

ASIA VITAL COMPONENTS CO. , LTD
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE THREE-MONTH PERIODS ENDED
MARCH 31, 2021 AND 2020

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

English Translations of a Report Originally Issued in Chinese

To Asia Vital Components Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Asia Vital Components Co., Ltd. and subsidiaries (collectively, the "Company ") as of March 31, 2021 and 2020, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2021 and 2020, and notes to the consolidated financial statements, including the summary of significant account policies (together "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except for the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" 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.

Basis for Qualified Conclusion

As discussed in Note 4(3), certain non-significant subsidiaries included in the consolidated financial statements were unreviewed. These subsidiaries' total assets amounted to NT\$11,077,268 thousand and NT\$10,829,940 thousand, or 27% and 30% of the total consolidated assets as of March 31, 2021 and 2020, respectively. These subsidiaries' total liabilities amounted to NT\$7,005,284 thousand and

NT\$6,664,458 thousand, or 24% and 25% of the total consolidated liabilities as of March 31, 2021 and 2020, respectively. The comprehensive income of these subsidiaries amounted to NT\$30,233 thousand and NT\$(168,302) thousand, or 6% and (170%) of the consolidated comprehensive income for the three-month periods ended March 31, 2021 and 2020, respectively. As discussed in Note 6(9) to consolidated financial statements mentioned, the investments accounted for under the equity method were NT\$212,931 thousand and NT\$284,586 thousand as of March 31, 2021 and 2020 respectively. The share of income of associates under the equity method amounted to NT\$(2,184) thousand and NT\$(772) thousand for the three-month periods ended March 31, 2021 and 2020, respectively. The share of the other comprehensive income of associates under the equity method amounted to NT\$(416) thousand and NT\$(3,601) thousand for the three-month periods ended March 31, 2021 and 2020, respectively. These amounts were based on the investees' unreviewed financial statements. The information on Note 13 to consolidated financial statements was not reviewed by the independent accountants.

Qualified Conclusion

Based on our reviews, except for the information of certain non-significant subsidiaries and investees mentioned in the Basis for Qualified Conclusion paragraph where were based on the unreviewed financial statements that might be adjusted if they were reviewed by the independent accountants, 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 Company and its subsidiaries as of March 31, 2021 and 2020, and their consolidated financial performance and cash flows for the three-month periods ended March 31, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

ERNST & YOUNG
Taiwan
Republic of China
May 11, 2021

Notice to Readers

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

English translation of Consolidated Financial Statements Originally issued in Chinese
ASIA VITAL COMPONENTS CO., LTD
UNAUDITED CONSOLIDATED BALANCE SHEETS
As of March 31, 2021, December 31, 2020 and March 31, 2020
(March 31, 2021 and 2020 are unaudited)
(Expressed in thousands of New Taiwan Dollars)

Assets	Notes	March 31, 2021		December 31, 2020		March 31, 2020	
		Amount	%	Amount	%	Amount	%
Current assets							
Cash and cash equivalents	6(1)	\$11,216,271	27	\$11,108,016	27	\$10,091,230	28
Financial assets at fair value through profit or loss, current	6(2)	54,288	0	—	—	25,534	0
Financial assets measured at amortized costs, current	6(3), 8	654,138	2	578,286	2	402,897	1
Notes receivable, net	4, 6(4)	325,960	1	549,666	1	430,996	1
Accounts receivable, net	4, 6(5)	3,314,301	8	3,691,461	9	2,980,446	8
Other receivables	6(5)(6)	373,893	1	458,422	1	448,965	1
Other receivables-related parties	6(6)	4,847	0	15,812	0	3,652	0
Inventories, net	6(7)	12,229,000	30	11,535,314	29	9,908,863	28
Prepayments		539,035	1	313,113	1	370,825	1
Other current assets		895,325	2	889,814	2	746,795	2
Total current assets		<u>29,607,058</u>	<u>72</u>	<u>29,139,904</u>	<u>72</u>	<u>25,410,203</u>	<u>70</u>
Non-current assets							
Financial assets measured at fair value through other comprehensive income, noncurrent	4, 6(8)	95,867	0	101,449	0	109,062	0
Investments accounted for under the equity method	6(9)	212,931	1	216,069	1	284,586	1
Property, plant and equipment	4, 6(10), 8	7,701,682	19	7,773,383	19	6,611,891	18
Right-of-use assets	4, 6(24), 8	1,679,213	4	1,733,023	4	1,781,556	5
Investment property	4, 6(11)	104,041	0	122,467	0	151,997	1
Intangible assets	6(12)	152,001	0	149,594	0	140,948	1
Deferred tax assets	4, 6(28)	816,506	2	827,675	2	807,658	2
Other non-current assets	6(13), 8	657,620	2	612,672	2	801,899	2
Total non-current assets		<u>11,419,861</u>	<u>28</u>	<u>11,536,332</u>	<u>28</u>	<u>10,689,597</u>	<u>30</u>
Total assets		<u>\$41,026,919</u>	<u>100</u>	<u>\$40,676,236</u>	<u>100</u>	<u>\$36,099,800</u>	<u>100</u>

