SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020
AND
INDEPENDENT AUDITORS' REVIEW REPORT

CONTENTS

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Sunonwealth Electric Machine Industry Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Sunonwealth Electric Machine Industry Co., Ltd. and subsidiaries (the "Group") as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and notes to the consolidated financial statements (including a summary of significant accounting policies). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as disclosed in 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" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China 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.

Crowe

Basis for Qualified Conclusion

As disclosed in Note 4(3), the financial statements of non-significant subsidiaries and related information declared in Note 13 were consolidated based on their unreviewed financial statements as of and for the same periods. These subsidiaries' total assets amounted to \$946,448 thousand and \$573,234 thousand, representing 8.96% and 6.56% of the consolidated assets, and their total liabilities amounted to \$344,533 thousand and \$356,625 thousand, representing 5.84% and 8.05% of the consolidated liabilities as of March 31, 2021 and 2020, respectively; as well as their total comprehensive income amounted to \$152 thousand and (\$3,168) thousand, representing 0.20% and (3.97%) of the consolidated comprehensive income for the three months ended March 31, 2021 and 2020, respectively. In addition, as described in Note 6(8) to the consolidated financial statements, the financial statements of investments accounted for using equity method were not reviewed by independent accountants. The carrying values of these investments amounted to \$9,264 thousand, representing 0.09% of the consolidated assets as of March 31, 2021, and share of profit (loss) of these associates accounted for using equity method amounted to (\$1,969) thousand, representing (1.82%) of the consolidated income before income tax for the three months ended March 31, 2021, respectively. In addition, share of other comprehensive income of these associates accounted for using equity method amounted to both \$0 thousand, representing both 0% of total consolidated comprehensive income for the three months ended March 31, 2021. These amounts were recognized solely based on these investees' unreviewed financial statements for the same periods. The information related to above subsidiaries and investees accounted for under the equity method disclosed in Note 13 was also not reviewed by independent accountants.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain subsidiaries described in basis for qualified conclusion paragraph and related information declared in Note 13 been reviewed by independent auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021 and 2020, its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Ching Ling Lee and Shu Man Tsai.

Crowe (TW) CPAs

Crowe (TW) CPAs
Kaohsiung, Taiwan
Republic of China
May 6, 2021

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards as of March 31, 2021 and 2020)
(In Thousands of New Taiwan Dollars)

		March 31, 2021		December 31, 2020		March 31, 2020	
Assets	Note	Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
Cash and cash equivalents	6(1)	$1,415,969	13.4	$1,574,919	15.1	$1,236,770	14.2
Financial assets at fair value through profit or loss - current	6(2)	367,133	3.5	412,365	4.0	408,589	4.7
Notes receivable, net	6(3)	8,333	0.1	16,321	0.1	14,277	0.2
Accounts receivable, net	6(4)	3,207,040	30.3	3,209,268	30.8	2,550,281	29.2
Other receivables	6(5)	85,467	0.8	131,252	1.3	308,239	3.5
Current tax assets		4,174	-	4,420	-	1,213	-
Inventories	6(6)	2,049,441	19.4	1,752,309	16.8	1,409,092	16.1
Prepayments		107,421	1.0	82,580	0.8	45,108	0.5
Other financial assets - current	6(7)	197,839	1.9	208,730	2.0	-	-
Total current assets		7,442,817	70.4	7,392,164	70.9	5,973,569	68.4
NONCURRENT ASSETS							
Investments accounted for using equity method	6(8)	9,264	0.1	11,276	0.1	-	-
Property, plant and equipment	6(9)	2,179,694	20.6	2,105,535	20.3	2,227,558	25.5
Right-of-use assets	6(10)	799,352	7.6	710,874	6.8	313,439	3.6
Investment properties, net	6(11)	7,046	0.1	80,889	0.8	81,200	0.9
Intangible assets	6(12)	28,115	0.3	25,781	0.2	20,684	0.2
Deferred income tax assets	6(28)	57,620	0.5	57,837	0.6	52,964	0.6
Refundable deposits		25,597	0.2	22,803	0.2	24,167	0.3
Other noncurrent assets - others		17,106	0.2	11,902	0.1	42,686	0.5
Total noncurrent assets		3,123,794	29.6	3,026,897	29.1	2,762,698	31.6
TOTAL ASSESTS		$10,566,611	100.0	$10,419,061	100.0	$8,736,267	100.0
Liabilities and Equity							
CURRENT LIABLITIES							
Short-term loans	6(13)	$802,068	7.6	$670,663	6.4	$764,731	8.8
Contract liabilities - current	6(22)	106,896	1.0	105,491	1.0	79,219	0.9
Accounts payable		2,837,491	26.8	2,822,736	27.1	2,206,621	25.2
Other payables	6(14)	925,005	8.8	1,098,919	10.5	597,410	6.8
Current tax liabilities		117,696	1.1	101,312	1.0	81,998	0.9
Provisions - current	6(15)	42,478	0.4	45,064	0.4	40,039	0.5
Lease liabilities - current	6(10)	106,017	1.0	88,835	0.9	74,264	0.9
Advance receipts		172	-	326	-	445	-
Total current liabilities		4,937,823	46.7	4,933,346	47.3	3,844,727	44.0
NONCURRENT LIABILITIES							
Long-term loans	6(16)	520,000	4.9	520,000	5.0	220,000	2.5
Deferred income tax liabilities	6(28)	84,277	0.8	90,397	0.9	67,737	0.8
Lease liabilities - noncurrent	6(10)	293,807	2.8	217,704	2.1	229,770	2.7
Net defined benefit liabilities - noncurrent	6(17)	57,961	0.6	59,391	0.6	60,236	0.6
Guarantee deposits		2,698	-	4,094	-	5,251	0.1
Total noncurrent liabilities		958,743	9.1	891,586	8.6	582,994	6.7
Total Liabilities		$5,896,566	55.8	$5,824,932	55.9	$4,427,721	50.7

Liabilities and Equity	Note	March 31, 2021 Amount	%	December 31, 2020 Amount	%	March 31, 2020 Amount	%
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT							
Share capital	6(18)						
Ordinary shares		$2,509,297	23.7	$2,509,297	24.1	$2,509,297	28.7
Capital surplus	6(19)	366,903	3.5	366,903	3.5	366,903	4.2
Retained earnings	6(20)						
Legal reserve		758,081	7.2	758,081	7.3	689,398	7.9
Special reserve		260,275	2.5	260,275	2.5	164,709	1.9
Unappropriated earnings		1,034,387	9.8	941,668	9.0	855,452	9.8
Other equity	6(21)	(258,898)	(2.5)	(242,095)	(2.3)	(277,213)	(3.2)
Total equity attributable to owners of the parent		4,670,045	44.2	4,594,129	44.1	4,308,546	49.3
NON-CONTROLLING INTERESTS		-	-	-	-	-	-
Total equity		4,670,045	44.2	4,594,129	44.1	4,308,546	49.3
TOTAL LIABILITIES AND EQUITY		$10,566,611	100.0	$10,419,061	100.0	$8,736,267	100.0

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

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		Three Months Ended March 31			
		2021		2020	
	Note	Amount	%	Amount	%
OPERATING REVENUES	6(22)	$3,030,280	100.0	$2,247,967	100.0
OPERATING COSTS	6(6)	(2,501,231)	(82.5)	(1,767,095)	(78.6)
GROSS PROFIT		529,049	17.5	480,872	21.4
OPERATING EXPENSES					
Sales and marketing		(129,084)	(4.3)	(106,330)	(4.7)
General and administrative		(122,702)	(4.1)	(124,950)	(5.6)
Research and development		(219,183)	(7.2)	(167,425)	(7.4)
Expected credit loss (gain)	6(4)	2,593	0.1	2,993	0.1
Total operating expenses		(468,376)	(15.5)	(395,712)	(17.6)
INCOME FROM OPERATIONS		60,673	2.0	85,160	3.8
NON-OPERATING INCOME AND EXPENSES					
Interest income	6(24)	3,335	0.1	3,074	0.1
Other income	6(25)	39,013	1.3	21,255	1.0
Other gains and losses	6(26)	12,916	0.5	20,553	0.9
Finance costs	6(27)	(5,767)	(0.2)	(6,274)	(0.3)
Share of loss of associates and joint ventures accounted for using equity method		(1,969)	(0.1)	-	-
Total non-operating income and expenses		47,528	1.6	38,608	1.7
INCOME BEFORE INCOME TAX		108,201	3.6	123,768	5.5
INCOME TAX EXPENSE	6(28)	(15,482)	(0.5)	(27,062)	(1.2)
NET INCOME		92,719	3.1	96,706	4.3
OTHER COMPREHENSIVE INCOME (LOSS)	6(29)				
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		(21,004)	(0.7)	(21,172)	(0.9)
Income tax benefit related to items that may be reclassified subsequently to profit or loss		4,201	0.1	4,234	0.1
Total other comprehensive income (loss), net of income tax		(16,803)	(0.6)	(16,938)	(0.8)
TOTAL COMPREHENSIVE INCOME		$75,916	2.5	$79,768	3.5
NET INCOME ATTRIBUTABLE TO:					
Owners of the parent		$92,719	3.1	$96,706	4.3
Non-controlling interests		-	-	-	-
Total		$92,719	3.1	$96,706	4.3
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the parent		$75,916	2.5	$79,768	3.5
Non-controlling interests		-	-	-	-
Total		$75,916	2.5	$79,768	3.5
EARNINGS PER SHARE					
Basic	6(30)	$0.37		$0.39	
Diluted	6(30)	$0.37		$0.38	

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

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent								
			Retained Earnings			Others Equity			
	Odinary Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating foreign Operations	Total Equity Attributable to Shareholders of the Parent	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2020	$2,509,297	$366,903	$689,398	$164,709	$758,746	($260,275)	$4,228,778	$ -	$4,228,778
Net income for the three months ended March 31, 2020	-	-	-	-	96,706	-	96,706	-	96,706
Other comprehensive income (loss) for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	(16,938)	(16,938)	-	(16,938)
Total comprehensive income for the three months ended March 31, 2020, net of income tax	-	-	-	-	96,706	(16,938)	79,768	-	79,768
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-
BALANCE AT MARCH 31, 2020	$2,509,297	$366,903	$689,398	$164,709	$855,452	($277,213)	$4,308,546	$ -	$4,308,546
BALANCE AT JANUARY 1, 2021	$2,509,297	$366,903	$758,081	$260,275	$941,668	($242,095)	$4,594,129	$ -	$4,594,129
Net income for the three months ended March 31, 2021	-	-	-	-	92,719	-	92,719	-	92,719
Other comprehensive income (loss) for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	(16,803)	(16,803)	-	(16,803)
Total comprehensive income for the three months ended March 31, 2021, net of income tax	-	-	-	-	92,719	(16,803)	75,916	-	75,916
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-
BALANCE AT MARCH 31, 2021	$2,509,297	$366,903	$758,081	$260,275	$1,034,387	($258,898)	$4,670,045	$ -	$4,670,045

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

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars)

	Three Months Ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$108,201	$123,768
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation	99,886	100,140
Amortization	27,026	8,652
Expected credit loss (gain)	(2,593)	(2,993)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	20	523
Interest expense	5,767	6,274
Interest income	(3,335)	(3,074)
Share of loss of associates and joint ventures accounted for using equity method	1,969	-
Loss (gain) on disposal and retirement of property, plant and equipment	(603)	153
Transfer of property, plant and equipment to expenses	1,109	23
Gain on disposal of investments	(1,565)	(3,340)
Reversal of impairment loss on non-financial assets	(4,906)	-
Total adjustments to reconcile profit (loss)	122,775	106,358
Net changes in operating assets and liabilities		
Decerase (increase) in financial assets mandatorily classified as at fair value through profit or loss	44,984	(279,662)
Decerase (increase) in notes receivable	7,988	(1,563)
Decrease (increase) in accounts receivable	4,841	763,262
Decrease (increase) in other receivables	48,050	11,104
Decrease (increase) in inventories	(295,271)	109,701
Decrease (increase) in prepayments	(46,283)	(10,442)
Decrease (increase) in other financial assets	1,010	9,852
Total changes in operating assets	(234,681)	602,252
Net changes in operating liabilities		
Increase (decrease) in contract liabilities	1,405	1,882
Increase (decrease) in accounts payable	14,755	(498,433)
Increase (decrease) in other payables	(164,071)	(111,576)
Increase (decrease) in provisions	(2,334)	(818)
Increase (decrease) in advance receipts	(154)	(15)
Increase (decrease) in net defined benefit liabilities	(1,430)	(1,493)
Total changes in operating liabilities	(151,829)	(610,453)
Total net changes in operating assets and liabilities	(386,510)	(8,201)
Total adjustments	(263,735)	98,157

