\$ 679,735</u>	<u>\$ 681,725</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 every year.
- 2) This type of capital surplus recognized as adjustment value of capital surplus from subsidiary recognized by the Company through equity methods.

c. Retained Earnings and Dividends Policy

According to the Company's Articles of Incorporation of the earnings distribution policy, the Company shall make appropriations from its net income (less any deficit), if any, to pay the taxes, offset its accumulated deficit, set aside a legal reserve at 10% of the remaining earnings while no legal reserve shall be set aside if it is up to the paid-in capital of the Company, and set aside or reverse special reserve in comply with the laws for the rest earnings. Of the remainder, together with any unappropriated earnings of prior years, shall be proposed by the Board of Directors as a plan for the distribution of the remaining undistributed earnings, and the shareholders shall resolve such plan in the shareholders' meeting for distribution of dividends to shareholders. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders' Meeting if the earnings distribution as mentioned in the preceding paragraph shall be in the form of cash dividends. For the policies on employees' compensation and remuneration of directors, which is stipulated in the Company's Articles of Incorporation, please refer to Note 23(f).

As the Company operates in a competitive industry, dynamic environment, and with a stable growth stage in its corporate life cycle, in order to effectively grasp the Company's future investment opportunities, working capital requirements, and long-term financial planning, and to meet the shareholders' demand for cash inflows, the earnings distribution proposal proposed by the Board of Directors shall be taken into account the general level of distribution in the relevant industry as well as the adoption of a balanced dividend policy to distribute based on a conservatism principle while the cash bonus of the shareholders' bonus shall not less than 15% of the total shareholders' bonus. However, if the net profit per share for the year is less than \$1, no distribution shall be made to the earnings for the year.

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 set aside and reverses special surplus reserve and reversal according to the Financial Supervisory Securities Letter No. 1010012865, the Financial Supervisory Commission's Letter No. 1010047490, and the "Q&A of Application of Set Aside Special Reserve After Adoption of International financial statements Standards (IFRSs)".

The Company resolved and approved the earnings distribution proposal for the years ended December 31, 2020 and 2019 by the Board of Directors on May 6, 2021 and by the shareholders' meeting on June 16, 2020.

	For the year ended December 31, 2020	For the year ended December 31, 2019
Legal reserve	<u>\$ 37,245</u>	<u>\$ 63,094</u>
Special reserve	<u>\$ 20,338</u>	<u>\$ 1,652</u>
Cash dividend	<u>\$ 320,569</u>	<u>\$ 572,444</u>
Cash dividend per share (NTD)	\$ 2.80	\$ 5.00

In addition, the Board of Directors of the Company had approved on May 6, 2021 to distribute cash dividends amounted to \$22,898 thousand from capital surplus with \$0.2 per share.

d. Other Equity Items

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

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Beginning Balance	<u>(\$ 83,110)</u>	<u>(\$ 69,158)</u>
Accrued in the current period		
Exchange differences on translating the financial statements of foreign operations	<u>( 19,359)</u>	<u>627</u>
Ending balance	<u>(\$ 102,469)</u>	<u>(\$ 68,531)</u>

2) Unrealized gain (loss) on financial assets at fair value through other comprehensive income

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Beginning Balance	<u>\$ 8,503</u>	<u>\$ 14,890</u>
Accrued in the current period		
Unrealized gain (loss)		
Equity instruments	<u>( 3,241)</u>	<u>( 6,838)</u>
Ending balance	<u>\$ 5,262</u>	<u>\$ 8,052</u>

e. Non-controlling interest

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Beginning Balance	<u>\$ 2,058,536</u>	<u>\$ 2,166,001</u>
Net profit/(loss) for the year	30,952	5,697
Other comprehensive income (loss) for the period		
Exchange differences on translating the financial statements of foreign operations	1,762	( 2,679)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	195	( 1,923)
Increase in Non-Controlling Interests from Acquisition of Subsidiaries (Note 27)	( 20,099)	( 24,036)
Non-controlling interests related to outstanding vested share options held by the employees of the subsidiaries	<u>-</u>	<u>156</u>

Ending balance	<u>\$ 2,071,346</u>	<u>\$ 2,143,216</u>
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f. Treasury shares

Unit: in Thousand Shares

Reason for buy-back	March 31, 2021	December 31, 2020	March 31, 2020
Shares transferred to employees	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 200</u>

The Company's Board of Directors resolved on November 19, 2018 that for the purpose of transfer of shares to employees, 1,500 thousand shares of the Company's ordinary shares could be bought back from the centralized trading market at a price range between \$60 and \$75 from November 20, 2018 to January 19, 2019. By the end of the execution period of treasury shares, a total of 200 thousand of ordinary shares were bought back at an average buy-back price of \$64.53 per share. Buyback shares shall be transferred in one or multiple times within three years after the execution of the buyback. The said employees include employees of controlling or subordinate company who met certain conditions.

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.

22. Revenue

a. Breakdown of revenue from client contracts

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Industrial computer cards and systems	<u>\$ 1,011,666</u>	<u>\$ 1,443,515</u>
Industrial automation control	874,936	629,389
Other	<u>121,516</u>	<u>103,417</u>
	<u>\$ 2,008,118</u>	<u>\$ 2,176,321</u>

b. Balance of contracts

	March 31, 2021	December 31, 2020	March 31, 2020	January 1, 2020
Notes receivable	<u>\$ 306,576</u>	<u>\$ 295,309</u>	<u>\$ 261,955</u>	<u>\$ 245,194</u>
Trade receivable	<u>\$ 1,581,639</u>	<u>\$ 1,544,938</u>	<u>\$ 1,588,614</u>	<u>\$ 1,505,702</u>
Trade receivable - related parties	<u>\$ 123,159</u>	<u>\$ 144,234</u>	<u>\$ 246,647</u>	<u>\$ 268,409</u>
Contract liabilities - current	<u>\$ 124,937</u>	<u>\$ 96,698</u>	<u>\$ 82,925</u>	<u>\$ 93,162</u>

The change in contract assets and contract liabilities mainly comes from the difference between the timing when the performance obligation is fulfilled and the timing when the client pays.

The amount of contract liabilities from the beginning of the period recognized as revenue were as follows:

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
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Sales of Commodities	<u>\$ 49,009</u>	<u>\$ 43,741</u>
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23. Net profit for the period

a. Interest income

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Bank deposits	\$ 325	\$ 1,333
Financial assets at amortized cost	<u>16</u>	<u>4</u>
	<u>\$ 341</u>	<u>\$ 1,337</u>

b. Other gains and losses

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Gain (loss) of financial assets and financial liabilities		
Financial liabilities held for trading	(\$ 5,168)	\$ 4,172
Financial assets mandatorily classified as at fair value through profit or loss	( 37)	( 1,647)
Net loss on disposal and scrap of property, plant and equipment	(\$ 216)	(\$ 33)
Loss on lease modification	-	( 7)
Net gain (loss) on foreign exchange	9,125	( 7,329)
Other	<u>( 1,338)</u>	<u>( 589)</u>
	<u>\$ 2,366</u>	<u>(\$ 5,433)</u>

c. Finance costs

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Interest on bank loans	\$ 3,066	\$ 4,518
Interest on lease liabilities	<u>1,233</u>	<u>642</u>
	<u>\$ 4,299</u>	<u>\$ 5,160</u>

d. Depreciation and amortization

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Depreciation expenses summarized by function		
Operating costs	\$ 14,874	\$ 12,260
Operating Expenses	<u>24,476</u>	<u>26,226</u>
	<u>\$ 39,350</u>	<u>\$ 38,486</u>
Amortization expenses summarized by function		
Operating costs	\$ 417	\$ 227
Operating Expenses	<u>6,850</u>	<u>6,838</u>
	<u>\$ 7,267</u>	<u>\$ 7,065</u>

e. Employee benefits expenses

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Benefits after retirement		
Defined contribution plans	\$ 9,264	\$ 10,938
Defined benefit plans (Note 20)	<u>104</u>	<u>212</u>
	<u>9,368</u>	<u>11,150</u>
Share-based Payment		
Equity-settled (Note 26)	<u>\$ -</u>	<u>\$ 156</u>
Other employee benefits	<u>260,883</u>	<u>302,950</u>
Total employee benefit expenses	<u>\$ 270,251</u>	<u>\$ 314,256</u>
Summarized by function		
Operating costs	\$ 61,032	\$ 67,822
Operating Expenses	<u>209,219</u>	<u>246,434</u>
	<u>\$ 270,251</u>	<u>\$ 314,256</u>

f. Employees' Compensation and Remunerations of Directors

The Company allocates the compensation for employees' compensation and remuneration of directors in accordance of the Articles of Incorporation for not less than 5% to 20% and not more than 1%, respectively, of the income before tax before deducting the distributed the compensation for employees and the remuneration of directors in the current year. The employees' compensation and remuneration of directors for the three months ended March 31, 2021 and 2020 were as follows:

Estimated ratio

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Employees' compensation	7.05%	7.05%
Remuneration of directors	0.75%	0.75%

Amount

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Employees' compensation	<u>\$ 6,008</u>	<u>\$ 13,856</u>
Remuneration of directors	<u>\$ 639</u>	<u>\$ 1,474</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 employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019, which were approved by the Board of Directors on March 22, 2021 and March 17, 2020, respectively, were as follows:

Amount

	Cash	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Employees compensation	\$ 37,720	\$ 59,920
Remuneration of directors	4,013	6,374

There is no difference between the actual amounts of employees' compensation and remuneration of directors distributed for the years ended December 31, 2020 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020.

The actual amount paid of employees' compensation and remuneration of directors for the year ended December 31, 2019 was different from the amount recognized in the consolidated financial statements for the year ended December 31, 2019, and the difference was adjusted as gain or loss for the year ended December 31, 2020.

	For the year ended December 31, 2019	
	Employees compensation	Remuneration of directors
Amount of distribution resolved by the Board of Directors	\$ 59,469	\$ 6,326
Recognized amount in the annual financial statements	59,920	6,374

Information on the compensation for employees and remuneration of directors and supervisors resolved by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain (loss) on currency exchange

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Total Foreign Exchange Gains	\$ 30,537	\$ 12,686
Total Foreign Exchange Losses	( 21,412 )	( 20,015 )
Net gain (loss) on foreign exchange	<u>\$ 9,125</u>	<u>( \$ 7,329 )</u>

24. Income Tax

a. Income tax recognized in profit or loss

The main components of income tax expenses were as follows:

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Current income tax Incurred for the period	\$ 20,622	\$ 42,684
Deferred income tax Incurred for the period	<u>7,784</u>	<u>1,053</u>



Income tax expense recognized in profit or loss	<u>\$ 28,406</u>	<u>\$ 43,737</u>
b. Income tax assessments		

The tax authorities have assessed through the 2018 annual income tax return of a profit-seeking enterprise of AEWIN Technologies Co., Ltd., while through 2019 for the Company, and Ace Pillar Co., Ltd.

25. Earnings per Share

	Unit: NTD per share	
	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Basic earnings per share	<u>\$ 0.58</u>	<u>\$ 1.26</u>
Diluted earnings per share	<u>\$ 0.58</u>	<u>\$ 1.25</u>

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

Net profit/(loss) for the year

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Net profit used to calculate basic earnings per share	\$ 66,234	\$ 144,805
Impacts of potential ordinary shares with dilution effect:		
Employees compensation	-	-
Net profit used to calculate diluted earnings per share	<u>\$ 66,234</u>	<u>\$ 144,805</u>

Number of shares Unit: In Thousand Shares

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Weighted average of ordinary shares used for calculating basic earnings per share	114,489	114,489
Impacts of potential ordinary shares with dilution effect:		
Employees compensation	<u>610</u>	<u>980</u>
Weighted average of ordinary shares used for calculating diluted earnings per share	<u>115,099</u>	<u>115,469</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.

## 26. Share-based Payment Agreement

There were no new employee share options issued by the consolidated company for the three months ended March 31, 2021 and 2020, and information regarding the employee share options issued by the subsidiaries was as follows:

### a. Employee share options plan of AEWIN Technologies Co., Ltd.

Employees share options	For the three months ended March 31, 2021		For the three months ended March 31, 2020	
	Unit (In Thousands Shares)	Weighted-Aver age Exercise price (NTD)	Unit (In Thousands Shares)	Weighted-Aver age Exercise price (NTD)
Outstanding at the beginning of the period	761	\$ 37.7	856	\$ 37.7
Given up for the period	( 8)	37.7	25	37.7
Outstanding at the end of the period	<u>753</u>	37.7	<u>831</u>	37.7
Exercisable at the end of the period	<u>753</u>	37.7	<u>665</u>	37.7

### b. Employee share options plan of Ace Pillar Co., Ltd.

Employees share options	For the three months ended March 31, 2021		For the three months ended March 31, 2020	
	Unit (In Thousands Shares)	Weighted-Aver age Exercise price (NTD)	Unit (In Thousands Shares)	Weighted-Aver age Exercise price (NTD)
Outstanding at the beginning of the period	-	\$ -	958	\$ 21.40
Given up for the period	-	-	( 27)	21.40
Outstanding at the end of the period	<u>-</u>	-	<u>931</u>	21.40
Exercisable at the end of the period	<u>-</u>	-	<u>931</u>	21.40

## 27. Equity Transactions with Non-controlling Interests

Upon approval by the Board of Directors, the consolidated company acquired the shares of AEWIN Technologies Co., Ltd. from the open market on November 10, 2020. From January 1, 2021 to March 31, 2021, a total of 298 thousand shares of AEWIN Technologies Co., Ltd. were acquired and the transaction amount was \$7,351 thousand, increasing the shareholding ratio from 50.84% to 51.35%.

Upon approval by the Board of Directors, the consolidated company acquired the shares of Ace Pillar Co., Ltd. from the open market on October 24, 2019. From January 1, 2021 to March 31, 2021, a total of 799 thousand shares were acquired and the transaction amount was \$20,485 thousand, increasing the shareholding ratio from 33.56% to 34.28%.

As the above-mentioned transactions did not change the control of the consolidated company in such subsidiaries, the consolidated company considered them as equity transactions.

	Ace Pillar Co., Ltd. and its subsidiaries	AEWIN Technologies Co., Ltd. and its subsidiaries
Cash consideration paid	\$ 20,485	\$ 7,351
Carrying amount of net assets of the subsidiary calculated based on corresponding changes in equity to be transferred into non-controlling interests	( 14,232)	( 5,867)
Difference in equity transactions	<u>\$ 6,253</u>	<u>\$ 1,484</u>
<u>Adjustment account for Difference in equity transactions</u>		
Unappropriated earnings	( \$ 6,253)	( \$ 1,484)

Upon approval by the Board of Directors, the consolidated company acquired the shares of Ace Pillar Co., Ltd. from the open market on October 24, 2019. From January 1, 2020 to March 31, 2020, a total of 1,419 thousand shares of Ace Pillar Co., Ltd.'s ordinary shares were acquired and the transaction amount was \$22,844 thousand, increasing the shareholding ratio from 26.62% to 27.88%.

As the above-mentioned transactions did not change the control of the consolidated company in such subsidiaries, the consolidated company considered them as equity transactions.