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

English translation of Consolidated Financial Statements Originally issued in Chinese

ASIA VITAL COMPONENTS CO., LTD

UNAUDITED CONSOLIDATED BALANCE SHEETS

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

(March 31, 2021 and 2020 are unaudited)

(Expressed in thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	March 31, 2021		December 31, 2020		March 31, 2020	
		Amount	%	Amount	%	Amount	%
Current liabilities							
Short-term loans	6(14)	\$2,993,191	7	\$2,452,594	6	\$2,911,757	8
Short-term notes payable	6(15)	—	—	—	—	100,000	0
Contract liabilities, current	6(23)	6,800	0	80,298	0	2,812	0
Notes payable		2,851,742	7	2,463,026	6	2,356,964	7
Accounts payable		11,287,089	28	11,313,507	28	9,888,042	27
Other payables	6(16)	3,649,837	9	2,914,738	7	2,430,724	7
Current tax liabilities	4, 6(28)	546,513	1	493,153	1	414,293	1
Lease liabilities, current	4, 6(24)	173,184	1	170,345	1	152,818	1
Other current liabilities		245,063	1	267,920	1	283,044	1
Current portion of long-term loans	6(18)	968,334	2	1,309,287	3	1,935,001	5
Total current liabilities		22,721,753	56	21,464,868	53	20,475,455	57
Non-current liabilities							
Corporate bonds payable	6(17)	2,400,000	6	2,400,000	6	—	—
Long-term loans	6(18)	2,000,589	5	2,475,331	6	3,316,666	9
Deferred tax liabilities	4, 6(28)	1,291,095	3	1,228,920	3	1,007,246	3
Lease liabilities, noncurrent	4, 6(24)	1,007,029	2	1,048,455	2	1,088,313	3
Long-term deferred revenue	6(19)	742,994	2	755,714	2	754,664	2
Net defined benefit liabilities, noncurrent	4, 6(20)	5,233	0	5,233	0	7,387	0
Guarantee deposits		9,260	0	9,377	0	8,102	0
Total non-current liabilities		7,456,200	18	7,923,030	19	6,182,378	17
Total liabilities		30,177,953	74	29,387,898	72	26,657,833	74
Equity attributable to the parent company							
Capital	6(21)						
Common stock		3,533,101	9	3,533,101	9	3,533,101	10
Additional paid-in capital	6(21)	1,247,789	3	1,601,099	4	1,540,817	4
Retained earnings	6(21)						
Legal reserve		865,492	2	865,492	2	769,695	2
Special reserve		1,402,573	3	1,402,573	3	995,284	3
Unappropriated earnings		4,415,259	11	4,500,820	11	3,733,934	10
Total retained earnings		6,683,324	16	6,768,885	16	5,498,913	15
Other components of equity		(1,420,216)	(4)	(1,326,487)	(3)	(1,502,184)	(4)
Total equity attributable to the parent company		10,043,998	24	10,576,598	26	9,070,647	25
Non-controlling interests	6(21)	804,968	2	711,740	2	371,320	1
Total equity		10,848,966	26	11,288,338	28	9,441,967	26
Total liabilities and equity		\$41,026,919	100	\$40,676,236	100	\$36,099,800	100

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

English translation of Consolidated Financial Statements originally issued in Chinese
ASIA VITAL COMPONENTS CO., LTD
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three-month periods ended March 31, 2021 and 2020
(Expressed in thousands of New Taiwan Dollars, except for earnings par share)
(March 31, 2021 and 2020 are unaudited)