	Three Months Ended March 31	
	2021	2020
Cash generated from operations	($155,534)	$221,925
Interest received	3,241	2,996
Interest paid	(5,847)	(8,251)
Income tax paid	(554)	(15,634)
Net cash generated from operating activities	(158,694)	201,036
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in prepayments for investments	-	12,220
Acquisition of property, plant and equipment	(120,945)	(64,053)
Proceeds from disposal of property, plant and equipment	37,536	6,975
Increase in refundable deposits	(2,794)	-
Decrease in refundable deposits	-	205
Increase in other receivables	(2,171)	-
Acquisition of intangible assets	(7,209)	(1,427)
Decrease in other financial assets	9,881	-
Increase in other noncurrent assets	(11,217)	-
Net cash used in investing activities	(96,919)	(46,080)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	131,405	-
Decrease in short-term loans	-	(162,147)
Increase in guarantee deposits	-	998
Decrease in guarantee deposits	(1,396)	-
Repayments of lease principal	(28,279)	(20,783)
Net cash used in financing activities	101,730	(181,932)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(5,067)	(7,674)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(158,950)	(34,650)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,574,919	1,271,420
CASH AND CASH EQUIVALENTS, END OF YEAR	$1,415,969	$1,236,770

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

(In Thousands of New Taiwan Dollars, Except Stated Otherwise)

1. GENERAL INFORMATION

Sunonwealth Electric Machine Industry Co., Ltd. (collectively as the "Company") was incorporated in October 1980. The Company engages mainly in the manufacturing and selling of AC/DC brushless fans, electric fans, motors and related components, and micro cooling fans. The principal operating activities of the Company and its subsidiaries (collectively as the "Group") are described in Note 4(3). In addition, the Company has no ultimate parent company.

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

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on May 6, 2021.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

(1) Effect of adoption of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of SIC (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC):

New standards, interpretations and amendments endorsed by FSC effective from 2020 are as follows:

New, Revised or Amended Standards and Interpretations	Effective date Announced by IASB
Amendments to IFRS 4 "Extention of the Temporary Exemption from Applying IFRS 9"	June 25, 2020 (Effective from issue date)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021 (Note 1)
Amendments to " IFRS 16 "Leases regarding COVID-19-related rent concessions after June 30, 2021"	April 1, 2021 (Note 2)

(Note 1) The amendments are applicable for the annual reporting period beginning on or after January 1, 2021.

(Note 2) The FSC allows companies to apply the amendment in advance on Jaunary 1, 2020.

The Group has evaluated the aforementioned standards and interpretations, and there's no significant effect to the Group's financial position and financial performance.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group: None.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment- Proceeds before Intended Use"	January 1, 2022 (Note 2)
Amendments to IAS 37 "Onerous Contract - Cost of Fulfilling a Contract"	January 1, 2022 (Note 3)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 4)
Annual Improvements to IFRS Standars 2018-2020	January 1, 2022 (Note 5)
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)

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

Note2: Group should apply these amendments retrospectively. However, the amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 3: This amendment applies to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 4: This amendment applies to business combinations whose acquisition date starts in the annual reporting period after January 1, 2022.

Note 5: The amendments to IFRS 9 are applicable to swap or modification of terms of financial liabilities incurred during the annual reporting period beginning on January 1, 2022. The amendment to IAS 41 is applicable to fair value measurement during the annual reporting period beginning after January 1, 2022. The amendments to IFRS 1 are retrospectively applied to the annual reporting period beginning after January 1, 2022.

Note 6: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The Group applies to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning on January 1, 2023.

A. Amendments for IAS 1 "Classification of Liabilities as Current or Noncurrent"

The amendments clarifies that when the Group judges whether liability is classified as noncurrent, the Group should assess whether the Group has the right to defer liquidation period after the reporting period at least twelve months. If the Group has the entity's right on the end of the reporting period, liability must be classified as non-current whatever the Group expects whether executing the right or not. If the Group must follow certain condition to obtain the right to defer settlement of liability, the Group must have completed certain condition on the end of reporting period even if lender tests the Group whether following certain condition later. The aforementioned liquidation means that transfering cash, other economic resources or the Group's equity instruments to counterparty to let liability wipe out. If liability clause will follow counterparty's choice to liquidate liability by the Group's equity instruments, this option must follow the regulations of IAS 32 "Financial Instruments: Presentation" to be recognized in equity individually and doesn't have affect on the classification of liability.

The Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

B. Amendment to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendment stipulates that the sales price of the project produced in order to make property, plant and equipment reach the necessary location and state that can meet the expected operation mode of the management is not suitable as a cost reduction of the asset. The aforementioned items should be measured in accordance with IAS 2 "Inventory", and the sales price and cost should be recognized in profit and loss in accordance with the applicable standards.

This amendment is applicable to factories, property and equipment that reach the necessary locations and conditions for the management's expected operation mode after January 1, 2021 (the beginning of the earliest expression period). When the Group initially applies the amendments, it will recognize the cumulative effect of the amendments applied initially as an adjustment to the opening balance of the retained earnings (or other components of equity, as appropriate) at the beginning of the earliest expression period , and re-edit the information during the comparison period.

C. Amendment to IAS 37 "Onerous Contract - Cost of Fulfilling a Contract"

The amendment stipulates that when assessing whether the contract is onerous, "Cost of Fulfilling a Contract" should include the incremental cost of fulfilling a contract (for example, direct labor and raw materials) and the allocation of other costs directly related to fulfilling a contract (for example, the depreciation expenses of property, plant and equipment items used in fulfilling a contract are allocated).

The Group will recognize the cumulative effect on the retained earnings on the first application date when the amendment is first applied.

D. Amendment to IFRS 3"Reference to the Conceptual Framework"

The amendment is to update the index of the conceptual framework and add the requirement that the acquirer shall apply IFRIC 21"Levies"to determine whether there is an obligation to pay levies on the acquisition date.

E. Annual Improvements to IFRS Standards 2018-2020

The annual improvement in the IFRS 2018-2020 includes amendments to certain standards. Among them, the amendment of IFRS 9 "Expenses included in the "10%" test for the purpose of derecognise financial liabilities" is to assess whether there is a significant difference between the swap of financial liabilities or the modification of terms, When comparing cash flow projections of the new and old contract terms (including the net amount of fees charged for signing a new contract or modifying the contract), whether there is a 10% difference, the aforesaid fees collected should only include the payment between the borrower and the lender paid for.

F. Amendments to IAS 1 ''Disclosure of Accounting Policies"

This amendment clarifies that when the scale or nature of a transaction, other event or situation is material, and the relevant accounting policy information is also material to the financial report, the relevant material accounting policy information should be disclosed. Conversely, if the enterprise determines that the scale or nature of a transaction, other event or situation is not significant or the relevant accounting policy information is not significant although it is significant, it does not need to disclose non-significant accounting policy information, but the enterprise prepares accounting the conclusion that the policy information is insignificant does not affect the relevant disclosures required by other IFRS standards.

G. Amendments to IAS 8 ''Definition of Accounting Estimates"

This amendment defines accounting estimates as the monetary amount of financial statements subject to measurement uncertainty, and provides further explanations, except for corrections due to errors in the previous period, the impact of changes in input values or measurement techniques on accounting estimates is a change in accounting estimates.

H. Amendments to " IFRS 16 "Leases regarding COVID-19-related rent concessions after June 30, 2021"

This amendment is to extend the applicable period of practical expedient practices related to the COVID-19-related rent concessions by one year later to assist the lessee in the relevant accounting treatment.

As of the date the consolidated financial statements were issued, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2020. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The accompanying consolidated financial statements have been prepared in conformity 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.

B. The consolidated financial statements should be read with the consolidated financial statements for the year ended December 31, 2020.

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

a. Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

b. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

a. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

b. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

c. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

d. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

e. When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. The consolidated entities were as follows:

		Percentage of Ownership		
Investee / Subsidiary	Main Businesses	March 31, 2021	December 31, 2020	March 31, 2020
1.Sunonwealth Electric Machine Industry Co., Ltd.				
Sunon INC.	Manufacturing and selling of fans	100.00%	100.00%	100.00%
Sunon SAS.	Manufacturing and selling of fans	100.00%	100.00%	100.00%
Sunon Corporation	Manufacturing and selling of fans	100.00%	100.00%	100.00%
Sunonwealth Electric Machine Ind.(H.K.)Ltd.	Manufacturing and selling of fans	99.99%	99.99%	99.99%
Successful Century Co., Ltd.	Investments	100.00%	100.00%	100.00%
BVI Sunon International	Investments	100.00%	100.00%	100.00%

Investee / Subsidiary	Main Businesses	Percentage of Ownership March 31, 2021	December 31, 2020	March 31, 2020
Limited				
Sunon Electronics India Private Limited	Manufacturing and selling of fans	99.99%	99.99%	99.99%
Sunon Electronics Philippines Corp.	Manufacturing and selling of fans	99.99%	99.99% (Refer to B.(b).I)	99.99% (Refer to B.(b).I)
Sunon Properties Philippines Corp.	Real estate development and investment	99.99%	99.99% (Refer to B.(b).II)	99.99% (Refer to B.(b).II)
2.BVI Sunon International Limited				
Sunon Electronic (Foshan) Co., Ltd.	Manufacturing and selling of fans	100.00%	100.00%	100.00%
Sunon Electronic (Bei Hai) Co., Ltd.	Manufacturing and selling of new type electronic parts	100.00%	100.00%	100.00%
3.Successful Century Co., Ltd.				
Sunon Electronic (Kunshan) Co., Ltd.	Manufacturing and selling of fans	100.00%	100.00%	100.00%
4.Sunon SAS				
Sunon Deutschland GmbH	Selling of fans	100.00%	100.00%	100.00%

a. The financial statements of above mentioned subsidiaries, expect for those of the significant subsidiaries, Successful Century Co., Ltd., Sunon Electronic (Kunshan) Co., Ltd. and BVI Sunon International Limited, were not reviewed by independent auditors.

b. Changes in subsidiaries:

I. The Group established Sunon Electronics Philippines Corp., which was invested by Sunonwealth Electric Machine Industry Co., Ltd. in January 2020 with 99.99% shareholding.

II. The Group established Sunon Properties Philippines Corp., which was invested by Sunonwealth Electric Machine Industry Co., Ltd. in January 2020 with 99.99% shareholding.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Material restrictions: None.

F. Contents of the parent company's securities held by subsidiaries: None.

G. Subsidiaries that have non-controlling interest that are material to the Group: None.

(4) Retirement benefits

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

(5) Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and this is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2020.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

Except for the following, please refer to Note 6 to the consolidated financial statements for year ended December 31, 2020.

(1) Cash and cash equivalents

Item	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	$730	$660	$847
Cash in banks	1,415,239	1,574,259	1,235,923
Total	$1,415,969	$1,574,919	$1,236,770

A. The Group has good credit quality in financial institutions, and the Group has transactions with a number of financial institutions to diversify credit risk that are unlikely to be expected to default.

B. The Group had no cash and cash equivalents pledged to others.

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

Item	March 31, 2021	December 31, 2020	March 31, 2020
Non-derivative financial assets			
Beneficiary certificates	$367,133	$412,365	$408,589

A. The Group recognized net gain (loss) of financial assets at fair value through profit or loss of $1,545 thousand and $2,817 thousand for the three months ended March 31, 2021 and 2020, respectively.

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

(3) Notes receivable, net

Item	March 31, 2021	December 31, 2020	March 31, 2020
At amortized cost			
Notes receivable	$8,357	$16,345	$14,301
Less: Loss allowance	(24)	(24)	(24)
Net	$8,333	$16,321	$14,277

A. The Group had no notes receivable pledged to others.

B. Please refer to Note 6(4) for the relevant disclosure of loss allowance for notes receivable.

(4) Accounts receivable, net

Item	March 31, 2021	December 31, 2020	March 31, 2020
At amortized cost			
Accounts receivable	$3,216,039	$3,222,386	$2,561,700
Less: Loss allowance	(8,999)	(13,118)	(11,419)
Net	$3,207,040	$3,209,268	$2,550,281

A. The accounts receivable that were neither past due nor impaired was following the Group's credit policy determined by reference to the industry characteristics, operation scale and current financial position of the counterparties. The average credit period on sales of goods was 3-4 months.