	Ace Pillar Co., Ltd. and its subsidiaries
Cash consideration paid	\$ 22,844
Carrying amount of net assets of the subsidiary calculated based on corresponding changes in equity to be transferred into non-controlling interests	( 24,036)
Difference in equity transactions	<u>( \$ 1,192)</u>
<u>Adjustment account for Difference in equity transactions</u>	
Capital surplus - Differences between the actual price for acquisition of the subsidiaries and their carrying amount	\$ 2,081
Unappropriated earnings	( 889)
	<u>\$ 1,192</u>

## 28. Financial Instruments

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

For financial instruments not measured at fair value, their fair values are estimated using their carrying amounts as of the consolidated balance sheet date due to their maturity date is coming or their future receipts and payments approximate their carrying amounts.

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

1) Fair Value Hierarchy

March 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Derivatives	\$ -	\$ 3,242	\$ -	\$ 3,242
Fund beneficiary certificates	27,235	-	-	27,235
Foreign Private Funds	-	-	-	-
Foreign bonds investment	-	-	-	-
Total	<u>\$ 27,235</u>	<u>\$ 3,242</u>	<u>\$ -</u>	<u>\$ 30,477</u>

Financial assets at fair value through other comprehensive income

Investments in equity instruments				
- Domestic OTC shares	\$ 26,473	\$ -	\$ -	\$ 26,473
- Foreign non-publicly traded shares	-	-	1,288	1,288
Total	<u>\$ 26,473</u>	<u>\$ -</u>	<u>\$ 1,288</u>	<u>\$ 27,761</u>

Financial liabilities at fair value through profit or loss

Derivatives	<u>\$ -</u>	<u>\$ 7,521</u>	<u>\$ -</u>	<u>\$ 7,521</u>
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December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Derivatives	\$ -	\$ 268	\$ -	\$ 268
Fund beneficiary certificates	27,953	-	-	27,953
Foreign Private Funds	-	-	-	-
Foreign bonds investment	-	-	-	-
Total	<u>\$ 27,953</u>	<u>\$ 268</u>	<u>\$ -</u>	<u>\$ 28,221</u>

Financial assets at fair value through other comprehensive income

Investments in equity instruments				
- Domestic OTC shares	\$ 29,920	\$ -	\$ -	\$ 29,920
- Foreign non-publicly traded shares	-	-	887	887
Total	<u>\$ 29,920</u>	<u>\$ -</u>	<u>\$ 887</u>	<u>\$ 30,807</u>

Financial liabilities at fair value through profit or loss

Derivatives	<u>\$ -</u>	<u>\$ 9,768</u>	<u>\$ -</u>	<u>\$ 9,768</u>
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March 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Derivatives	\$ -	\$ 5,535	\$ -	\$ 5,535
Fund beneficiary certificates	30,390	-	-	30,390
Foreign Private Funds	-	-	-	-
Foreign bonds investment	-	-	-	-
Total	<u>\$ 30,390</u>	<u>\$ 5,535</u>	<u>\$ -</u>	<u>\$ 35,925</u>

Financial assets at fair value through other comprehensive income

Investments in equity instruments

	Level 1	Level 2	Level 3	Total
- Domestic OTC shares	\$ 50,569	\$ -	\$ -	\$ 50,569
- Foreign non-publicly traded shares	-	-	1,414	1,414
Total	<u>\$ 50,569</u>	<u>\$ -</u>	<u>\$ 1,414</u>	<u>\$ 51,983</u>

Financial liabilities at fair value  
through profit or loss

Derivatives	\$ -	\$ 5,748	\$ -	\$ 5,748
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There was no transfer between Level 1 and Level 2 fair value measurements for the three months ended March 31, 2021 and 2020.

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

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Beginning Balance	\$ 887	\$ 1,414
Recognized as other comprehensive income (Unrealized Gains (Losses) on Financial assets at fair value through other comprehensive income)	<u>401</u>	<u>-</u>
Ending balance	<u>\$ 1,288</u>	<u>\$ 1,414</u>

3) Valuation techniques and inputs for Level 2 fair value measurement

Classification of financial instruments	Valuation techniques and inputs
Derivative – Forward foreign exchange contracts and foreign exchange SWAP	Discounted cash flow method: Discounted forward exchange rate and the estimated future cash flows at the end of the period are discounted using a discount rate that reflects the credit risk of each counterparty.

4) Valuation techniques and inputs for Level 3 fair value measurements

The foreign non-listed equity investments are applied to the asset approach, and the asset approach evaluates factors, such as total market value of individual assets and individual liabilities covered by evaluation subject to estimate their fair values.

c. Classification of financial instruments

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
Measured at fair value through profit or loss			
Mandatorily at fair value through profit or loss	\$ 30,477	\$ 28,221	\$ 35,925
Financial assets at amortized cost (1)	4,047,711	3,952,938	4,390,977
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	27,761	30,807	51,983

March 31, 2021    December 31, 2020    March 31, 2020

Financial liabilities

Measured at fair value  
through profit or loss

Held-for-trading	7,521	9,768	5,748
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Measured at amortized cost

(2)	2,518,439	2,416,404	2,634,425
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- 1) The balance refers to financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivable (including related parties), other receivables, and guarantee deposits paid.
- 2) The balance refers to the financial liabilities at amortized cost, including short-term borrowings, notes payable, trade payable (including related parties), and other payables.

d. Objectives and policy of financial risk management

The consolidated company's main financial instruments include equity and debt instruments investment, trade receivable, trade payables, bank loans, and lease liabilities. The financial management department of the consolidated company monitors and manages the financial risks related to the operations of the consolidated company through internal risk reports. Such risks include market risk (including foreign exchange risk, interest rate risk, and other price risk), credit risk, and liquidity risk.

1) Market Risks

The consolidated company's activities expose it primarily to the financial risks of changes in foreign exchange rates and the changes in interest rates.

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. Approximately 48% of the consolidated company's sales are denominated in currencies other than the functional currency of the group entity making the transaction and approximately 53% of costs are denominated in currencies other than the functional currency of the group entity making the transaction. The consolidated company manages exposure to exchange rate risks by using forward foreign exchange contracts to manage the exchange rate risks in the range allowed by policies.

Please refer to Note 32 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) and the carrying amount of derivatives exposed to exchange rate risks.

Sensitivity analysis

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

The sensitivity analysis of the consolidated company when the exchange rate of the NTD (the functional currency) increases/decreases by 2% for each relevant foreign currency. A sensitivity rate of 2% is used internally when reporting to management from the Company on exchange rate risks. It represents management's assessment on reasonably possible scope of foreign exchange rates. The sensitivity analysis

includes only outstanding monetary items denominated in foreign currencies and is used to adjust the translation at the year end by a 2% change in the exchange rate. If the exchange rate increased/decreased by 2% and all other variables were held constant, the consolidated company's net profit before tax for the three months ended March 31, 2021 and 2020 would have increased or decreased by \$13,371 thousand and \$11,397 thousand.

The risk is mainly derived from USD-denominated receivables and payables of the consolidated company that are still outstanding on the balance sheet date without cash flow hedging.

b) Interest Rate Risks

The entities of the consolidated company have been exposed to interest rate risk through its fixed and variable interest rates for borrowings.

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
With interest rate risk to the fair value			
– Financial assets	\$ 357,332	\$ 81,088	\$ 198,693
– Financial liabilities	236,176	180,840	74,571
With interest rate risk to cash flows			
– Financial assets	1,620,721	1,825,209	1,939,320
– Financial liabilities	898,454	758,877	743,459

Sensitivity analysis

The following sensitivity analysis is based on the interest rate exposure of non-derivatives on the balance sheet date, and the method of analysis to the liabilities with variable interest rates was to assume that the outstanding balance of liabilities on the balance sheet date was being outstanding through the reporting period. The rate of change used internally in reporting interest rates to the management from the group is the 2% increase/decrease in interest rates, which also represents the management's evaluation of the reasonable range of possible changes in interest rates. However, the management considers that the change in interest rate will not have significant impact on the income of the consolidated company.