Items	Notes	For the three-month period ended March 31, 2021		For the three-month period ended March 31, 2020	
		Amount	%	Amount	%
Operating revenues	4, 6(23)	\$10,598,796	100	\$7,486,551	100
Operating costs	6(24)(25)	(8,931,605)	(84)	(6,597,416)	(88)
Gross profit		1,667,191	16	889,135	12
Operating expenses	6(24)(25)				
Sales and marketing expenses		(152,480)	(2)	(133,382)	(2)
General and administrative expenses		(122,003)	(1)	(97,380)	(1)
Research and development expenses		(549,947)	(5)	(400,122)	(6)
Subtotal		(824,430)	(8)	(630,884)	(9)
Operating income		842,761	8	258,251	3
Non-operating income and expenses					
Interest income	6(26)	5,457	0	8,112	0
Other income	6(26)	89,791	0	58,025	1
Other gains and losses	6(26)	(5,655)	(0)	63,139	1
Finance costs	6(26)	(34,341)	(0)	(61,943)	(1)
Share of profit or loss of associates	4, 6(9)	(2,184)	(0)	(772)	(0)
Subtotal		53,068	0	66,561	1
Income from continuing operations before income tax		895,829	8	324,812	4
Income tax expense	6(28)	(261,573)	(2)	(124,186)	(1)
Net income		634,256	6	200,626	3
Other comprehensive income (loss)	6(27)				
Items that will not be reclassified subsequently to profit or loss:					
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		6,131	0	(2,956)	(0)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		(106,803)	(1)	(107,904)	(2)
Share of other comprehensive income (loss) of associates		(416)	(0)	(3,601)	(0)
Income tax related to items that may be reclassified subsequently		12,675	0	13,012	0
Total other comprehensive loss, net of tax		(88,413)	(1)	(101,449)	(2)
Total comprehensive income		\$545,843	5	\$99,177	1
Net income attributable to:					
Stockholders of the parent		\$540,888	5	\$194,273	3
Non-controlling interests		93,368	1	6,353	0
		\$634,256	6	\$200,626	3
Comprehensive income (loss) attributable to:					
Stockholders of the parent		\$456,668	4	\$94,662	1
Non-controlling interests		89,175	1	4,515	0
		\$545,843	5	\$99,177	1
Earnings per share (NTD)	4, 6(29)				
Earnings per share-basic		\$1.53		\$0.55	
Earnings per share-diluted		\$1.53		\$0.55	

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

English translation of Consolidated Financial Statements originally issued in Chinese
ASIA VITAL COMPONENTS CO., LTD
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three-month periods ended March 31, 2021 and 2020
(Expressed in thousands of New Taiwan Dollars)

Items	Equity Attributable to the Parent Company							Total	Non-Controlling Interests	Total Equity
	Capital	Additional Paid-in Capital	Retained Earnings			Other Components of Equity				
	Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains (Losses) From Equity Instruments Investments Measured At Fair Value Through Other Comprehensive Income			
Balance as of January 1, 2020	\$3,533,101	\$1,540,817	\$769,695	\$995,284	\$3,539,661	(\$1,063,568)	(\$339,005)	\$8,975,985	\$357,925	\$9,333,910
Income for the three month ended March 31, 2020					194,273			194,273	6,353	200,626
Other comprehensive (loss) for the three months ended March 31, 2020						(96,655)	(2,956)	(99,611)	(1,838)	(101,449)
Total comprehensive income (loss)	—	—	—	—	194,273	(96,655)	(2,956)	94,662	4,515	99,177
Increase in non-controlling interests								—	8,880	8,880
Balance as of March 31, 2020	\$3,533,101	\$1,540,817	\$769,695	\$995,284	\$3,733,934	(\$1,160,223)	(\$341,961)	\$9,070,647	\$371,320	\$9,441,967
Balance as of January 1, 2021	\$3,533,101	\$1,601,099	\$865,492	\$1,402,573	\$4,500,820	(\$997,070)	(\$329,417)	\$10,576,598	\$711,740	\$11,288,338
Appropriation and distribution of 2020 retained earnings										
Cash dividends					(635,958)			(635,958)		(635,958)
Change from other capital reserve										
Capital surplus cash payment		(353,310)						(353,310)		(353,310)
Income for the three month ended March 31, 2021					540,888			540,888	93,368	634,256
Other comprehensive income (loss) for the three months ended March 31, 2021						(90,351)	6,131	(84,220)	(4,193)	(88,413)
Total comprehensive income (loss)	—	—	—	—	540,888	(90,351)	6,131	456,668	89,175	545,843
Increase in non-controlling interests								—	4,053	4,053
Disposal of equity investments at fair value through other comprehensive income					9,509		(9,509)	—	—	—
Balance as of March 31, 2021	\$3,533,101	\$1,247,789	\$865,492	\$1,402,573	\$4,415,259	(\$1,087,421)	(\$332,795)	\$10,043,998	\$804,968	\$10,848,966