B. The Group had no accounts receivable pledged to others.

C. To reduce major credit risk, the Group bought credit guarantee insurance.

D. The Group applies the simplified approach to provisions for expected credit losses, which permits the use of a lifetime expected credit losses provision for trade receivables (including other receivables). The expected credit losses on trade receivables are estimated by reference to past account aging records of the debtor, an analysis of the debtor’s current financial position, industrial trend. The Group estimates expected credit losses based on the number of days for which receivables are past due. As the Group’s historical credit losses experience does not show significantly different loss patterns for different customer segments, the provision for losses based on past due status of notes receivable and accounts receivable (including other receivables) is not further distinguished between the Group’s different customer base.

E. The Group measures the loss allowance for notes receivable and accounts receivable (including other receivables) according to the preparation matrix:

March 31, 2021	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
No past due	0.05%-5%	$3,034,699	($8,106)	$3,026,593
Past due within 30 days	0.05%-5%	263,854	(829)	263,025
Past due 31-90 days	0.05%-5%	11,170	(2)	11,168
Past due over 91 days	0.05%-5%	140	(86)	54
Total		$3,309,863	($9,023)	$3,300,840

December 31, 2020	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
No past due	0.05%-5%	$3,174,900	($11,773)	$3,163,127
Past due within 30 days	0.05%-5%	177,425	(1,254)	176,171
Past due 31-90 days	0.05%-5%	15,486	(28)	15,458
Past due over 91 days	0.05%-5%	2,172	(87)	2,085
Total		$3,369,983	($13,142)	$3,356,841

March 31, 2020	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
No past due	0.05%-5%	$2,624,698	($8,789)	$2,615,909
Past due within 30 days	0.05%-5%	233,115	(1,763)	231,352
Past due 31-90 days	0.05%-5%	20,516	(14)	20,502
Past due over 91 days	0.05%-5%	5,125	(91)	5,034
Target of transation shown signs of default	100%	786	(786)	-
Total		$2,884,240	($11,443)	$2,872,797

F. Movements of the loss allowance for notes and accounts receivable were as follows:

	Three Months Ended March 31	
	2021	2020
Beginning balance	$13,142	$14,459
Add: Provision for impairment	-	-
Less: Reversal of impairment	(2,593)	(2,993)
Less: Derecognition	-	-
Less: Write-offs	(1,506)	-
Less: Foreign exchange differences	(20)	(23)
Other	-	-
Ending balance	$9,023	$11,443

The above provision has already taken into consideration of collateral or other credit enhancement. The other credit enhancement possessed by above receivables was $830,110 thousand, $674,269 thousand and $723,813 thousand as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of the receivable. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due.

Where recoveries are made, these are recognized in profit or loss. The Group's trade receivables for offsetting the contract amount are $1,506 thousand and $0 thousand for the three months ended March 31, 2021 and 2020.

G. Please refer to Note 12 for the relevant credit risk management and assessment method.

(5) Other receivables

Item	March 31, 2021	December 31, 2020	March 31, 2020
Dispose of financial assets at fair value through profit or loss	$ -	$ -	$258,511
Others	85,467	131,252	49,728
Total	$85,467	$131,252	$308,239

(6) Inventories and operating costs

Item	March 31, 2021	December 31, 2020	March 31, 2020
Raw materials	$1,010,487	$741,049	$574,514
Supplies	48,869	32,988	25,359
Work in process	382,909	304,296	227,588
Finished goods	670,601	722,959	646,946
Subtotal	$2,112,866	$1,801,292	$1,474,407
Less: Valuation allowance	(63,425)	(48,983)	(65,315)
Net	$2,049,441	$1,752,309	$1,409,092

A. The related inventory gain (loss) recognized as operating cost for the three months ended March 31, 2021 and 2020 were as follows:

	Three Months Ended March 31	
Item	2021	2020
Cost of goods sold	$2,474,558	$1,746,637
Unallocated overheads and labor cost	11,870	9,175
Gain (loss) on inventory valuation	14,896	16,553

Others	(93)	(5,270)
Total	$2,501,231	$1,767,095

B. The Group recognized inventory valuation loss (gain) of $14,896 and and $16,553 thousand for the three months ended March 31, 2021 and 2020, respectively, as a result of inventory's write-down to net realizable value.

C. The Group had no inventories pledged to others.

(7) Other financial assets - current

Item	March 31, 2021	December 31, 2020	March 31, 2020
Time deposits with maturities of more than three months	$195,407	$196,417	$ -
Restricted assets	2,432	12,313	-
Total	$197,839	$208,730	$ -

(8) Investments accounted for using equity method

Item	March 31, 2021	December 31, 2020	March 31, 2020
Associates:			
Associates without significance	$ 9,264	$ 11,276	$ -

A. Associates:

Shares of individually insignificant associates of the Group are summarized as follows:

	Three Months Ended March 31	
	2021	2020
Share of:		
Net loss	($1,969)	$ -
Other comprehensive income (loss) (net after tax)	-	-
Total comprehensive loss	($1,969)	$ -

B. For the three months ended March 31, 2021, investment was accounted for using the equity method and the share of profit or loss and other comprehensive income of investment was calculated based on financial statements which have been not reviewed.

(9 Property, plant and equipment

Item	March 31, 2021	December 31, 2020	March 31, 2020
Land	$875,358	$804,381	$804,381
Buildings	480,209	466,169	462,216
Machinery and equipment	903,893	926,715	1,547,150
Miscellaneous equipment	977,282	1,028,149	1,269,482
Leasehold improvements	357,864	348,399	331,331
Equipment to be inspected and construction in progress	77,687	79,485	86,463
Total cost	$3,672,293	$3,653,298	$4,501,023
Less: Accumulated depreciation and impairment	(1,492,599)	(1,547,763)	(2,273,465)
Net	$2,179,694	$2,105,535	$2,227,558

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Leasehold Improvement	Equipment to be Inspected and Construction in Progress	Total
Cost							
Balance at January 1, 2021	$804,381	$466,169	$926,715	$1,028,149	$348,399	$79,485	$3,653,298
Additions	-	-	24,072	31,839	2,400	53,995	112,306
Disposals	-	-	(78,077)	(86,119)	-	-	(164,196)
Reclassification	-	-	36,156	7,856	8,727	(52,739)	-
Transfer to expenses	-	-	-	-	-	(1,109)	(1,109)
Transfer to inventories	-	-	-	-	-	(1,407)	(1,407)
Transfer from investment properties	70,977	15,387	-	-	-	-	86,364
Effect of foreign currency exchange differences	-	(1,347)	(4,973)	(4,443)	(1,662)	(538)	(12,963)
Balance at March 31, 2021	$875,358	$480,209	$903,893	$977,282	$357,864	$77,687	$3,672,293
Accumulated Depreciation and Impairment							
Balance at January 1, 2021	$ -	$246,287	$331,016	$667,856	$302,604	$ -	$1,547,763
Depreciation expense	-	3,730	32,710	29,940	5,502	-	71,882
Disposals	-	-	(61,808)	(65,455)	-	-	(127,263)
Transfer from investment properties	-	7,677	-	-	-	-	7,677
Effect of foreign currency exchange differences	-	(745)	(2,395)	(2,904)	(1,416)	-	(7,460)
Balance at March 31, 2021	$ -	$256,949	$299,523	$629,437	$306,690	$ -	$1,492,599

Cost	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Leasehold Improvement	Equipment to be Inspected and Construction in Progress	Total
Balance at January 1, 2020	$804,381	$464,120	$1,566,764	$1,266,689	$333,367	$72,945	$4,508,266
Additions	-	-	5,174	8,398	110	30,271	43,953
Disposals	-	-	(20,681)	(5,261)	-	-	(25,942)
Reclassification	-	-	7,615	8,314	-	(15,929)	-
Transfer to expenses	-	-	-	-	-	(23)	(23)
Effect of foreign currency exchange differences	-	(1,904)	(11,722)	(8,658)	(2,146)	(801)	(25,231)
Balance at March 31, 2020	$804,381	$462,216	$1,547,150	$1,269,482	$331,331	$86,463	$4,501,023
Accumulated Depreciation and Impairment							
Balance at January 1, 2020	$ -	$231,125	$879,055	$844,588	$276,208	$ -	$2,230,976
Depreciation expense	-	3,710	33,221	35,490	5,569	-	77,990
Disposals	-	-	(15,133)	(3,681)	-	-	(18,814)
Effect of foreign currency exchange differences	-	(990)	(7,791)	(6,048)	(1,858)	-	(16,687)
Balance at March 31, 2020	$ -	$233,845	$889,352	$870,349	$279,919	$ -	$2,273,465

A. The details of interest capitalized: None.

B. The Group did not assess the impairment because there is no sign of impairment for the three months ended March 31, 2021.

C. Property, plant and equipment pledged for the borrowings: Please refer to Note 8.

D. Reconciliations of current additions and the acquisition of property, plant and equipment in statement of cash flows were as follows:

Item	Three Months Ended March 31 2021	2020
Acquisition of property, plant and equipment	$112,306	$43,953
Decrease (increase) in equipment payable	8,639	20,100
Cash paid for acquisition of property, plant and equipment	$120,945	$64,053

(10) Lease agreement

A. Right-of-use assets

Item	March 31, 2021	December 31, 2020	March 31, 2020
Land use right	$421,892	$424,796	$18,509
Land and building	478,394	368,669	318,690
Machinery and equipment	57,371	57,909	49,078
Other equipment	27,050	21,562	29,231

Total cost	$984,707	$872,936	$415,508
Less: Accumulated depreciation and impairment	(185,355)	(162,062)	(102,069)
Net	$799,352	$710,874	$313,439

Cost	Land-use Right	Land and Buildings	Machinery and Equipment	Other Equipment	Total
Balance at January 1, 2021	$424,796	$368,669	$57,909	$21,562	$872,936
Additions	-	116,283	-	5,692	121,975
Disposals	-	(169)	(242)	-	(411)
Derecognition	-	(3,620)	-	-	(3,620)
Effect of foreign currency exchange differences	(2,904)	(2,769)	(296)	(204)	(6,173)
Balance at March 31, 2021	$421,892	$478,394	$57,371	$27,050	$984,707
Accumulated Depreciation and Impairment					
Balance at January 1, 2021	$3,002	$138,973	$10,582	$9,505	$162,062
Depreciation expense	1,493	23,045	1,596	1,808	27,942
Derecognition	-	(3,620)	-	-	(3,620)
Effect of foreign currency exchange differences	(16)	(863)	(67)	(83)	(1,029)
Balance at March 31, 2021	$4,479	$157,535	$12,111	$11,230	$185,355

Cost	Land-use Right	Land and Buildings	Machinery and Equipment	Other Equipment	Total
Balance at January 1, 2020	$18,646	$298,051	$50,848	$29,615	$397,160
Additions	-	22,230	-	-	22,230
Disposals	-	(39)	(1,414)	-	(1,453)
Derecognition	-	-	-	(278)	(278)
Effect of foreign currency exchange differences	(137)	(1,552)	(356)	(106)	(2,151)
Balance at March 31, 2020	$18,509	$318,690	$49,078	$29,231	$415,508
Accumulated Depreciation and Impairment					
Balance at January 1, 2020	$588	$69,031	$4,463	$6,799	$80,881
Depreciation expense	148	18,315	1,418	2,163	22,044
Derecognition	-	-	-	(278)	(278)
Effect of foreign currency exchange differences	(6)	(502)	(50)	(20)	(578)
Balance at March 31, 2020	$730	$86,844	$5,831	$8,664	$102,069

B. Lease liabilities

Item	March 31, 2021	December 31, 2020	March 31, 2020
Carrying amount of lease liabilities			
- current	$106,017	$88,835	$74,264
- noncurrent	$293,807	$217,704	$229,770

Ranges of discount rates for lease liabilities are as follows:

Item	March 31, 2021	December 31, 2020	March 31, 2020
Land and buildings	0.63%-4.16%	0.63%-5.49%	0.80%-5.49%
Machinery and equipment	3.13%-3.65%	3.13%-3.65%	3.65%
Other equipment	0.66%-4.09%	0.66%-4.09%	0.80%-4.09%

Please refer to Note 12(3) for lease liabilities with repayment periods.