If the interest rate increased/decreased by 2% and all other variables were held constant, the consolidated company's net profit before tax for the three months ended March 31, 2021 and 2020 would have increased/decreased by \$3,611 thousand and \$5,979 thousand.

c) Other Price Risks

The consolidated company is exposed to equity price through its investments in equity securities. The consolidated company's investment in equity securities is carried out in accordance with the regulations of the Board of Directors with a view to achieving risk management objectives and optimizing the return on investment.

Sensitivity analysis

The sensitivity analysis below is carried out based on the exposure to equity price risk on the balance sheet date.

If the equity price increased/decreased by 2%, income before tax for the three months ended March 31, 2021 and 2020 would have increased/decreased by \$610 thousand and \$719 thousand, respectively, due to an increase/ decrease in the fair value of financial assets at fair value through profit or loss. The pre-tax other comprehensive income for the three months ended March 31, 2021 and 2020 would have increased/decreased by \$555 thousand and \$1,040 thousand, respectively, due to an increase/decrease in fair value of financial assets at fair value through other comprehensive income.

## 2) Credit risk

Credit risk refers to the risk of financial loss of the consolidated company caused by the counterparty's default of contractual obligations. As of the balance sheet date, the consolidated company's maximum credit risk exposure (no consideration of collateral or other credit enhancement tools) 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 the carrying amount of financial assets recognized on consolidated balance sheet.

The policies adopted by the consolidated company are to only conduct transactions with reputed counterparties, and to obtain sufficient collateral under necessary circumstances to reduce the risk of financial losses. The consolidated company conduct transactions with enterprises whose ratings is equivalent to or higher than investment level. The information is provided by independent rating agencies. If such information is not available, the consolidated company will use other publicly available financial information and transaction records of each other to rate major clients. The consolidated company continues to monitor credit risk exposure and the credit ratings of counterparties, and it distributes total transaction amounts among clients with qualified credit ratings. It also controls credit risk exposure through credit limit of counterparties reviewed and approved by the unit of risk management every year.

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.

In addition, due to the counterparties of current funds are the banks of high credit rated by international credit rating agencies, the credit risk is limited.

As of March 31, 2021, December 31, 2020, and March 31, 2020, no trade receivable of a single client amounting to 10% or more of the total trade receivable.

## 3) Liquidity risk

The consolidated company manages and maintains sufficient positions in cash and cash equivalents and financial assets with good liquidity to support the group's operations and to mitigate the impact of cash flow fluctuations.

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, bank loans for which the consolidated company may be required to repay immediately are listed by the earliest period in the table below disregard the probability of exercising such right immediately by the banks. The analysis of the maturity of other non-derivative financial liabilities is prepared in accordance with the agreed repayment date.

### March 31, 2021

	Payment on sight or within 1 month	1~3 months	3 months~1 year	1~5 year(s)	5 years and above
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	\$ -	\$ 1,619,985	\$ -	\$ -	\$ -
Instruments with variable interest rates	-	824,934	9,502	-	-
Instruments with fixed interest rates	50,006	15,092	-	-	-
Lease liabilities	-	16,951	49,876	115,593	65,239
	<u>\$ 50,006</u>	<u>\$ 2,476,962</u>	<u>\$ 59,378</u>	<u>\$ 115,593</u>	<u>\$ 65,239</u>

### December 31, 2020

	Payment on sight or within 1 month	1~3 months	3 months~1 year	1~5 year(s)	5 years and above
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	\$ -	\$ 1,592,703	\$ -	\$ -	\$ -
Instruments with variable interest rates	-	760,690	-	-	-
Instruments with fixed interest rates	-	64,824	-	-	-
Lease liabilities	-	14,193	40,914	65,754	-
	<u>\$ -</u>	<u>\$ 2,432,410</u>	<u>\$ 40,914</u>	<u>\$ 65,754</u>	<u>\$ -</u>

### March 31, 2020

	Payment on sight or within 1 month	1~3 months	3 months~1 year	1~5 year(s)	5 years and above
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	\$ -	\$ 1,890,966	\$ -	\$ -	\$ -
Lease liabilities	-	13,357	25,352	38,859	-
Instruments with variable interest rates	-	677,269	69,843	-	-
	<u>\$ -</u>	<u>\$ 2,581,592</u>	<u>\$ 95,195</u>	<u>\$ 38,859</u>	<u>\$ -</u>

## 29. Related Party Transactions

The parent company of the Company is Qisda Corporation, holding 55.1% of the Company's ordinary shares as of March 31, 2021, December 31 and March 31, 2020.

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. In addition to those already disclosed in other notes, transactions between the consolidated company and other related parties were as follows:

### a. Name and relationship of Related party

Name of related party	Relationship with the consolidated company
Qisda Corporation.	Parent company
Qisda (Suzhou) Co., Ltd.	Fellow company
Qisda Optronics (Suzhou) Co., Ltd.	Fellow company
BENQ ESCO Corporation	Fellow company
BenQ Corporation	Fellow company
BenQ Materials Corporation	Fellow company
BENQ ASIA PACIFIC Corporation	Fellow company
BenQ Medical Technology Corporation	Fellow company
BenQ Guru Software Corporation	Fellow company
BenQ Intelligent Technology (Shanghai) Co., Ltd.	Fellow company
BenQ Healthcare Corporation	Fellow company
Suzhou BenQ Hospital Co., Ltd.	Fellow company
LILY-MEDICAL Corporation	Fellow company
Webest Solution Corporation	Fellow company
Partner Tech Corporation	Fellow company
DATA IMAGE Corporation	Fellow company
SYSAGE TECHNOLOGY CO., LTD.	Fellow company
Partner Tech Europe GmbH	Fellow company
Alpha Networks Inc.	Fellow company
GLOBAL INTELLIGENCE NETWORK CO.	Fellow company
GOLDEN SPIRIT CO.	Fellow company
ADVANCEDTEK INTERNATIONAL CO.	Fellow company
Darwin Precisions Corporation	Associate of parent company
Darwin Precisions (Xiamen) Corporation	Associate of parent company
AU Optronics Corporation	Associate of parent company
AU Optronics (Suzhou) Co., Ltd.	Associate of parent company
AU Optronics (Kunshan) Co., Ltd.	Associate of parent company
AU Optronics (Xiamen) Co., Ltd.	Associate of parent company
AUO CRYSTAL CORP.	Associate of parent company
DARFON ELECTRONICS Corporation	Associate of parent company
Darfon Electronics (Suzhou) Co., Ltd.	Associate of parent company
AFPD Pte., Ltd	Associate of parent company
San Jose Technology, Inc.	Associate of parent company
AEWIN KOREA CO.,LTD.	Substantial related party

b. Operating revenue

Item	Category / Name of related party	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Sales revenue	Fellow company	\$ 27,419	\$ 56,562
	Parent company	9,438	23,687
	Associate of parent company	7,290	8,561
	Substantial related party	<u>6,113</u>	<u>5,598</u>
		<u>\$ 50,260</u>	<u>\$ 94,408</u>

The sales of the consolidated company's products to related parties are customized products according to the clients' needs, and, therefore, the selling price is mutually agreed. The sales to related parties are charged within 60-120 days after shipment, and within 30-180 days for non-related parties.

c. Purchase

Category / Name of related party	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Parent company	\$ 100,507	\$ 238,078
Associate of parent company	4,529	21,253
Fellow company	<u>3,328</u>	<u>179</u>
	<u>\$ 108,364</u>	<u>\$ 259,510</u>

The purchases from related parties by the consolidated company are customized products tailored to the requirements of the order, and, therefore, the selling price is mutually agreed. The purchases from related parties are charged within 60-90 days after delivery, and within 30-105 days of monthly settlement for non-related parties.