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

English translation of Consolidated Financial Statements originally issued in Chinese
ASIA VITAL COMPONENTS CO., LTD
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three-month periods ended March 31, 2021 and 2020
(Expressed in thousands of New Taiwan Dollars)

Items	For the three-month periods ended March 31, 2021	For the three-month periods ended March 31, 2020
Cash flows from operating activities:		
Net income before tax	\$895,829	\$324,812
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Income and expense adjustments :		
Depreciation	367,703	285,612
Amortization	16,390	9,260
Amortization of royalty	219	990
Expected credit (profit)	(13,188)	(49,453)
Interest expense	34,341	61,943
Interest income	(5,457)	(8,112)
Compensation costs of share-based payment transaction	4,053	8,880
Share of profit of associates	2,184	772
Loss (gain) on disposal of property, plant and equipment	16,554	(1,172)
(Gain) on disposal of investments	(200)	(139)
Impairment loss on non-financial assets	10,498	—
Others	130,066	94,338
Changes in operating assets and liabilities:		
Notes receivable	225,203	120,904
Accounts receivable	392,857	3,987,068
Other receivables	80,992	24,834
Other receivables-related parties	10,965	20,415
Inventories	(822,717)	(1,735,440)
Prepayments	(225,922)	63,798
Other current assets	(5,511)	(8,932)
Other operation assets	(75,852)	(53,557)
Contract liabilities	(73,498)	(13,291)
Notes payable	388,716	258,330
Accounts payable	(26,418)	(870,460)
Other payables	(256,614)	(239,307)
Other current liabilities	(22,857)	65,681
Net defined benefit liabilities	—	5
Cash generated from operations	<u>1,048,336</u>	<u>2,347,779</u>
Interest received	5,457	8,112
Interest paid	(31,896)	(57,824)
Income tax paid	(122,194)	(154,878)
Net cash provided by operating activities	<u>899,703</u>	<u>2,143,189</u>
Cash flows from investing activities:		
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	11,781	—
Acquisition of financial assets at fair value through profit or loss	(68,049)	(56,255)
Proceeds from disposal of financial assets at fair value through profit or loss	13,353	30,241
Acquisition of property, plant and equipment	(329,197)	(206,754)
Proceeds from disposal of property, plant and equipment	6,057	7,850
Decrease (increase) in refundable deposits	1,607	(448)
Acquisition of intangible assets	(19,531)	(10,385)
(Increase) in other prepayments	(73,246)	—
Decrease (increase) in other noncurrent assets	26,392	(118,954)
Net cash (used) in investing activities	<u>(430,833)</u>	<u>(354,705)</u>
Cash flows from financing activities:		
Increase in short-term loans	3,066,567	5,045,966
(Decrease) in short-term loans	(2,553,065)	(4,139,613)
Proceeds from long-term loans	—	1,920,000
Repayments of long-term loans	(815,695)	(2,579,166)
(Decrease) in guarantee deposits	(117)	(10,909)
Repayment of lease liabilities	(51,441)	(58,350)
Net cash (used) provided in financing activities	<u>(353,751)</u>	<u>177,928</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(6,864)</u>	<u>(29,738)</u>
Net increase in cash and cash equivalents	108,255	1,936,674
Cash and cash equivalents at beginning of year	11,108,016	8,154,556
Cash and cash equivalents at end of year	<u>\$11,216,271</u>	<u>\$10,091,230</u>

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

English Translation of Financial Statements Originally Issued in Chinese
ASIA VITAL COMPONENTS CO., LTD AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Unless otherwise stated, all amounts expressed are in thousands of New Taiwan Dollars)

1. History and organization

ASIA VITAL COMPONENTS CO., LTD. (the Company) was incorporated on December 17, 1991. The Company's registered address is No.248-27, Xincheng Rd., Qianzhen Dist., Kaohsiung City. The principal activities of the Company are to manufacture, process, assemble and to import and export electronic parts, electronic materials, communication electronic machinery products, automobile parts, lighting device, computer peripherals.

The Company's ordinary shares were publicly listed on the Taiwan Stock Exchange (TWSE) on 27 September, 2002.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the three-month periods ended March 31, 2021 and 2020 were authorized for issue by the Board of Directors on May 11, 2021.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments.

The Group adopted International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2021. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	April 1, 2021

A. Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

This amendment extends the practical expedient in paragraph 46A of IFRS 16 Leases for one year.