C. Material lease-in activities and terms

The Group leased some land and buildings, etc. as factory, with the lease terms of 1 to 75 years. There is no sign of impairment of right-of-use assets as of March 31, 2021. Therefore, the Group didn't assess the impairment.

D. Subleasing: None.

E. Other lease information:

(1) Please refer to Note 6(11) for agreement to lease investment properties under operating lease.

(2) The current lease relevant expense information is as follows:

	Three Months Ended March 31	
	2021	2020
Short-term lease expense	$4,708	$465
Low-value asset lease expense	$76	$72
Variable lease payments that excluded in the measurement of lease liabilities	$ -	$ -
Total cash outflow for leases (Note)	($33,063)	($21,320)

(Note): Including current principle paid for lease liabilities.

(10) Investment properties, net

Item	March 31, 2021	December 31, 2020	March 31, 2020
Land	$4,000	$89,384	$89,384
Buildings	10,683	26,070	26,070
Total cost	$14,683	$115,454	$115,454

Less: Accumulated depreciation and impairment	(7,637)	(34,565)	(34,254)
Net	$7,046	$80,889	$81,200

Cost	Land	Buildings	Total
Balance at January 1, 2021	$89,384	$26,070	$115,454
Additions	-	-	-
Transfer to property, plant and equipment	(85,384)	(15,387)	(100,771)
Balance at March 31, 2021	$4,000	$10,683	$14,683
Accumulated Depreciation and Impairment			
Balance at January 1, 2021	$19,313	$15,252	$34,565
Depreciation expense	-	62	62
Reversal of impairment loss	(4,906)	-	(4,906)
Transfer to property, plant and equipment	(14,407)	(7,677)	(22,084)
Balance at March 31, 2021	$ -	$7,637	$7,637

Cost	Land	Buildings	Total
Balance at January 1, 2020	$89,384	$26,070	$115,454
Additions	-	-	-
Balance at March 31, 2020	$89,384	$26,070	$115,454
Accumulated Depreciation and Impairment			
Balance at January 1, 2020	$19,313	$14,835	$34,148
Depreciation expense	-	106	106
Balance at March 31, 2020	$19,313	$14,941	$34,254

A. Above mentioned investment properties were land and fixtures located at No. 1609, Wu Kuai Cuo Section, Kaohsiung and No. 307, Zheng Chang Section, Kaohsiung.

B. Rental income and direct operating expenses of investment properties are shown below:

Item	Three Months Ended March 31 2021	2020
Rental income of investment properties	$202	$558
Direct operating expense incurred for the investment properties with current rental income	$62	$106

C. The maturity analysis of operating lease payments receivable for investment properties is as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Year 1	$171	$632	$1,255
Year 2	171	171	171
Year 3	171	171	171
Year 4	171	171	171
Year 5	129	171	171
Over 5 years	-	-	129
Total	$813	$1,316	$2,068

D. Investment property is depreciated on a straight-line basis over its estimated useful life of 10 to 57 years.

E. The fair values of investment properties held by the Group were $38,443 thousand, $112,494 thousand and $112,494 thousand as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively. The fair value determination was performed by independent qualified professional appraisers. The valuation was based on the comparison method, and the fair value was measured by using Level 3 inputs. Please refer to Note12(4).

F. The accumulated impairment of investment properties were $0 thousand, $19,313 thousand and $19,313 thousand as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

G. The Group had no investment properties pledged to others.

(12) Intangible assets

Item	March 31, 2021	December 31, 2020	March 31, 2020
Trademark	$8,072	$8,062	$8,364
Computer software	29,202	33,874	32,266
Total cost	$37,274	$41,936	$40,630
Less: Accumulated amortization and impairment	(9,159)	(16,155)	(19,946)
Net	$28,115	$25,781	$20,684

Cost	Trademark	Computer Software	Total
Balance at January 1, 2021	$8,062	$33,874	$41,936
Additions	-	6,085	6,085
Derecognition	-	(10,722)	(10,722)
Effect of foreign exchange	10	(35)	(25)

differences			
Balance at March 31, 2021	$8,072	$29,202	$37,274
Accumulated Amortization and Impairment			
Balance at January 1, 2021	$ -	$16,155	$16,155
Amortization expenses	-	3,742	3,742
Derecognition	-	(10,722)	(10,722)
Effect of foreign exchange differences	-	(16)	(16)
Balance at March 31, 2021	$ -	$9,159	$9,159

	Trademark	Computer Software	Total
Cost			
Balance at January 1, 2020	$8,322	$29,984	$38,306
Additions	-	5,578	5,578
Derecognition	-	(3,205)	(3,205)
Effect of foreign exchange differences	42	(91)	(49)
Balance at March 31, 2020	$8,364	$32,266	$40,630
Accumulated Amortization and Impairment			
Balance at January 1, 2020	$ -	$19,352	$19,352
Amortization expenses	-	3,869	3,869
Derecognition	-	(3,205)	(3,205)
Effect of foreign exchange differences	-	(70)	(70)
Balance at March 31, 2020	$ -	$19,946	$19,946

(13) Short-term loans

Item	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured loan	$802,068	$670,663	$764,731
Interest range	0.70%-1.87%	0.55%-1.91%	0.80%-3.16%

(14) Other payables

Item	March 31, 2021	December 31, 2020	March 31, 2020
Accrued payroll	$318,164	$464,742	$184,078
Service fee payable	13,271	17,221	16,685
R & D payable	60,155	51,398	32,022
Bonus to employees and	40,084	36,586	32,347

remuneration to directors and supervisors			
Equipment payable	38,540	47,179	27,909
Others	454,791	481,793	304,369
Total	$925,005	$1,098,919	$597,410

(15) Provisions - current

Item	March 31, 2021	December 31, 2020	March 31, 2020
Employee benefits	$42,478	$45,064	$40,039

Item	Three Months Ended March 31	
	2021	2020
Beginning balance	$45,064	$41,030
Additional provisions recognized	1,471	771
Provisions used	(3,805)	(1,589)
Effect of foreign exchange differences	(252)	(173)
Ending balance	$42,478	$40,039

Provision for employee benefits represents vested short-term service leave entitlements accrued.

(16) Long-term loans and current portion of long-term loans

Item	March 31, 2021	December 31, 2020	March 31, 2020
Mortgage loans	$220,000	$220,000	$220,000
Credit loans	300,000	300,000	-
Less: current portion due within one year	-	-	-
Long-term loans	$520,000	$520,000	$220,000
Interest rate range	0.81%-1.17%	0.81%-1.17%	1.32%

A. Refer to Note 8 for assets pledged as collateral for long-term loans.

B. Under the loan agreement, the Group should maintain certain current ratio, debt ratio, interest coverage ratio and tangible net value, etc. based on the Group's audited semi-annual and annual consolidated financial statements. As of March 31, 2021, the Group had no irregularities.

(17) Pension

A. Defined contribution plans

a. The plan under the Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Group has made monthly contributions equal to

6% of each employee's monthly salary to employees' pension accounts.

b. The employees of the Group's subsidiaries are members of a state-managed retirement benefit plan operated by local government. The subsidiary is required to contribute amounts calculated at a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions to the fund.

c. The total pension expenses were $28,218 thousand and $17,929 thousand for the three months ended March 31, 2021 and 2020, respectively.

B. Defined benefit plans

a. The pension under the defined benefit plans were $71 thousand and $127 thousand for three months ended March 31, 2021 and 2020. The pensions were calculated using the actuarially determined pension cost discount rates as of December 31, 2020 and 2019.

b. The Group estimated that the Labor Retirement Account is insufficient to pay the labor pension that is expected to meet the retirement conditions next year at the year end of 2020, and funded the difference to reduce net defined benefit liability in March 2021 for $0 thousand.

(18) Share capital

A. Movements in the number of the Group's ordinary shares outstanding were as follows:

	Three months Ended March 31, 2021	
Item	Shares (in thousands)	Amount
Balance at January 1	250,930	$2,509,297
Capital increase in cash	-	-
Capitalization of retained earnings	-	-
Balance at March 31	250,930	$2,509,297

	Three months Ended March 31, 2020	
Item	Shares (in thousands)	Amount
Balance at January 1	250,930	$2,509,297
Capital increase in cash	-	-
Capitalization of retained earnings	-	-
Balance at March 31	250,930	$2,509,297

B. As of March 31, 2021, the authorized capital was $3,000,000 thousand, consisting of 300,000 thousand shares.

(19) Capital surplus

Item	March 31, 2021	December 31, 2020	March 31, 2020
From merger	$18,227	$18,227	$18,227
From convertible bonds	326,015	326,015	326,015
Treasury share transactions	21,464	21,464	21,464
Reorganization	1,050	1,050	1,050
Differences between considerations and carrying amounts of subsidiaries acquired or disposed	147	147	147
Total	$366,903	$366,903	$366,903

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and donations can be used to offset deficit or may be distributed as stock dividends or in cash. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's paid-in capital. Capital surplus can't be used to offset deficit unless legal reserve is insufficient. The capital surplus from long-term investments may not be used for any purpose.

(20) Retained earnings and dividend policy

(1) In accordance with the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside a special reserve in accordance with the laws and regulations, and the remainder plus prior year's unappropriated earnings will be recommended by The Board of Directors and approved through the Shareholders' meeting.

In consideration of its operation and capital expenditure demands, the Company stipulates appropriate dividend distribution ratio, and proposes for approval in the shareholders' meeting. However, at least 20% of total dividends should be distributed in cash.

(2) Legal reserve may be used to offset a deficit, and be transferred to capital or distributed in cash. However, legal reserve can be transferred to capital or distributed in cash only when the legal reserve has exceeded 25% of the Company's paid-in capital.

(3) Special reserve

Item	March 31, 2021	December 31, 2020	March 31, 2020
Provision for the debit balance of other equity	$181,120	$181,120	$85,554
Provision for initial application of IAS	79,155	79,155	79,155
Total	$260,275	$260,275	$164,709

A. The Company may allocate earnings only after providing special reserve for debt balance in other equity on the date of balance sheet, and the reversal of debit balance in other equity, if any, may be stated into allocable earnings.

B. Upon first-time adoption of IFRSs, the special reserve provided pursuant to the official letter under Jin-Guan-Jheng-Fa-Zih No. 1010012865 dated April 6, 2012 may be reversed to allocable retained earnings in proportion to the special reserve as provided originally, if the Company uses, disposes of or reclassifies the relevant assets in the future.

(4) The appropriation of earnings for 2020 was proposed by the Board of Directors' meeting held in March 2021, while the appropriation of earnings for 2019 was approved by the stockholders' meeting held in June 2020. The details of appropriation are as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
Item	2020	2019	2020	2019
Legal reserve	$84,903	$68,683		
Special reserve	(18,180)	95,566		
Cash dividends	602,231	501,860	2.4	2
Total	$668,954	$666,109		

A. The appropriations of earnings for 2020 are subject to the resolution of the shareholders' meeting to be held in June 2021.

B. In the event of repurchase of the Company's shares, transfer of treasury stocks to employees or other share change factors leading to a change in the number of outstanding shares and a consequent change in dividend yield, it is proposed that the chairman is authorized by the Board of Directors to duly adjust stocks and cash payout rates.

(5) Information on the earnings appropriation proposed by the Board of Directors and approved by the shareholders is available on the "Market Observation Post System" on the website of TWSE.

(21) Other equity

Item	Exchange Differences on Translating Foreign Operations	
	Three Months Ended March 31	
	2021	2020
Beginning balance	($242,095)	($260,275)
Exchange differences arising on translation of foreign operations	(16,803)	(16,938)
Ending balance	($258,898)	($277,213)

(22) Operating revenues

Item	Three Months Ended March 31	
	2021	2020
Revenue from contracts with customers		
Sales	$3,063,702	$2,266,776
Sales return	(17,857)	(8,737)
Sales discount	(15,565)	(10,072)
Net	$3,030,280	$2,247,967

A. Details of contract revenue

Sales of fans and other related goods are mainly to system manufacturers and distributors. Please refer to Note 14 for the main sale areas.