d. Receivables from related parties

Item	Category / Name of related party	March 31, 2021	December 31, 2020	March 31, 2020
Trade receivable	Parent company	<u>\$ 82,782</u>	<u>\$ 89,355</u>	<u>\$ 171,708</u>
	Fellow company			
	Qisda (Suzhou) Co., Ltd.	8,525	16,860	38,764
	Other	<u>19,087</u>	<u>23,970</u>	<u>24,691</u>
		27,612	40,830	63,455
	Associate of parent company	6,533	10,085	6,344
	Substantial related party	<u>6,232</u>	<u>3,964</u>	<u>5,140</u>
		<u>\$ 123,159</u>	<u>\$ 144,234</u>	<u>\$ 246,647</u>
Other receivables	Fellow company	<u>\$ 491</u>	<u>\$ 592</u>	<u>\$ 491</u>

Uncollected guarantees from outstanding trade receivable of related parties. No loss allowance was set aside for receivables from related parties for the three months ended March 31, 2021 and 2020

e. Trade payable to related parties

Item	Category / Name of related party	March 31, 2021	December 31, 2020	March 31, 2020
Trade payable	Parent company	\$ 93,780	\$ 100,567	\$ 193,674
	Associate of parent company	4,454	4,219	20,093
	Fellow company	<u>3,000</u>	<u>94</u>	<u>73</u>
		<u>\$ 101,234</u>	<u>\$ 104,880</u>	<u>\$ 213,840</u>
Other payables	Parent company	\$ 4,074	\$ 931	\$ 1,547
	Fellow company	528	243	1,598
	Associate of parent company	16	-	87
	Substantial related party	<u>13</u>	<u>94</u>	<u>1,046</u>
		<u>\$ 4,631</u>	<u>\$ 1,268</u>	<u>\$ 4,278</u>

The balance of the outstanding payables to related parties is not guaranteed.

f. Other assets

Item	Category / Name of related party	March 31, 2021	December 31, 2020	March 31, 2020
Prepayments	Fellow company	\$ 1,319	\$ 169	\$ 448
	Parent company	737	67	360
	Associate of parent company	-	-	861
		<u>\$ 2,056</u>	<u>\$ 236</u>	<u>\$ 1,669</u>
Other non-current assets	Parent company	<u>\$ -</u>	<u>\$ 1,679</u>	<u>\$ 1,679</u>

g. Acquisition of property, plant, and equipment

Category / Name of related party	Price of Acquisition	
	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Fellow company	<u>\$ -</u>	<u>\$ 210</u>

h. Lease agreements

Category / Name of related party	March 31, 2021	December 31, 2020	March 31, 2020
<u>Acquisition of right-of-use assets</u>			
Parent company	\$ 125,437	\$ -	\$ -
Fellow company	<u>-</u>	<u>6,228</u>	<u>-</u>
	<u>\$ 125,437</u>	<u>\$ 6,228</u>	<u>\$ -</u>

Item	Category / Name of related party	March 31, 2021	December 31, 2020	March 31, 2020
Lease liabilities	Parent company	\$ 125,783	\$ -	\$ -
	Fellow company	<u>4,539</u>	<u>5,133</u>	<u>-</u>
		<u>\$ 130,322</u>	<u>\$ 5,133</u>	<u>\$ -</u>

Category / Name of related party	For the three months ended March 31, 2021	For the three months ended March 31, 2020
<u>Interest expense</u>		
Parent company	\$ 345	\$ -
Fellow company	<u>45</u>	<u>-</u>
	<u>\$ 390</u>	<u>\$ -</u>

The consolidated company leased office premises from the Brothers Company in June 2020 with a lease term of 3 years, and the rent was paid monthly with reference to the rentals prevailing in the neighborhood; In December 2020, it also leased offices and plants in Guishan District, Taoyuan from its parent company for a lease term of 10 years beginning from January 2021, and the rent was paid monthly with reference to the rentals prevailing in the neighborhood.

i. Acquisition of Other Assets

Category / Name of related party	Item	Price of Acquisition	
		For the three months ended March 31, 2021	For the three months ended March 31, 2020
Parent company	Intangible assets	<u>\$ 1,789</u>	<u>\$ -</u>

j. Other Related Party Transactions

Item	Category / Name of related party	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Operating costs	Parent company	\$ 166	\$ 1,978
	Fellow company	29	75
	Associate of parent company	<u>9</u>	<u>30</u>
		<u>\$ 204</u>	<u>\$ 2,083</u>
Operating Expenses	Fellow company	\$ 1,358	\$ 918
	Parent company	419	156
	Associate of parent company	<u>8</u>	<u>55</u>
		<u>\$ 1,785</u>	<u>\$ 1,129</u>
Other income	Fellow company	<u>\$ 1,403</u>	<u>\$ 1,403</u>

The related expenses recognized and paid by the Company to related parties for providing part of their services have been properly allocated to the relevant departments in which the costs were incurred.

k. Remuneration to key management level

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Short-term employee benefits	<u>\$ 9,031</u>	<u>\$ 11,318</u>

The Compensation Committee determines the remuneration of directors and other key management according to the individual performance and market trends.

### 30. Pledged Assets

The following assets of the consolidated company were pledged as collateral for financing loans and as security deposits of business tax levied for importing raw materials:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Pledged time deposits (recognized as financial assets at amortized cost)	\$ 1,708	\$ 1,708	\$ 45,075
Notes receivable	58,811	39,558	67,484
Restricted bank deposits (recognized as financial assets at amortized cost)	<u>-</u>	<u>-</u>	<u>33</u>
	<u>\$ 60,519</u>	<u>\$ 41,266</u>	<u>\$ 112,592</u>

### 31. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

As of March 31, 2021, December 31, 2020, and March 31, 2020, the guaranteed promissory note issued by the consolidated company for obtaining credit limit of banks were \$1,470,000 thousand, \$1,270,000 thousand and \$511,016 thousand, A

### 32. Information on Foreign Currency Assets and Liabilities with Significant Effect

The following information was 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 were as follows:

#### March 31, 2021

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying amount</u>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 62,535	28.5300 (USD : NTD)	\$ 1,784,115
USD	1,950	6.5800 (USD : RMB)	12,833
RMB	18,907	4.3359 (RMB : NTD)	81,977
JPY	54,666	0.2579 (JPY : NTD)	14,098
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	25,272	28.5300 (USD : NTD)	721,019
USD	15,780	6.5800 (USD : RMB)	103,832
JPY	13,750	0.2579 (JPY : NTD)	3,546

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 67,993	28.3500 ( USD : NTD )	\$ 1,927,599
USD	1,950	6.5600 ( USD : RMB )	12,791
RMB	21,086	4.3216 ( RMB : NTD )	91,124
JPY	66,285	0.2749 ( JPY : NTD )	18,222
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	\$ 24,728	28.3500 ( USD : NTD )	\$ 701,036
USD	20,408	6.5600 ( USD : RMB )	133,878
JPY	21,969	0.2749 ( JPY : NTD )	6,039

March 31, 2020

	Foreign Currency	Exchange Rate	Carrying amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 72,874	30.2540 ( USD : NTD )	\$ 2,204,744
USD	2,421	7.1000 ( USD : RMB )	17,190
RMB	50,677	4.2611 ( RMB : NTD )	215,938
JPY	151,197	0.2794 ( JPY : NTD )	42,245
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	27,727	30.2540 ( USD : NTD )	838,854
USD	28,732	7.1000 ( USD : RMB )	204,002
RMB	13,048	4.2611 ( RMB : NTD )	55,597
JPY	155,503	0.2794 ( JPY : NTD )	43,448

The Company's realized and unrealized foreign exchange (losses) gains were \$9,125 thousand and \$(7,329) thousand for the three months ended March 31, 2021 and 2020, respectively. Due to many types of foreign currency transactions and functional currencies of the entities in the group, gains or losses cannot be disclosed by each foreign currencies with significant impact.