This amendment that are applicable for annual periods beginning on or after 1 April 2021 have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which have not yet endorsed by FSC and have not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
d	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022
e	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	January 1, 2023
f	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023

A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

B. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37, Amendments to IAS 41 and the Annual Improvements

(1) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

(2) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

(3) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

(4) Annual Improvements to IFRS Standards 2018 – 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Example Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

E. Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

F. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently evaluating the potential impact of the aforementioned standards and interpretations listed under A, C ~ F, it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the three-month periods ended March 31, 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

The Group's consolidated financial statements preparation principles are the same as the 2020 consolidated financial statements. Please refer to the Group's 2020 consolidated financial statements.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			2021.3.31	2020.12.31	2020.3.31
The Group	AVC INTERNATIONAL CO., LTD. – B.V.I. (AVCI – BVI)	Investment holding	100.00%	100.00%	100.00%
	CHIHUNG INTERNATIONAL LTD. (CHIHUNG)	Investment holding	100.00%	100.00%	100.00%
	RAYNEY INTERNATIONAL LTD. (RAYNEY)	Trade	100.00%	100.00%	100.00%
	MERIT TRADING CORPORATION (MERIT)	Trade	100.00%	100.00%	100.00%
	AVC AMERICA, INC. (AVCA)	Trade	100.00%	100.00%	100.00%
	AVC INTERNATIONAL (SAMOA) CO., LTD. (AVCI(SAMOA))	Trade	100.00%	100.00%	100.00%
	JADS CORPORATION (HK) LTD. (JADS)	Trade	100.00%	100.00%	100.00%
	AVC INTERNATIONAL CO., LTD. – SAMOA (AVCI – SAMOA)	Trade	100.00%	100.00%	100.00%
	HUNG YE INVESTMENT CO., LTD. (HUNGYE)	Investment holding	100.00%	100.00%	100.00%
	D-MAX TECHNOLOGY CO., LTD. (D-MAX)	Sales and manufacture of electronic parts and related products	100.00%	100.00%	100.00%
	FOSITEK CORP. (FST)	Sales and manufacture of electronic parts and related products	19.71%	19.71%	29.71%

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			2021.3.31	2020.12.31	2020.3.31
	AVC EUROPE TECHNOLOGY GMBH (AVCEU)	Trade	100.00%	100.00%	100.00%
	AVC TECHNOLOGY (VIETNAM) COMPANY LIMITED. (AVC(VN))	Sales and manufacture of electronic products	100.00%	100.00%	—
AVCI – BVI	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD. (AVCSZ)	Sales and manufacture of electronic products	100.00%	100.00%	100.00%
	MACE TECH CORP. (MACE)	Trade	100.00%	100.00%	100.00%
	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD. (AVCCD)	Sales and manufacture of computers, related parts and accessories	100.00%	100.00%	100.00%
	AVC OPTICS CORP. (AVCOC)	Investment holding	100.00%	100.00%	100.00%
MACE	ASIA VITAL COMPONENTS (DONGGUAN) CO., LTD. (AVCDG)	Manufacture, process and sales of electronic products	100.00%	100.00%	100.00%
AVCOC	AVC OPTICS (WUHAN) CORP. (AVCWH)	Sales and manufacture of computers, related parts and accessories	100.00%	100.00%	100.00%
AVCWH	WUHAN ASIA VITAL COMPONENTS CO., LTD. (AVCWN)	Trade	100.00%	100.00%	100.00%
CHIHUNG	TONBRIDGE INVESTMENTS LTD. (TONBRIDGE)	Investment holding	100.00%	100.00%	100.00%
	ASIA VITAL COMPONENTS (CHINA) CO., LTD. (AVCCN)	Sales and manufacture of electronic products	100.00%	100.00%	100.00%
TONBRIDGE	ASIA VITAL COMPONENTS (SHANGHAI) CO., LTD. (AVCSH)	Notebook thermal module	100.00%	100.00%	100.00%
AVCCN	BEIJING AVC TECHNOLOGY RESEARCH CENTER CO., LTD. (AVCBJ)	Maintenance, research and development of electronic products	100.00%	100.00%	100.00%