B. The Group's timing of recognition is transferred the goods at a certain point of time.

C. Contract balances

The Group recognized the receivables, contract assets and contract liabilities in relation to contract revenue as follows:

Item	March 31, 2021	December 31, 2020	March 31, 2020
Receivables	$3,215,373	$3,225,589	$2,564,558
Contract assets	-	-	-
Total	$3,215,373	$3,225,589	$2,564,558
Contract liabilities - current	$106,896	$105,491	$79,219

a. Significant changes in contract assets and contract liabilities

The change in the contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer’s payment, and there is no other significant change.

b. Amount from previous period's satisfied performance obligations and beginning contract liabilities recognized in the current period as income were as follows:

	Three Months Ended March 31	
Revenue in the current period	2021	2020
From beginning contract liabilities	$105,491	$77,337
From previous period's satisfied performance obligations	$ -	$ -

(23) Labor cost, depreciation and amortization

	Three Months ended March 31, 2021		
Item	Operating cost	Operating expenses	Total
Labor cost			
Salaries	$417,245	$161,592	$578,837
Insurance	15,593	18,706	34,299
Pension	18,909	9,380	28,289
Others	199,025	17,597	216,622
Depreciation	66,983	32,903	99,886
Amortization	14,157	12,869	27,026
Total	$731,912	$253,047	$984,959

	Three Months ended March 31, 2020		
Item	Operating cost	Operating expenses	Total
Labor cost			
Salaries	$218,398	$148,804	$367,202
Insurance	10,477	16,115	26,592
Pension	10,370	7,686	18,056
Others	108,469	13,757	122,226
Depreciation	64,664	35,476	100,140
Amortization	1,851	6,801	8,652
Total	$414,229	$228,639	$642,868

1. The Company accrued employees' compensation and remuneration to directors and supervisors at the rates not less than 2% and not higher than 5% of net income before income tax, employees' compensation and remuneration to directors and supervisors during the period. For the three months ended March 31, 2021 and 2020, employees' compensation was accrued at $2,359 thousand and $2,387 thousand, respectively,

while directors' remuneration was accrued at $1,139 thousand and $757 thousand, respectively.

2. The employees' compensation and remuneration to directors for the years ended December 31, 2020 and 2019 had been approved by the Company's Board of Directors meeting held on March 11, 2021 and 2020, respectively, and the relevant amounts recognized in the consolidated financial statements were as follows:

	Year ended December 31			
	2020		2019	
	Employees' compensation	Remuneration to directors	Employees' compensation	Remuneration to directors
Resolution amount of allotment	$23,500	$13,000	$18,619	$10,500
Recognized in financial statements	23,500	13,000	18,619	10,500
Difference	$ -	$ -	$ -	$ -

The above mentioned employees' compensation will be paid by cash.

3. Information about the appropriation of employees' compensation and directors' remuneration by the Company as resolved by the Board of Directors can be obtained from the "Market Observation Post System" on the website of TWSE.

(24)Interest income

	Three months ended March 31	
Item	2021	2020
Interest on bank deposits	$2,010	$1,407
Interest on early payment	1,308	1,662
Others	17	5
Total	$3,335	$3,074

(25) Other income

	Three Months Ended March 31	
Item	2021	2020
Rental income	$613	$969
Others – Sample sales, etc.	12,577	10,086
Others - Subsiby	11,550	2,903
Others	14,273	7,297
Total	$39,013	$21,255

(26) Other gains and losses

Item	Three Months Ended March 31 2021	Three Months Ended March 31 2020
Net gain (loss) on financial instruments at FVTPL	($20)	($523)
Net currency exchange gain (loss)	6,767	18,577
Gain (loss) on disposal of property, plant and equipment	603	(153)
Gain on disposal of investments	1,565	3,340
Reversal of impairment loss recognized in profit or loss, non-financial assets	4,906	-
Others	(905)	(688)
Total	$12,916	$20,553

(27) Finance costs

Item	Three Months Ended March 31 2021	Three Months Ended March 31 2020
Interest on loans	$2,649	$3,634
Interest on lease liabilities	3,118	2,587
Others	-	53
Less: capitalized amount for qualified assets	-	-
Carrying amount	$5,767	$6,274

(28) Income tax expense

A. Components of tax expense:

Current income tax	Three Months Ended March 31 2021	Three Months Ended March 31 2020
Income tax incurred in current year	$30,972	$33,196
Prior year income tax (over) under estimation	(183)	8
Total	$30,789	$33,204
Deferred income tax		
The origination and reversal of temporary differences	($15,307)	($6,142)
Total	($15,307)	($6,142)
Income tax expense	$15,482	$27,062

The applicable tax rate used by the Group is 20%. In addition, the tax rate applicable to unappropriated earning is 5%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

According to the amendments to the Statute for Industrial Innovation announced in July 2019, the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group has already deducted the amount of the unappropriated earnings that has been reinvested as capital expenditures.

The Group applied for and was approved the repatriation of offshore funds (including mainland China) within the time limit in accordance with the "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act"effective from August 15, 2019. The applicable tax rate exempt from taxation is 8% for the first year and 10% for the second year under the general income tax system. A profit-seeking enterprise may apply to the Ministry of Economic Affairs for engaging in substantive investment within one year from the date of repatriating funds and has a 50% tax refund preference when completing the investment within the time limit.

B. Income tax expense (benefit) recognized in other comprehensive income

	Three Months Ended March 31	
Current income tax	2021	2020
Exchange differences on translation of foreign operations	($4,201)	($4,234)

C. The tax authorities have rectified Company's income tax returns through 2018.

(29) Other comprehensive income (loss)

	Three Months Ended March 31, 2021		
Item	Other Comprehensive Income (Loss), Before Tax	Income Tax (Expense) Benefit	Other Comprehensive Income (Loss), Net of Tax
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	($21,004)	$4,201	($16,803)
Recognized in other comprehensive income (loss)	($21,004)	$4,201	($16,803)

	Three Months Ended March 31, 2020		
Item	Other Comprehensive Income (Loss), Before Tax	Income Tax (Expense) Benefit	Other Comprehensive Income (Loss), Net of Tax
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	($21,172)	$4,234	($16,938)
Recognized in other comprehensive income (loss)	($21,172)	$4,234	($16,938)

(30) Earnings per share

Item	Three Months Ended March 31 2021	Three Months Ended March 31 2020
(1) Basic earnings per share:		
Net income attributable to owners of the parent	$92,719	$96,706
Weighted average shares outstanding (in thousands)	250,930	250,930
Basic earnings per share (after tax)	0.37	$0.39
(2) Diluted earnings per share:		
Net income attributable to owners of the parent	$92,719	$96,706
Effect of potential dilutive ordinary shares	-	-
Net income used in computation of diluted earnings per share	$92,719	$96,706
Weighted average shares outstanding (in thousands)	$250,930	$250,930
Impact on employees' compensation (Note)	416	489
Weighted average number of ordinary shares outstanding after dilution (in thousands)	$251,346	$251,419
Diluted earnings per share (after tax)	$0.37	$0.38

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

7. RELATED PARTY TRANSACTIONS

(1) Parent Company and ultimate controlling party:

The Group has no parent Company and ultimate controlling party.

(2) Related party name and category:

Related Party Name	Related Party Category
Guang Sheng Investment Corporation	Other related party
Shehng-Yuan Children Development and Adult Support Services Center	Other related party
Yo Yuan Investment Corporation	Other related party
Suzhou Shengyixing Heat Tranfer Technology Co., Ltd.	Associates

(3) Significant transactions with related parties:

A. Sales: None.

B. Purchase:

Related Party Category	Three months ended March 31	
	2021	2020
Associates	$503	$ -

The purchase price is equivalent to other suppliers, and the payment period is 3-4 months. Except for the agreement of both parties to pay in advance and collect interest on the payment.

C. Contract assets: None.

D. Contract liabilities: None.

E. Balance of receivables (excluding lending to related parties and contract assets):

Item	Related Party Category	March 31, 2021	December 31, 2020	March 31, 2020
Other receivables	Associates	$8	$ -	$ -

F. Balance of payables (excluding borrowing from related parties):

Item	Related Party Category	March 31, 2021	December 31, 2020	March 31, 2020
Account payable	Associates	$835	$268	$ -
Other payables	Associates	$69	$18	$ -

G. Prepayments:

Item	Related Party Category	March 31, 2021	December 31, 2020	March 31, 2020
Account payable	Associates	$50	$13	$ -

H. Property transactions: None.

I. Lessee arrangements:

Item	Related Party Category	March 31, 2021	December 31, 2020	March 31, 2020
Refundable deposits	Other related parties	$26	$26	$26
Lease liabilities - current	Other related parties	$155	$155	$52
Lease liabilities - noncurrent	Other related parties	$52	$91	$ -

Item	Related Party Category	Three Months Ended March 31	
		2021	2020
Interest expense	Other related parties	$1	$1

Above lease terms are based on the contract, and rent is paid monthly.

J. Rent arrangements: None.

K. Financing activities - lending to related parties:

(a) Ending balance

Item	Related Party Category	March 31, 2021	December 31, 2020	March 31, 2020
Other receivables	Associates	$ 2,171	$ -	$ -

(b) Interest income

	Three months ended March 31	
Related Party Category	2021	2020
Associates	$ 15	$ -
Rate	4.35%	-

L. Financing activities - borrowing from related parties: None.

M. Guarantee for related parties: None.

N. Others:

a. Guarantee deposits

Related Party Category	March 31, 2021	December 31, 2020	March 31, 2020
Other related parties	$55	$55	$55

b. Miscellaneous income

	Three Months Ended March 31	
Related Party Category	2021	2020
Other related parties	$49	$49

Miscellaneous income is mainly rent income. Rent prices are based on to the contract agreements and received monthly.

(4) Key management compensation

	Three Months Ended March 31	
Item	2021	2020
Salaries and other short-term employee benefits	$12,463	$11,793
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total	$12,463	$11,793

8. PLEDGED ASSETS

Item	March 31, 2021	December 31, 2020	March 31, 2020
Property, plant and equipment (net)	$496,858	$496,858	$496,858

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group issued guarantee notes for bank loans amounting to $3,393,050 thousand, $3,231,400 thousand and $2,903,875 thousand, respectively.

(2) As of March 31, 2021, December 31, 2020 and March 31, 2020, the unused letters of credit issued by the Group were as follows:

(In thousands)

Item	March 31, 2021	December 31, 2020	March 31, 2020
L/C Amount	USD 1,503	USD 1,273	USD 1,054

(3) As of March 31, 2021, December 31, 2020 and March 31, 2020, the note endorsement for material purchase were as follows:

(In thousands)

Item	March 31, 2021	December 31, 2020	March 31, 2020
USD	$1,027	$1,345	$847
NTD	-	-	1,226

(4) As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group provided guarantees for others. Please refer to Note 13 for the information.

(5) Statement of lawsuit

SIAE Microelettronica S.P.A. filed a lawsuit against the company for the infringement on April 8, 2020. The Group has appointed the lawyer to proceed with the litigation, and it is under the jurisdiction of Kaohsiung District Court in Taiwan. The final outcome will depend on the future litigation procedures and will not have a significant impact on the Company's operations.

(6) Significant contract

A. The Group entered into the land usage right transfer contract with Hermosa Ecozone Development Corporation in Year 2020. The main contents are as below:

(A) Transfer object: land usage right of 137,096 square meters at Lot 1 Block 12 in Hermosa Ecozone Industrial Park for the constraction of the plant.

(B) Land usage right period: 75 years.

(C) Transfer price of land usage right: $410,992 thousand (PHP 685,480 thousand)

B. The Group entered into the land usage right transfer contract with Farms Agribusiness Corporation in Kunshan Economic and Technological Development Zone in Year

2000. The contents of the contract were as below:

(A) Transfer object: land usage right of 48,688 square meters at Kunshan Economic and Technological Development Zone for the construction of the plant and dormitory.

(B) Land usage right period: 50 years.

(C) Transfer price of land usage right: US$828 thousand (RMB 6,842 thousand).

10. SIGNIFICANT DISASTER LOSS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12. OTHERS

(1) Seasonality or periodicity of operations

The operation of the Group's is not influenced by seasonality and periodicity.

(2) Capital risk management

There were no significant changes in the Group's policies for capital risk management for the three months ended March 31, 2021 as compared with the consolidated financial statements for the year ended December 31, 2020. Please refer to Note 12(1) of the consolidated financial statements for the year ended December 31, 2020 for the related information.