33. Supplementary Disclosures

a. Information on Significant Transactions:

1. Financing provided 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 NTD 300 million or 20% and above of the paid-in capital: None.
  5. The amount of property acquired reached NTD 300 million or 20% and above of the paid-in capital: None.
  6. The amount of property disposal reached NTD 300 million or 20% and above of the paid-in capital: None.
  7. The amount of purchases or sales with related parties reached NTD 100 million or 20% and above of the paid-in capital: Table IV.
  8. Receivables from related parties amounted to NTD 100 million or 20% and above of paid-in capital: Table V.
  9. Engaged in derivative products transactions: Note 7.
  10. Others: The business relationships and significant transactions and amounts between parent company and its subsidiaries and between subsidiaries: Table VI.
- b. Information on Reinvestment: Table VII
- c. Information on Investments in Mainland China:
- 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), 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:
    - a) Purchase amount and percentage, ending balance and percentage of payables: Table IX.
    - b) Sales amount and percentage, ending balance and percentage of receivables: Table IX.
    - c) The amount of property transactions and the amount of profit or loss generated: None.
    - d) The ending balance and the purpose of bill endorsement, or provision of collateral: None.
    - e) The maximum balance, ending balance, Interest rate intervals and total amount of current interest of financing: Table I.
    - f) 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 on Major Shareholders: 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.

#### 34. 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:

##### Segment revenue and results of operations

The revenue and operating results of the consolidated company's continuing operation units reported by the segment were analyzed as follows:



For the three months ended March 31, 2021

	Board cards and system department	Industrial automation control department	Total
Revenue from external clients	<u>\$ 1,130,033</u>	<u>\$ 878,085</u>	\$ 2,008,118
Segment profit or loss	<u>\$ 60,521</u>	<u>\$ 61,897</u>	122,418
Interest income			341
Other income			4,766
Other gain and loss			2,366
Finance costs			( 4,299)
Net profit before tax			<u>\$ 125,592</u>

For the three months ended March 31, 2020

	Board cards and system department	Industrial automation control department	Total
Revenue from external clients	<u>\$ 1,543,526</u>	<u>\$ 632,795</u>	\$ 2,176,321
Segment profit or loss	<u>\$ 186,011</u>	<u>\$ 13,600</u>	199,611
Interest income			1,337
Other income			3,884
Other gain and loss			( 5,433)
Finance costs			( 5,160)
Net profit before tax			<u>\$ 194,239</u>

Segment profit or loss refer to the profit earned by each segment, excluding rental income, interest income, net loss on disposal of property, plant and equipment, net loss (gain) on foreign currency exchange, gain or loss on financial instruments valuation, financial costs, and income tax expense. This measured amount is provided to the key business decision-makers to allocate resources to segments and assess their performance.

DFI Inc. and Subsidiaries

Financing provided to others

For the three months ended March 31, 2021

Table I

Unit: Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

No.	Financing Company	Counterparty	Transaction item	Related Party	Accumulated maximum balance at the end of the period	Ending balance	Amount Actually Drawn	Interest Rate Intervals	Nature for Financing	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Loss	Collateral		Financing Limits for Each Borrower	Total Financing Limits
													Name	Value		
1	Ace Pillar Co., Ltd.	Tianjin Ace Pillar Co., Ltd.	Other receivables	Yes	\$ 231,883	\$ 231,883	\$ 146,293	0%-4.35%	(Note 1)	\$ -	Operating capital fund	\$ -	—	\$ -	\$ 404,404 (Note 2)	\$ 808,808 (Note 2)
1	Ace Pillar Co., Ltd.	Suzhou Super Pillar Automation Equipment Co., Ltd.	Other receivables	Yes	28,530	28,530	-	-	(Note 1)	-	Operating capital fund	-	—	-	404,404 (Note 3)	808,808 (Note 3)
2	Cyber South Management Ltd.	Suzhou Super Pillar Automation Equipment Co., Ltd.	Other receivables	Yes	15,692	15,692	15,692	1.15%	(Note 1)	-	Operating capital fund	-	—	-	597,432 (Note 3)	597,432 (Note 3)
4	Grace Transmission (Tianjin) Co., Ltd.	ADVANCEDTEK ACE(TJ) INC.	Other receivables	Yes	2,602	2,602	2,602	1.80%	(Note 1)	-	Operating capital fund	-	—	-	38,694 (Note 3)	38,694 (Note 3)
4	Grace Transmission (Tianjin) Co., Ltd.	Tianjin Ace Pillar Co., Ltd.	Other receivables	Yes	13,008	13,008	13,008	1.80%	(Note 1)	-	Operating capital fund	-	—	-	38,694 (Note 3)	38,694 (Note 3)
5	Hong Kong Ace Pillar Enterprise Co., Ltd.	Tianjin Ace Pillar Co., Ltd.	Other receivables	Yes	17,344	17,344	-	1.80%	(Note 1)	-	Operating capital fund	-	—	-	40,797 (Note 3)	40,797 (Note 3)
6	AEWIN Technologies Co., Ltd.	AEWIN Beijing Technologies Co., Ltd.	Other receivables	Yes	85,590	85,590	18,259	-	(Note 1)	-	Operating capital fund	-	—	-	230,546 (Note 4)	461,093 (Note 4)

Note 1. Having needs in short-term financing.

Note 2. The aggregate amount of financing provided to others granted by Ace Pillar Co., Ltd. is limited to 40% of Ace Pillar Co., Ltd.'s net worth as the latest reviewed by independent auditors; it shall not exceed 20% of the above mentioned net worth to an individual enterprise.

Note 3. The aggregate amount of financing provided to others granted by subsidiaries of Ace Pillar Co., Ltd. is limited to 10% of the subsidiaries' net worth as the latest reviewed by independent auditors; it shall not exceed 5% of the above mentioned net worth to an individual enterprise.

Note 4. The aggregate amount of loans to affiliated companies and the amount of loans to an individual entity by AEWIN Technologies Co., Ltd. are limited to 40% and 20% of the net worth of the latest financial statements of AEWIN Technologies Co., Ltd.

**DFI Inc. and Subsidiaries**

**Endorsements/guarantees to others**

**For the three months ended March 31, 2021**

Table II

Unit: Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

No.	Endorser Company Name	Company name of endorsee		Endorsement limit for a single enterprise	Maximum endorsement balance for the year	Year-end balance of endorsement	Amount Actually Drawn	Amount of endorsements secured by the property	The ratio of accumulated endorsement amount to the net worth of the latest financial statements	Endorsement Maximum limit amount	Endorsement of the parent company to a subsidiary	Endorsement of a subsidiary to the parent company	Endorsement for Mainland China
		Company Name	Relationship										
1	Ace Pillar Co., Ltd.	Tianjin Ace Pillar Co., Ltd.	Subsidiary invested through Ace Pillar Co., Ltd. for 17.61% and reinvested by a third-region company, Proton Inc. for 82.39%	\$ 808,808 (Note 1)	\$ 249,710	\$ 249,710	\$ 55,933	\$ -	12.35%	\$ 1,011,010 (Note 1)	-	-	Yes
2	AEWIN Technologies Co., Ltd.	AEWIN Beijing Technologies Co., Ltd.	Mainland China companies reinvested through a third-region company, BRIGHT PROFIT	230,546 (Note 2)	65,039	65,039	65,039	-	5.64%	461,093 (Note 2)	-	-	Yes

Note 1. Ace Pillar Co., Ltd.'s maximum amount of endorsement/guarantee and the amount of endorsement/guarantee to an individual entity are limited to 50% of the latest net worth reviewed by independent auditors; the amount of endorsement/guarantee to an individual entity is limited to 40% of the above mentioned net worth.