(3) Financial instruments

A. Financial risk of financial instruments

Financial risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The plans for material treasury activities are reviewed by board of directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Group Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

Significant financial risks and degrees of financial risks

a. Market risk

(a) Foreign exchange rate risk

There were no significant changes in the nature and degree of material financial risk for the three months ended March 31, 2021 as compared with the consolidated financial statements for the year ended December 31, 2020.

Please refer to Note 12(2) of the consolidated financial statements for the year ended December 31, 2020 for the related information.

(b) Foreign currency risk and sensitivity analysis (including consolidated elimination items and incompletely write-off of exchange rate risk)

	March 31, 2021					
				Sensitivity Analysis		
	Foreign Currency	Exchange Rate	Carrying Value (NTD)	Variation	Profit or Loss Impact	Equity Impact
Financial assets						
Monetary items						
USD:NTD	79,231	28.5350	2,260,850	Increase 1%	22,609	-
EUR:NTD	7,322	33.4800	245,148	Increase 1%	2,451	-
USD:RMB	86,387	6.5713	2,465,042	Increase 1%	24,650	-
USD:EUR	3,008	0.8523	85,826	Increase 1%	858	-
Financial liabilities						
Monetary items						
USD:NTD	67,643	28.5350	1,930,203	Increase 1%	(19,302)	-
EUR:NTD	180	33.4800	6,040	Increase 1%	(60)	-
USD:RMB	59,881	6.5713	1,708,702	Increase 1%	(17,087)	-
USD:EUR	1,533	0.8523	43,757	Increase 1%	(438)	-

	December 31, 2020					
				Sensitivity Analysis		
	Foreign Currency	Exchange Rate	Carrying Value (NTD)	Variation	Profit or Loss Impact	Equity Impact
Financial assets						
Monetary items						
USD:NTD	80,153	28.4800	2,282,762	Increase 1%	22,828	-
EUR:NTD	7,640	35.0200	267,563	Increase 1%	2,676	-
USD:RMB	80,076	6.5249	2,451,433	Increase 1%	24,514	-
USD:EUR	3,660	0.8132	104,239	Increase 1%	1,042	-
Financial liabilities						
Monetary items						
USD:NTD	69,636	28.4800	1,983,226	Increase 1%	(19,832)	-
EUR:NTD	245	35.0200	8,567	Increase 1%	(86)	-
USD:RMB	48,900	6.5249	1,392,680	Increase 1%	(13,927)	-
USD:EUR	3,247	0.8132	92,464	Increase 1%	(925)	-

	March 31, 2020					
				Sensitivity Analysis		
	Foreign Currency	Exchange Rate	Carrying Value (NTD)	Variation	Profit or Loss Impact	Equity Impact
Financial assets						
Monetary items						
USD:NTD	61,725	30.2250	1,865,643	Increase 1%	18,656	-
EUR:NTD	5,160	33.2400	171,511	Increase 1%	1,715	-
USD:RMB	62,072	7.0851	1,876,122	Increase 1%	18,761	-
USD:EUR	2,428	0.9093	73,376	Increase 1%	734	-
Financial liabilities						
Monetary items						
USD:NTD	51,525	30.2250	1,557,333	Increase 1%	(15,573)	-
EUR:NTD	113	33.2400	3,745	Increase 1%	(37)	-
USD:RMB	31,517	7.0851	952,612	Increase 1%	(9,526)	-
USD:EUR	3,512	0.9093	106,161	Increase 1%	(1,062)	-

When New Taiwan dollar appreciates and other variation factors stay unchanged, there will be the same but opposite amount of influence as of March 31, 2021, December 31, 2020 and March 31, 2020.

The details of unrealized exchange gain (loss) for monetary items due to material exchange rate fluctuation were as follow:

	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020		
	Foreign Exchange Gain (Loss)			Foreign Exchange Gain (Loss)		
	Foreign Currency (In thousands)	Exchange Rate	Carrying Amount (In thousands)	Foreign Currency (In thousands)	Exchange Rate	Carrying Amount (In thousands)
Financial Assets						
Monetary Items						
USD: NTD	-	28.3690	15,044	-	30.1130	7,809
EUR: NTD	-	34.1800	(2,751)	-	33.2100	(150)
USD: RMB	5,036	6.4844	22,033	5,391	6.9790	23,259
Financial Liabilities						
Monetary Items						
USD: NTD	-	28.3690	19,294	-	30.1130	12,116
EUR: NTD	-	34.1800	82	-	33.2100	14
USD: RMB	(3,934)	6.4844	(17,211)	(3,552)	6.9790	(15,326)

b. Price risk

The Group is exposed to equity instrument price risk because the investments held by the Group are classified on the consolidated balance sheet as at fair value through profit or loss.

The Group is exposed to beneficiary certificates. If the price of the Group's equity investments rises (or falls) 1%, the net income resulting from equity instruments at fair value through profit and loss will increase (or decrease) $3,671 thousand and $4,086 thousand for the three months ended March 31, 2021 and 2020, respectively.

c. Interest rate risk

The carrying amount of the financial assets and liabilities that exposed interest rate risk as reporting date was as follow:

	Carrying Amount		
Item	March 31, 2021	December 31, 2020	March 31, 2020
Fair value interest rate risk:			
Financial assets	$195,407	$196,417	$ -
Financial liabilities	(399,824)	(306,539)	(304,034)
Net	($204,417)	($110,122)	($304,034)
Cash flow interest rate risk:			
Financial assets	$1,415,910	$1,582,861	$1,224,970
Financial liabilities	(1,322,068)	(1,190,663)	(984,731)
Net	$93,842	$392,198	$240,239

(a) Sensitivity analysis of fair value interest rate risk instrument

The Group does not classify any fixed-rate instruments as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. In addition, the Group does not designate derivatives (interest rate swap) as hedge instruments under hedge accounting. Therefore, the change of interest rate at reporting date does not have influence on net income and other comprehensive income.

(b) Sensitivity analysis of cash flow interest rate risk instrument

The Group's financial instruments with variable interest rate are those with floating-rate. If interest rate increases 1%, the net income will increase $235 thousand and $601 thousand for the three months ended March 31, 2021 and 2020, respectively.

B. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a contract leading to a financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily accounts receivables, and from investing activities, primarily deposit and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

a. Business related credit risk

In order to maintain the credit quality of accounts receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed in the consideration of the relevant factors which may affects the customer's paying ability such as financial condition, external and internal credit scoring, historical experience, and economic conditions.

b. Financial credit risk

The Group's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Group Treasury function. The Group only deals with creditworthy counterparties, banks, and government so that no significant credit risk was identified. In addition, the Group has no financial assets at amortized and investments in debt instruments at fair value through other comprehensive income.

(a) Credit concentration risk:

As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group's ten largest customers accounted for 33.79%, 29.23% and 26.38% of accounts receivable, respectively. The Group believes the concentration of credit risk is insignificant for the remaining accounts receivable. The Group continuously evaluated customers' financial situation. To reduce major credit risk, the Group bought credit guarantee insurance, and asked customers to make payment in advance.

(b) Measured in expected credit loss

(i) Account receivables apply the simplified approach. Please prefer to Note 6(4) for details.

(ii) Indications for determining whether the credit risk is increased significantly: None (the Group does not have any debt instrument investments that are either measured at amortized cost, or at FVTOCI).

c. Collaterals and other credit enhancement held to avoid credit risks from financial assets.

The following table shows the maximum exposure to credit risk regarding financial assets recognized in the consolidated balance sheets, pledged collateral, master netting arrangements and other credit enhancement held by the Group:

March 31, 2021	Carrying Value	Decrease Amount of Credit Risk Maximum Exposure: Collateral	Net Settlement Agreement	Other Credit Strengthening	Total
Financial instruments subject to IFRS 9 impairment requirements and derogated from credit	$ -	$ -	$ -	$ -	$ -
Financial instruments not subject to IFRS 9 impairment requirements:					
Financial assets at fair value through profit or loss	367,133	-	-	-	-
Total	$367,133	$ -	$ -	$ -	$ -

December 31, 2020	Carrying Value	Decrease Amount of Credit Risk Maximum Exposure: Collateral	Net Settlement Agreement	Other Credit Strengthening	Total
Financial instruments subject to IFRS 9 impairment requirements and derogated from credit	$ -	$ -	$ -	$ -	$ -
Financial instruments not subject to IFRS 9 impairment requirements:					
Financial assets at fair value through profit or loss	412,365	-	-	-	-
Total	$412,365	$ -	$ -	$ -	$ -

March 31, 2020	Carrying Value	Decrease Amount of Credit Risk Maximum Exposure: Collateral	Net Settlement Agreement	Other Credit Strengthening	Total
Financial instruments subject to IFRS 9 impairment requirements and derogated from credit	$ -	$ -	$ -	$ -	$ -
Financial instruments not subject to IFRS 9 impairment requirements:					
Financial assets at fair value through profit or loss	408,589	-	-	-	-
Total	$408,589	$ -	$ -	$ -	$ -

C. Liquidity risk

a. Liquidity risk management:

There were no significant changes in the Group's objects and policies for liquidity risk management for the three months ended March 31, 2021 as compared with the consolidated financial statements for the year ended December 31, 2020.

b. Financial liabilities with repayment periods:

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

	March 31, 2021					
Non-derivative Financial liabilities	Within 1 year	1-2 years	2-5 years	Over 5 years	Contract Cash Flow	Carrying Value
Short-term loans	$802,068	$ -	$ -	$ -	$802,068	$802,068
Accounts payable	2,837,250	-	241	-	2,837,491	2,837,491
Other payables	924,186	302	517	-	925,005	925,005
Long-term loans	-	66,667	420,000	33,333	520,000	520,000
(Inclusive of current portion)						
Lease liabilities	118,248	91,147	198,695	42,586	450,676	399,824
Guarantee deposits	2,698	-	-	-	2,698	2,698
Total	$4,684,450	$158,116	$619,453	$75,919	$5,537,938	$5,487,086

Further information for lease liabilities with repayment periods was as follows:

Item	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
Lease liabilities	$118,248	$289,842	$30,281	$3,714	$2,971	$5,620	$450,676

	December 31, 2020					
Non-derivative Financial liabilities	Within 1 year	1-2 years	2-5 years	Over 5 years	Contract Cash Flow	Carrying Value
Short-term loans	$670,663	$ -	$ -	$ -	$670,663	$670,663
Accounts payable	2,822,496	2	238	-	2,822,736	2,822,736
Other payables	1,098,192	223	504	-	1,098,919	1,098,919
Long-term loans	-	33,333	420,000	66,667	520,000	520,000
(Inclusive of current portion)						
Lease liabilities	97,816	67,413	133,372	50,895	349,496	306,539
Guarantee deposits	4,094	-	-	-	4,094	4,094
Total	$4,693,261	$100,971	$554,114	$117,562	$5,465,908	$5,422,951

Further information for lease liabilities with repayment periods was as follows:

Item	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
Lease liabilities	$97,816	$200,785	$38,378	$3,733	$2,986	$5,798	$349,496

Non-derivative Financial liabilities	March 31, 2020					
	Within 1 year	1-2 years	2-5 years	Over 5 years	Contract Cash Flow	Carrying Value
Short-term loans	$764,731	$ -	$ -	$ -	$764,731	$764,731
Accounts payable	2,206,366	255	-	-	2,206,621	2,206,621
Other payables	596,712	570	-	128	597,410	597,410
Long-term loans (Inclusive of current portion)	-	-	220,000	-	220,000	220,000
Lease liabilities	83,693	62,831	139,816	64,867	351,207	304,034
Guarantee deposits	5,251	-	-	-	5,251	5,251
Total	$3,656,753	$63,656	$359,816	$64,995	$4,145,220	$4,098,047

Further information for lease liabilities with repayment periods was as follows:

Item	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
Lease liabilities	$83,693	$202,647	$51,236	$4,608	$2,918	$6,105	$351,207

The Group does not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

2. Categories of financial instruments

The carrying value of financial assets and liabilities of the Group as of March 31, 2021, December 31, 2020 and March 31, 2020 was as follows:

Financial assets	March 31, 2021	December 31, 2020	March 31, 2020
Financial assets measured at amortized cost			
Cash and cash equivalents	$1,415,969	$1,574,919	$1,236,770
Notes and accounts receivable	3,215,373	3,225,589	2,564,558
Other receivables	85,467	131,252	308,239
Other financial assets - current	197,839	208,730	-
Refundable deposits	25,597	22,803	24,167
Financial asset at fair value through profit or loss - current	367,133	412,365	408,589
Financial liabilities			
Financial liabilities measured at amortized cost			
Short-term loans	802,068	670,663	764,731
Notes and accounts payable (including related parties)	2,837,491	2,822,736	2,206,621
Other payables (including related parties)	925,005	1,098,919	597,410
Lease liabilities(including current and noncurrent)	399,824	306,539	304,034
Long-term loans	520,000	520,000	220,000
Guarantee deposits	2,698	4,094	5,251

(4) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(3) C. Details of the fair value of the Group's investment properties measured at cost are provided in Note 6(11).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investments in government bonds, corporate bonds, financial debentures, convertible bonds, and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investments in some derivative instruments and equity instruments without active market is included in level 3.