Note 2. AEWIN Technologies Co., Ltd. and its subsidiaries' aggregate amount of endorsement/guarantee is limited to 40% of the latest net worth of AEWIN Technologies Co., Ltd.'s financial statements. Endorsement limit for a single enterprise does not allowed to exceed 20% of the above mentioned net worth.

**DFI Inc. and Subsidiaries**

**Marketable securities held at the end of the period**

**March 31, 2021**

Table III

Unit: Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Name of Held Company	Type and Name of Marketable Securities	Relationship with the issuer of securities	Item	End of Period			Remark	
				In Thousand Shares/ Number of Unit/ Par Value	Carrying amount	Shareholding Ratio		Fair Value
DFI Inc.	Beneficiary certificates Cathay No.1 REIT	—	Financial assets at fair value through profit or loss - current	1,458	\$ 27,235	-	\$ 27,235	-
	Stock Aplex Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	999	26,473	3.32	26,473	-
	Investment in Funds Asia Tech Taiwan Venture Fund	—	Financial assets at fair value through profit or loss - non-current	USD225,338.01	-	-	-	-
	Bonds WM 7.25% Perpetual	—	Financial assets at fair value through profit or loss - current	USD 200,000	-	-	-	-
AEWIN Technologies Co., Ltd.	Stock AEWIN KOREA CO.,LTD	—	Financial assets at fair value through other comprehensive income - non-current	10	1,288	16.67	1,288	-
	Authentrend Technology Inc.	—	Financial assets at fair value through other comprehensive income - non-current	300	-	1.42	-	Note

Note: The former name was Apusone Technology Limited Co, and it was changed to Authentrend Technology Inc. on May 5, 2016.

**DFI Inc. and Subsidiaries**

**The amount of purchases or sales with related parties reached NTD 100 million or 20% and above of the paid-in capital**

**For the three months ended March 31, 2021**

Table IV

Unit: In Thousands of New Taiwan Dollars

(Purchasing) selling company	Name of counterparty	Relationship	Transaction Status				The situation and reason for the trading terms different from the general trading		Notes and trade receivable (payable)		Remark
			(Purchase) sales	Amount	Ratio of total purchase (sales) (%)	Credit period	Unit price	Credit period	Balance	Ratio of total notes and trade receivable (payable) (%)	
DFI Inc.	Qisda Corporation.	Parent company Subsidiary	Purchases	(\$ 100,507)	( 13 )	Payment term of 60 days to collect	At agreed price	30-90 days to collect	(\$ 93,780)	( 13 )	
Qisda Corporation.	DFI Inc.		Sales	100,507	-	Payment term of 60 days to collect	At agreed price	30-90 days to collect	93,780	-	

**DFI Inc. and Subsidiaries****Receivables from Related Parties Reached NTD 100 Million or 20% and above of Paid-in Capital****March 31, 2021**

Table V

Unit: Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Company from which trade receivable	Name of counterparty	Relationship	Balance of receivables from related party	Turnover rate	Overdue receivables from related parties		Recovery amount of receivables from related parties after the balance sheet date	Allowance for Loss
					Amount	Treatment		
AEWIN Technologies Co., Ltd.	AEWIN Beijing Technologies Co., Ltd.	Subsidiary	\$ 323,219	0.70	\$ 235,199	Strengthen collection	\$ 16,502	\$ -
Ace Pillar Co., Ltd.	Tianjin Ace Pillar Co., Ltd.	Subsidiary	148,119	-	-	—	-	-

Note: All transactions, balances, revenue, and expenses within each entity have been written off in full when preparing consolidated financial statements.

**DFI Inc. and Subsidiaries**

**The business relationships and significant transactions and amounts between parent company and its subsidiaries and between subsidiaries**

**For the three months ended March 31, 2021**

Table VI

Unit: In Thousands of New Taiwan Dollars

No.	Name of Trader	Name of Counterparty	Relationship with the Trader (Note 1)	Situations of Transactions				Remark
				Account	Amount (Note 5)	Transaction Terms	Ratio to Consolidated Total Revenue or Total Assets	
0	DFI Inc.	Diamond Flower Information (NL) B.V.	(1)	Operating revenue	\$ 68,658	Note 2	3%	Note 6
		DFI AMERICA, LLC.	(1)	Operating revenue	94,849	Note 2	5%	Note 6
		DFI AMERICA, LLC.	(1)	Trade receivable - related parties	76,473	Note 3	1%	Note 6
		DFI Co., Ltd.	(1)	Operating revenue	83,679	Note 2	4%	Note 6
		Yan Ying Hao Trading(Shenzhen) Co., Ltd.	(1)	Operating revenue	24,120	Note 2	1%	Note 6
		AEWIN Technologies Co., Ltd.	(1)	Operating revenue	82,740	Note 2	4%	Note 6
1	AEWIN Technologies Co., Ltd.	AEWIN Beijing Technologies Co., Ltd.	(2)	Trade receivable - related parties	323,219	Note 4	4%	Note 6
		AEWIN Beijing Technologies Co., Ltd.	(2)	Operating revenue	61,530	Note 4	3%	Note 6
		AEWIN TECH INC.	(2)	Operating revenue	38,373	Note 4	2%	Note 6
			(2)	Other receivables	148,119	1 year	2%	Note 6
2	Ace Pillar Co., Ltd.	Tianjin Ace Pillar Co., Ltd.	(2)	Other receivables	148,119	1 year	2%	Note 6
3	ADVANCEDTEK ACE(TJ) INC.	Tianjin Ace Pillar Co., Ltd.	(2)	Operating revenue	57,781	T/T 30 days	3%	Note 6

Note 1: Relationship with the Trader

(1) Parent company to subsidiary

(2) Subsidiary to subsidiary

Note 2: The customized industrial computer cards are tailored to the clients' needs, and, therefore, their selling prices are mutually agreed.

Note 3: Collection within 60-90 days after shipment

Note 4: 120 days after shipment, subject to extension taking into account market conditions.

Note 5: The amount of significant inter-company transactions of the consolidated company reaching 1% or above of consolidated revenue or total assets are the disclosed standards.

Note 6: When preparing the consolidated financial statements, all intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

**DFI Inc. and Subsidiaries**
**Names, locations and relevant information of investee companies**
**For the three months ended March 31, 2021**

Table VII

Unit: Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Name of investor company	Name of Investee Company	Location	Primary Business	Original Investment Amount		Held at the End of The Period			Net Income (Loss) of the Investee	Investment Profit (Loss) Recognized in the period	Remark (Note 2)
				March 31, 2021	December 31, 2020	Number of Shares (in Thousands Shares)	Ratio (%)	Carrying amount			
DFI Inc.	DFI AMERICA, LLC.	USA	Sales of industrial computer cards	\$ 254,683	\$ 254,683	1,209	100.00	\$ 359,486	\$ 1,319	\$ 1,319	Subsidiary
	Yan Tong Technology Ltd.	Mauritius	Investment	187,260	187,260	6,000	100.00	174,933	2,967	2,967	Subsidiary
	DFI Co., Ltd.	Japan	Sales of industrial computer cards	104,489	104,489	6	100.00	300,985	4,462	4,462	Subsidiary
	Diamond Flower Information (NL) B.V.	Netherlands	Sales of industrial computer cards	35,219	35,219	12	100.00	63,232	3,579	3,579	Subsidiary
	AEWIN Technologies Co., Ltd.	Taiwan	Design, manufacture and sale of industrial computer cards and related products	563,815	556,464	30,359	51.35	597,961	3,786	638	Subsidiary
	Ace Pillar Co., Ltd.	Taiwan	Automated control and testing, processing, sales, repair, and mechanical and electrical integration of industrial transmission systems	814,207	793,722	38,475	34.28	745,166	49,199	16,277	Subsidiary
AEWIN Technologies Co., Ltd.	WISE WAY	Anguilla	Investment	46,129	46,129	1,500	100.00	85,901	8,480	Note 1	Subsidiary
	AEWIN TECH INC.	USA	Wholesale of computer and peripheral equipment and software	77,791	77,791	2,560	100.00	1,631	( 915 )	Note 1	Subsidiary
WISE WAY	BRIGHT PROFIT	Hong Kong	Investment	46,129	46,129	1,500	100.00	122,782	8,480	Note 1	Subsidiary
Ace Pillar Co., Ltd.	Cyber South	Samoa	Investment	107,041	107,041	4,669	100.00	597,432	26,141	Note 1	Subsidiary
	Hong Kong Ace Pillar Enterprise Co., Ltd.	Hong Kong	Sales and Purchases of transmission mechanical components	5,120	5,120	1,200	100.00	40,797	( 536 )	Note 1	Subsidiary
Cyber South	Proton Inc.	Samoa	Investment	527,665	527,665	17,744	100.00	478,895	21,581	Note 1	Subsidiary
	Ace Tek (HK) Holding Co., Ltd.	Hong Kong	Investment	4,938	4,938	150	100.00	( 3,851 )	413	Note 1	Subsidiary