C. Financial instruments that are not measured at fair value

The Group considers that the carrying amounts of financial instruments including cash and cash equivalents, receivables, other financial assets, refundable deposits, short-term loans, payables, long-term loans and gurantee deposits that are not measured at fair value approximate their fair values.

D. The related information of fair value by level

The related information of financial instruments measured at fair value on a recurring basis by level is as follows:

	March 31, 2021			
Item	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss:				
Beneficiary certificates	$367,133	$ -	$ -	$367,133

Item	December 31, 2020 Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss:				
Beneficiary certificates	$412,365	$ -	$ -	$412,365

Item	March 31, 2020 Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss:				
Beneficiary certificates	$408,589	$ -	$ -	$408,589

E. Valuation techniques of financial instruments valued at fair value:

(a) The fair value of financial assets and liabilities traded in an active market is based on the quoted market prices. The quotation, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Center Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid.
A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis. Otherwise, the market is deemed to be inactive. Normally, a market is considered to be inactive when the bid-ask spread is increasing; or the bid-ask spread varies significantly; or there has been a significant decline in trading volume.

(b) Except for the above-mentioned financial instruments traded in an active market, the fair value is based on the valuation techniques or the quotation from the counterparty. The fair value refers to the current fair value of the other financial instruments with similar conditions and characteristics, using a discounted cash flow analysis or other valuation techniques, such as calculations of using models (for example, applicable yield curve from Taipei Exchange, or average quoted price on interest rate of commercial paper from Reuters), based on the information acquired from the market at the balance sheet date.
When the financial instrument of the Group is not traded in an active market, the

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

F. There was no transfer between Level 1 and Level 2 for the three months ended March 31, 2021 and 2020.

G. Changes in level 3 instruments as for the three months ended March 31, 2021 and 2020: None.

H. Valuation process for Level 3 fair value measurement:
Valuation process regarding fair value Level 3 is conducted by the Group's finance department, by which the independence of fair value of financial instruments is verified though use of independent data source in order to make the valuation results close to market conditions. Such valuation results are regularly reviewed so as to ensure their reasonableness.

(5) Transfer of financial assets: None.

(6) Offset of financial assets and liabilities: None.

13. SUPPLEMENTARY DISCLOSURES

A. Significant transactions information (before consolidated elimination)

a. Loans provided to other parties: Table 1

b. Endorsement/guarantee provided: Table 2

c. Marketable securities held: Table 3

d. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Table 4

e. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None

f. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None

g. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Table 5

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 6

i. Information about the derivative financial instruments transaction: None

j. The business relationship between the parent and the subsidiaries and significant transactions between them: Table 7

B. Information on investees (before consolidated elimination): Table 8

C. Information on investments in Mainland China (before consolidated elimination): Table 9

D. Information on majoy shareholders (including name of the shareholders with shareholding above 5%, shares held and shareholding ratio): Table 10

Table 1

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD. AND SUBSIDIARIES

LOANS PROVIDED TO OTHER PARTIES

MARCH 31, 2021

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance (Note 4)	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 3)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
1	Sunon Electronic (kunshan) Co., Ltd.	Suzhou Shengyixing Heat Transfer Technology Co., Ltd.	Other receivables - related parties	Yes	13,027 (RMB3,000)	13,027 (RMB3,000)	2,171 (RMB500)	4.35%	2	—	Operating capital	—	—	—	144,388	288,776

Note 1: Financing limits for each borrowing company:

(1) For trading partner:

Shall not be higher than the purchase or sales amount of the most recent year.

(2) For short-term financing:

Shall not exceed 10% of the Company's net worth.

Note 2: The maximum balance of financing activitives:

(1) For trading partner:

Shall not exceed 20% of the Company's net worth

(2) For short-term financing:

Shall not exceed 20% of the Company's net worth

(3) The policy for loans granted mutually between overseas subsidiaries of which the Company directly or indirectly holds 100% of their voting shares is as follows:

The maximum amount for total loan for individual enterprise shall not exceed 50% of its net worth. 。

Note 3: The code represents the nature of financing activities as follows:

(1) Related to trading partner is "1".

(2) Short-term financing is "2".

Note 4: The maximum amount was approved by the Board of Directors' meeting.

Table 2

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

MARCH 31, 2021

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Endorsor	Endorsee		Endorsement Limit for a Single Entity (Note 3)	Highest Balance During the Period	Ending Balance	Actual Amount Drawn	Balance Secured by Collaterals	Ratio of Accumulated Amount to Net Worth of the Company	Maximum Amount of Endorsement (Note 4)	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Party in Mainland China
		Company Name	Relationship (Note 2)										
0	Sunonwealth Electric Machine Industry Co., Ltd.	Sunon Electronic (Kunshan) Co., Ltd.	2	1,401,014	NTD 171,210 (USD 6,000)	NTD 85,605 (USD 3,000)	–	–	1.83%	2,335,023	Y	N	Y
0	Sunonwealth Electric Machine Industry Co., Ltd.	Sunon Electronic (Foshan) Co., Ltd.	2	1,401,014	NTD 171,210 (USD 6,000)	–	–	–	–	2,335,023	Y	N	Y
0	Sunonwealth Electric Machine Industry Co., Ltd.	Sunon Electronic (Bei Hai) Co., Ltd.	2	1,401,014	NTD 485,095 (USD 17,000)	NTD 485,095 (USD 17,000)	NTD 228,280 (USD 8,000)	–	10.39%	2,335,023	Y	N	Y

Note 1: The description of the number column is as follows:

(1) The issuer is represented in 0.

(2) The investee company is numbered sequentially from Arabic numeral 1.

Note 2: The following code represents the relationship with the Company:

1. Trading partner.
2. Majority owned subsidiary.
3. The Company directly and indirectly owns over 50% ownership of the investee company.
4. A subsidiary jointly owned over 90% by the Company.
5. Guaranteed by the Company according to the construction contract.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.
7. Joint and several guaranteed by the Company according to the pre-construction contract under Consumer Protection Act.

Note 3: Endorsements/guarantees provided by the Company to a single enterprise and a single foreign affiliate shall not exceed 20% and 30% of the Company's net worth, respectively.

Note 4: The maximum amount of the endorsements/guarantees provided by the Company shall not exceed 50% of the Company's net worth.

Table 3

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance				Note
				Number of Shares (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	
Sunon Electronic (Foshan) Co., Ltd.	Fund - China Resources Yuanda Fund	None	Financial assets at fair value through profit or loss	—	306,307	—	306,307	
Sunon Electronic (Bei Hai) Co., Ltd.	Fund - China Resources Yuanda Fund	None	Financial assets at fair value through profit or loss	—	60,826	—	60,826	

Table 4

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2021

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Relationship with the Investor	Beginning Balance		Addition (Note)		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Selling Price	Carrying Value	Gain (loss) on Disposal	Shares	Amount
Sunon Electronic (Foshan) Co., Ltd.	China Resources Yuanda Fund	Financial assets at fair value through profit or loss	China Resources Yuanda Fund Management Co., Ltd.	None	–	263,010 (RMB 60,257)	–	43,297 (RMB 10,282)	–	–	–	–	–	306,307 (RMB 70,539)
Sunon Electronic (Bei Hai) Co., Ltd.	China Resources Yuanda Fund	Financial assets at fair value through profit or loss	China Resources Yuanda Fund Management Co., Ltd.	None	–	149,355 (RMB 34,218)	–	115,785 (RMB 26,490)	–	204,671 (RMB 46,782)	204,314 (RMB 46,701)	357 (RMB 81)	–	60,826 (RMB 14,007)

(Note): Including current purchase of $159,687 thousand, net profit of financial assets at fair value through profit or loss of ($20) thousand, dividend income $1,208 thousand and the exchange rate impact of ($1,793) thousand.

Table 5

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST

NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Payable (Receivable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total	
Sunonwealth Electric Machine Industry Co., Ltd.	Sunon Electronic (Kunshan) Co., Ltd.	Sub-subsidiary	Sale	6,818	0.33%	3 to 4 months	—	—	7,566	0.34%	
			Purchase	536,788	31.25%	2 to 3 months	—	—	(540,054)	27.84%	
	Sunon Electronic (Bei Hai) Co., Ltd.	Sub-subsidiary	Sale	122,966	5.98%	3 to 4 months	—	—	299,677	13.37%	
			Purchase	712,164	41.46%	2 to 3 months	(Note 1)	(Note 1)	(582,371)	30.02%	
	Sunon SAS	Subsidiary	Sale	101,885	4.95%	2 to 3 months	—	—	101,146	4.51%	

Note 1: It is the transaction that undertakes the transfer of the Company, so it is based on the order price of the Company, and the payment period is 2-3 months.

Note 2: The above-mentioned parent-subsidiary transactions have been eliminated.

Table 6

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2021

(Amounts in Thousands of New Taiwan Dollar and Foreign Currencies)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note1)	Allowance for Impairment Loss
					Amount	Action Taken		
Sunonwealth Electric Machine Industry Co., Ltd.	Sunon SAS	Subsidiary	NTD 101,146	2.81	—	—	NTD 52,794	—
	Sunon Electronic (Bai Hai) Co., Ltd.	Sub-subsidiary	NTD 299,677	4.23	—	—	NTD 103,389	—
Sunon Electronic (Kunshan) Co., Ltd.	Sunonwealth Electric Machine Industry Co., Ltd.	The ultimate parent company	NTD 540,945 (RMB 124,574)	3.98	—	—	NTD 195,701 (RMB 45,068)	—
Sunon Electronic (Bei Hai) Co., Ltd.	Sunonwealth Electric Machine Industry Co., Ltd.	The ultimate parent company	NTD 582,375 (RMB 134,114)	6.21	—	—	NTD 205,031 (RMB 47,216)	—

Note 1: Amounts collected as of May 6, 2021

Note 2: The above-mentioned parent-subsidiary transactions have been eliminated.

Table 7

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

MARCH 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counter Party	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Terms (Note 4)	Percentage of Consolidated Total Revenue or Assets (Note 3)
0	Sunonwealth Electric Machine Industry Co., Ltd.	Sunon SAS	1	Sales	101,885	(Note 4)	3.36%
				Accounts receivable	101,146		0.96%
		Sunon INC	1	Sales	69,011	(Note 4)	2.28%
				Accounts receivable	64,377		0.61%
		Sunon Electronic (Bai Hai) Co., Ltd.	1	Sales	122,966	(Note 4)	4.06%
				Accounts receivable	299,677		2.84%
1	Sunon Electronic (Kunshan) Co., Ltd.	Sunonwealth Electric Machine Industry Co., Ltd.	2	Sales	537,218	(Note 4)	17.73%
				Accounts receivable	540,945		5.12%
2	Sunon Electronic (Bei Hai) Co., Ltd.	Sunonwealth Electric Machine Industry Co., Ltd.	2	Sales	865,853	(Note 4)	28.57%
				Accounts receivable	582,375		5.51%

Note 1: The description of the number column is as follows:

(1) The issuer is represented in 0.

(2) The investee company is numbered sequentially from Arabic numeral 1.

Note 2: There are three types of relationships with traders. The type of mark is as follows:

(1) No. 1 represents the transactions from parent company to subsidiary.

(2) No. 2 represents the transactions from subsidiary to parent company.

(3) No. 3 represents the transactions between subsidiaries.

Note 3: The ratio of transaction amount to consolidated revenues or total assets is calculated as follows:

(1) Asset/liability items: Ending balance to total assets;

(2) Profit and loss items: Accumulated amount to consolidated revenues.

Note 4: (1) The sales terms between the parent and the subsidiary are equivalent to those of other clients. The collection period is 3-4 months.

(2) The trading terms of the parent-subsidiary processing fee are equivalent to those of other processing companies. The payment period is 2-3 months.

(3) The purchase price between the Company and Beihai Jianzhun Company is based on the order price of the Company due to the nature of transference trading. The rest transactions are equivalent to other suppliers. The payment term is average 2-4 months for ordinary suppliers and 2-3 months for related parties.

(4) The remaining transactions between the parent and subsidiaries are with no similar transactions. The trading conditions are negotiated by engaging parties.

(5) The terms between subsidiaries are equivalent to those of the parent company.

Note 5: The above - mentioned parent - susidary transactions have been eliminated.

Table 8

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD. AND SUBSIDIARIES

INFORMATION OF INVESTEES

MARCH 31, 2021

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2021			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Remark
				As of March31, 2021	As of December 31, 2020	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
Sunonwealth Electric Machine Industry Co., Ltd.	Successful Century Co., Ltd.	British Virgin Islands	Investments	1,136,933	1,136,933	33,880	100.00%	1,429,121	(8,862)	3,052	—
	BVI Sunon International Limited	British Virgin Islands	Investments	1,035,677	1,035,677	—	100.00%	1,360,681	(13,022)	(6,214)	—
	Sunon INC	USA	Manufacturing and sales of fans	49,140	49,140	150	100.00%	102,321	7,995	6,718	—
	Sunon SAS	France	Manufacturing and sales of fans	16,127	16,127	50	100.00%	72,133	602	(1,954)	—
	Sunonwealth Electric Machine Ind.(H.K.) Ltd.	Hong Kong	Manufacturing and sales of fans	3,428	3,428	800	99.99%	1,845	(5)	(5)	—
	Sunon Corporation	Japan	Manufacturing and sales of fans	4,470	4,470	4	100.00%	2,176	(19)	(19)	—
	Sunon Electronics India Private Limited	India	Manufacturing and sales of fans	4,880	4,880	1,100	99.99%	1,881	(267)	(267)	—
	Sunon Electoronics Philippines Corp.	Philippines	Manufacturing and sales of fans	6,110	6,110	102	99.99%	5,625	50	50	—
	Sunon Properties Philippines Corp.	Philippines	Real estate development and investment	430,000	430,000	7,068	99.99%	409,740	(2,011)	(2,011)	—
			Total					3,385,523	(15,539)	(650)	

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March31, 2021			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Remark
				As of March31, 2021	As of December 31, 2020	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
Successful Centurty Co., Ltd.	Sunon Electronic (Kunshan) Co., Ltd.	China	Manufacturing and selling of fans	NTD1,148,456 (USD 34,431)	NTD1,136,276 (USD 34,000)	–	100.00%	NTD1,443,868 (USD 50,600)	NTD -8,858 (USD -312)	NTD -8,858 (USD -312)	–
Sunon Electronic (Kunshan) Co., Ltd.	Suzhou Shengyixing Heat Transfer Technology Co., Ltd.	China	Manufacturing and selling of cooling equipment	NTD 12,819 (RMB 3,000)	NTD 12,819 (RMB 3,000)	–	35.00%	NTD 9,264 (RMB 2,133)	NTD -5,626 (RMB -1,286)	NTD -1,969 (RMB -450)	
BVI Sunon International Limited	Sunon Electronic (Foshan) Co., Ltd.	China	Manufacturing and selling of fans	NTD 765,207 (RMB166,171)	NTD 765,207 (RMB166,171)	–	100.00%	NTD 923,363 (RMB212,639)	NTD -34,629 (RMB -7,915)	NTD -34,629 (RMB -7,915)	–
	Sunon Electronic (Bei Hai) Co., Ltd.	China	Manufacturing and selling of new type electronic parts	NTD 293,115 (RMB63,732)	NTD 293,115 (RMB63,732)	–	100.00%	NTD 474,850 (RMB109,352)	NTD 21,660 (RMB 4,951)	NTD 21,660 (RMB 4,951)	–
Sunon SAS	Sunon Deutschland GmbH	Germany	Sales of fans	NTD 1,027 (EUR 25)	NTD 1,027 (EUR 25)	–	100.00%	NTD 4,417 (EUR 132)	NTD -462 (EUR -14)	NTD -462 (EUR -14)	–

Note: The above-mentioned parent-subsidiary transactions have been eliminated.

Table 9

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

MARCH 31, 2021

(1) Mainland Investment Information:

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2021	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profit/Loss (Note 2)	Carrying Amount as of March 31, 2021	Accumulated Inward Remittance of Earnings as of March 31, 2021
					Outflow	Inflow						
Sunon Electronic (Kunshan) Co., Ltd.	Manufacturing and selling of fans	NTD1,148,456 (USD 34,431) (Note 6)	(2)	NTD1,136,673 (USD33,880)	–	–	NTD1,136,673 (USD 33,880)	NTD -8,858 (USD -312)	100%	NTD -8,858 (USD -312) (2).B	NTD 1,443,868 (USD 50,600)	NTD 384,603 (USD 12,894)
Sunon Electronic (Foshan) Co., Ltd.	Manufacturing and selling of fans	NTD 765,207 (USD 23,660) (Note 7)	(2)	NTD 743,663 (USD22,840)	–	–	NTD 743,663 (USD 22,840)	NTD -34,629 (RMB -7,915)	100%	NTD -34,629 (RMB -7,915) (2).C	NTD 923,363 (RMB 212,639)	NTD 622,508 (USD 20,474)
Sunon Electronic (Bei Hai) Co., Ltd.	Manufacturing and selling of new type electronic parts	NTD 293,115 (USD 10,000)	(2)	NTD 293,115 (USD10,000)	–	–	NTD 293,115 (USD 10,000)	NTD 21,660 (RMB 4,951)	100%	NTD 21,660 (RMB 4,951) (2).C	NTD 474,850 (RMB 109,352)	NTD 549,672 (USD 17,836)
Suzhou Shengyixing Heat Transfer Technology Co., Ltd.	Manufacturing and selling of cooling equipment	NTD 32,870 (RMB 7,692)	(3)	– (Note 5)	–	–	– (Note 5)	NTD -5,626 (RMB -1,286)	35%	NTD -1,969 (RMB -450) (2).C	NTD 9,264 (RMB 2,133)	–

Accumulated Investment in Mainland China as of March 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 1,136,673 (USD 33,880) NTD 743,663 (USD 22,840) NTD 293,115 (USD 10,000)	USD 34,000 USD 23,660 USD 10,000	(Note 4)

Note: Gain and loss on investment are translated using average exchange rates for the year ended March 31, 2021 (USD:NTD 1:28.369; CYN:NTD 1:4.3750). Additions and ending balance are translated using the exchange rates as at March 31, 2021 (USD:NTD 1:28.535; CYN:NTD 1:4.3424)

Note 1: The investment methods are divided into the following three types:

(1) Investing directly to the Mainland China;

(2) Reinvesting in the Mainland China through third-region companies (please refer to Table 8);

(3) Others.

Note 2: In the current period, the investment profit and loss column is recognized:

(1) If during incorporation with no investment income or loss, it should be indicated;

(2) The basis for recognition of investment gains and losses divided into the following three types, which should be indicated:

A. Audited financial statements by international accounting firms with cooperation relationship with accounting firms in the Republic of China.

B. Audited financial statements by parent company's auditors.

C. Others.

Note 3: The relevant figures in this form should be listed in New Taiwan Dollars.

(2)The Group's major transactions for the three months ended March 31, 2021 directly or indirectly through the third place and the mainland invested company are listed as follows:

Investee Company	Sales/ Purchases	Sales/ Purchases		Transaction Terms			(Notes/Accounts Payable) Or Receivables	
		Amount	%	Price	Payment Terms	Comparison with general transactions	Ending Balance	% to Total
Sunon Electronic (Kunshan) Co., Ltd.	Sales	6,818	0.33%	Cost based	3-4 months	Equivalent to sales price with ordinary clients	7,566	0.34%
	Purchases	536,788	31.25%	Cost based	2-3 months	Equivalent to purchase price with ordinary suppliers	(540,054)	27.84%
Sunon Electronic (Bei Hai) Co., Ltd.	Sales	122,966	5.98%	Cost based	3-4 months	Equivalent to sales price with ordinary clients	299,677	13.37%
	Purchases	712,164	41.46%	According to the company's order price as the basis of pricing	2-3 months	According to the Company's order price as the basis of pricing	582,371	30.02%

Note 4: Enterprises approved by the Ministry of Economic Affairs as the operational headquarters are not subject to the amount or proportion.

Note 5: It is invested by Sunon Electronic (Kunshan) Co., Ltd.

Note 6: Sunon Electronic (Kunshan) Co., Ltd., through the resolution of The Board of Directors, handled the surplus capital increase of USD 431 thousand on March 15, 2021, and completed the change registration on March 25, 2021.

Note 7: The Board's of directors approved in January 2021 to Sunon Electronic (Foshan) Co., Ltd. reduce the capital and return the share price of USD 13,660 thousand. Paid-in capital after reduction amounted to USD 10,000 thousand. The follow-up procedure is still in progress. After the approval of the relevant competent authority, the reference date for the capital reduction and refund of the shares will be determined.

Note 8: The above-mentioned parent-subsidiary transactions have been eliminated.

Table 10

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD. AND SUBSIDIARIES

INFORMATION ON MAJOR SHAREHOLDERS

MARCH 31, 2021

Name of Major Shareholder \ Shares	Number of Shares	Percentage of Ownership (%)
Guang Sheng Investment Corporation	19,150,000	7.63%
Yo Yuan Investment Corporation	14,825,000	5.90%
Fu-Ing Hong Chen	14,670,000	5.84%

Note: The information of major shareholders is based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of March 31, 2021. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

14.SEGMENT INFORMATION

(1) General information

The Group's reportable segments represent the strategic business units that sell products to different areas, have revenue as well as occur expenses. The chief operating decision-maker manages and supervises the reportable segments separately because each segment needs different product and marketing strategies, and then to allocate resources and assess segment performance. The Company's reportable segments are as follows:

A. Great China: Mainly engaging business in Taiwan and China.

B. Europe and North America: Mainly engaging business in America and Europe.

C. Other: In addition to the above areas.

(2) Measurement Basis

The Group uses profit before income tax as the measurement for segment profit and the basis of performance assessment. The accounting policies of the operating segments and the accounting policies described in Note 4 of the consolidated financial statements are the same.

(3) Segment financial information

(In thousands)

Three Months Ended March 31, 2021	Great China	Europe and North America	Other Areas	Elimination	Total
Sales from external customers	$2,745,902	$284,378	$ -	$ -	$3,030,280
Sales among inter-segment	1,846,840	-	-	(1,846,840)	-
Total sales	$4,592,742	$284,378	$ -	($1,846,840)	$3,030,280
Operating profit (loss)	$88,305	$12,517	($2,241)	$9,620	$108,201
Segment assets	$ -	$ -	$ -	$ -	$10,566,611
Segment liabilities	$ -	$ -	$ -	$ -	$5,896,566

a. Total reporting segment sales should eliminate inter-segment sales of $1,846,840 thousand.

b. Income tax expense of $15,482 thousand is not included in segment profit (loss).

(In thousands)

Three Months Ended March 31, 2020	Great China	Europe and North America	Other Areas	Elimination	Total
Sales from external customers	$1,982,474	$265,493	$ -	$ -	$2,247,967
Sales among inter-segment	1,077,920	-	-	(1,077,920)	-

Total sales	$3,060,394	$265,493	$ -	$ (1,077,920)	$2,247,967
Operating profit (loss)	$178,584	($137)	($1,295)	($53,384)	$123,768
Segment assets	$ -	$ -	$ -	$ -	$8,736,267
Segment liabilities	$ -	$ -	$ -	$ -	$4,427,721

a. Total reporting segment sales should eliminate inter-segment sales of $1,077,920 thousand.

b. Income tax expense of $27,062 thousand is not included in segment profit (loss).

(4) Production information: No disclosure requirement for interim financial statements.

(5) Geographic information: No disclosure requirement for interim financial statements.

(6) Major customer information: No disclosure requirement for interim financial statements.