Note 1: The net income of the invested company is already included in the investor company, and not separately presented to avoid confusion.

Note 2: When preparing the consolidated financial statements, all intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.



**DFI Inc. and Subsidiaries**

**Information on Investments in Mainland China**

**For the three months ended March 31, 2021**

Table VIII Unit: Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investee Company In Mainland China	Primary Business	Paid-in Capital	Method of Investment	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	Shareholding Ratio of the direct or indirect investment of the Company (%)	Investment profit (loss) recognized for the period	Carrying amount of the investment at the end of period	Investment income repatriated by the end of period
					Remitted	Repatriated						
Yan Tong Infotech (Dongguan) Co., Ltd	Manufacturing and sales of computer cards, board cards, host computer, electronic parts and components	USD 2,500	A Mainland China company reinvested through a third region company, Yan Tong Technology Ltd.	\$ -	\$ -	\$ -	\$ -	\$ 161	100	\$ 161 (Note 1)	\$ 53,148	\$ 33,306
Yan Ying Hao Trading (Shenzhen) Co., Ltd.	Wholesale, import and export of computer cards, board cards, host computer, electronic parts and components	USD 500	A Mainland China company reinvested through a third region company, Yan Tong Technology Ltd.	-	-	-	-	836	100	836 (Note 1)	36,174	-
AEWIN Beijing Technologies Co., Ltd.	Engaged in wholesale of computer and peripheral equipment and software	USD 1,500	A Mainland China company reinvested through a third-region company, BRIGHT PROFIT	46,129	-	-	46,129	8,480	100	8,480 (Note 1)	122,776	-
AEWIN (Shenzhen) Technologies Co., Ltd	Engaged in wholesale of computer and peripheral equipment and software	RMB 2,500	A Mainland China company reinvested through AEWIN Beijing Technologies Co., Ltd.	-	-	-	-	( 1,099)	100	( 1,099) (Note 1)	225	-
Tianjin Ace Pillar Co	Sales and Purchases of transmission mechanical components	USD34,180	Subsidiary invested through Ace Pillar Co., Ltd. for 17.61% and reinvested by a third-region company, Proton Inc. for 82.39%	55,634	-	-	55,634	26,750	100	26,750 (Note 2)	549,293	125,533
Grace Transmission (Tianjin) Co., Ltd.	Manufacturing and processing of machinery transmission products	CNY 1,670	A Subsidiary reinvested through Cyber South, a third region company for 100%	4,565	-	-	4,565	370	100	370 (Note 2)	38,694	-

*In accordance with the experience 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, the difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

Investee Company In Mainland China	Primary Business	Paid-in Capital	Method of Investment	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	Shareholding Ratio of the direct or indirect investment of the Company (%)	Investment profit (loss) recognized for the period	Carrying amount of the investment at the end of period	Investment income repatriated by the end of period
					Remitted	Repatriated						
ADVANCEDTEK ACE(TJ) INC.	Electronic system integration	USD 300	A Subsidiary reinvested through Ace Tek, a third region company for 100%	4,280	-	-	4,280	413	100	413 (Note 2)	( 3,877)	-
Suzhou Super Pillar Automation Equipment Co., Ltd.	Processing and technical services of mechanical transmission and control products	USD 1,450	A Subsidiary reinvested through Cyber South, a third region company for 100%	-	-	-	-	4,193	100	4,193 (Note 2)	92,050	-
Xuchang Ace AI Equipment Co., Ltd.	Wholesale and retail of industrial robotic related products	USD 300	A Subsidiary reinvested through Cyber South, a third region company for 100%	-	-	-	-	16	100	16 (Note 2)	2,877	-

Name of investor company	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 (Note 4)
DFI Inc.	\$ - (Note 3)	\$ 59,485 (USD 2,085 thousand) (Note 5 and 6)	\$ 3,049,407
AEWIN Technologies Co., Ltd.	46,129 (USD 1,500 thousand)	57,060 (USD 2,000 thousand)	691,640
Ace Pillar Co., Ltd.	146,045 (USD 5,119 thousand)	146,045 (USD 5,119 thousand)	1,213,212

Note 1: Investment profit (loss) recognized for the period was recognized based on the financial statements for the same period reviewed and certified by the parent company's independent auditors in Taiwan.

Note 2: Investment profit (loss) recognized for the period was recognized based on the financial statements for the same period reviewed by international accounting firms in cooperation with accounting firms of Republic of China.

Note 3: Refers to the actual amount remitted by the Company and the amount approved by the Investment Commission, excluding the remitted amount of subsidiaries and their amount approved by the Investment Commission.

Note 4: In accordance with the "Principles for Review of Investment or Technical Cooperation in Mainland China", the accumulated amount of investment in mainland China is limited to 60% of the net worth or consolidated net worth, whichever is higher.

Note 5: The Company's net investment amount after the cancellation of Dongguan Nippon Trading Co., Ltd. was approved by the Investment Commission in August 2014.

Note 6: Repatriated amount of earnings after the cancellation of Yan Tong Infotech (Dongguan) Co., Ltd. approved by the Investment Commission in February 2017.

In the event of any discrepancy between the English version and the original Chinese version, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Note 7: When preparing the consolidated financial statements, all intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

**DFI Inc. 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**

**For the three months ended March 31, 2021**

Table IX

Unit: Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investee Company In Mainland China	Type of Transaction	Purchases and Sales		Price	Transaction Terms		Notes and trade receivable (payable)		Unrealized gain (loss)	Remark
		Amount	Percentage		Payment Terms	Compared with normal transactions	Amount	Percentage		
Yan Ying Hao Trading(Shenzhen) Co., Ltd.	Sales	\$ 24,120	3%	Processed by regular selling prices	Collect on 90 days after shipment	60~90 days for related parties 30~60 days for non-related parties	\$ 10,450	2%	\$ 1,684	Note
AEWIN Beijing Technologies Co., Ltd.	Sales	61,530	28%	Processed by regular selling prices	Collect on 120 days after shipment	Subject to extension taking into account market conditions	323,219	63%	36,866	Note

Note: All transactions, balances, revenue, and expenses within each entity have been written off in full when preparing consolidated financial statements.

**DFI Inc.****Information on Major Shareholders****March 31, 2021**

Table X

Name of Major Shareholder	Shares	
	Number of Shares Held (share)	Shareholding Ratio
Qisda Corporation.	51,609,986	45.00%
Gordias Investments Limited of British Virgin Islands Merchant	15,734,441	13.71%
Darly2 Venture, Inc.	9,175,109	8.00%
Hyllus Investments Limited of British Virgin Islands Merchant	8,559,818	7.46%

Note: 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.