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			2021.3.31	2020.12.31	2020.3.31
	AVC PRECISION, CO., LTD. (AVCP)	Sales and manufacture of electronic products	100.00%	100.00%	100.00%
D-MAX	WUCHIDA INTERNATIONAL CO., LTD. (WUCHIDA)	Investment holding	100.00%	100.00%	100.00%
WUCHIDA	D-Max INTERNATIONAL CO., LIMITED (D-Max)	Investment holding	100.00%	100.00%	100.00%
D-Max	(JIASHAN) D-MAX ELECTRONICS CO.,LTD.	Sales and manufacture of electronic and photographic equipment	100.00%	100.00%	100.00%
FST	FOREVERRICH INVESTMENTS CO.,LTD. (FOREVERRICH)	Investment holding	— (Note 1)	— (Note 1)	— (Note 1)
	MARKETHILL INVESTMENTS LIMITED (MARKETHILL)	Investment holding	100.00% (Note 1)	100.00% (Note 1)	100.00% (Note 1)
FOREVER RICH	MARKETHILL INVESTMENTS LIMITED (MARKETHILL)	Investment holding	— (Note 1)	— (Note 1)	— (Note 1)
MARKETHILL	DONG GUANDOWA ELECTRONICS CO.,LTD.	Sales and manufacture of membrane switches	— (Note 2)	— (Note 2)	100.00%
	FIRST DOME CORP TELECOM.,LTD.	Sales and manufacture of rails, shafts and metal stamping tooling	100.00%	100.00%	100.00%

Note 1: FST, which was the surviving company, had a short-form merge with its 100% owned subsidiary, FOREVER RICH, as of May 15, 2020. The subsidiaries held by FOREVER RICH were transferred to FST.

Note 2: FST's Board of Directors' meeting approved the dissolution and liquidation of DONG GUAN DOWA ELECTRONICS CO.,LTD. on May 12, 2020.

Although the percentage of ownership interests in FST is less than 50%, the Group determined that it has control over FST. This is due to a combination of factors : the Group remains the single largest shareholder of FST since the increase of the investment in September 2014, the Group could obtain proxies to achieve relative majority in the absence of a contractual arrangement in place; and the ability of the Company to appoint or approve the key management personnel of FST who have the ability to direct the relevant activities.

The financial statements of part of the consolidated subsidiaries listed above had not been reviewed by auditors. As of March 31, 2021 and 2020, the related assets of the subsidiaries which were unaudited by auditors amount to \$11,077,268 thousand and \$10,829,940 thousand respectively, and the related liabilities amount to \$7,005,284 thousand and \$6,664,458 thousand, respectively. The comprehensive income of these subsidiaries amount to \$30,233 thousand and (\$168,302) thousand for the three-month periods ended March 31, 2021 and 2020, respectively.

(4) Basis of consolidation

The accounting policies adopted by the Group in the consolidated financial statements from January 1 to March 31, 2021 are the same as the consolidated financial statements of 2020. For the summary of other important accounting policies, please refer to the Group's 2020 consolidated financial statements.

5. Significant accounting judgements, estimates and assumptions

The major sources of significant accounting judgments, estimates and assumptions that are used in the Group's consolidated financial statements for the period from January 1 to March 31 2021 and 2020 are the same as the 2020 consolidated financial statements. Please refer to the Group's 2020 consolidated financial statements.

6. Contents of significant accounts

(1) Cash and cash equivalents

	<u>31 Mar 2021</u>	<u>31 Dec 2020</u>	<u>31 Mar 2020</u>
Cash on hand and demand deposits	\$10,968,268	\$10,978,910	\$9,943,471
Time deposits	248,003	129,106	147,759
Total	<u>\$11,216,171</u>	<u>\$11,108,016</u>	<u>\$10,091,230</u>

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

	<u>31 Mar 2021</u>	<u>31 Dec 2020</u>	<u>31 Mar 2020</u>
Mandatorily measured at fair value through profit or loss:			
Financial products	<u>\$54,288</u>	<u>—</u>	<u>\$25,534</u>

Financial assets at fair value through profit or loss were not pledged.

(3) Financial assets measured at amortized cost, current

	<u>31 Mar 2021</u>	<u>31 Dec 2020</u>	<u>31 Mar 2020</u>
Bank deposits	<u>\$654,138</u>	<u>\$578,286</u>	<u>\$402,897</u>

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge and Note 12 for details on credit risk and assessment of impairment loss.

(4) Notes receivable, net

A.

	<u>31 Mar 2021</u>	<u>31 Dec 2020</u>	<u>31 Mar 2020</u>
Notes receivable	\$327,913	\$553,116	\$433,460
Less: loss allowance	(1,953)	(3,450)	(2,464)
Total	<u>\$325,960</u>	<u>\$549,666</u>	<u>\$430,996</u>

B. Notes receivables arised from operating activities and were not pledged.

C. The Group follows the requirement of IFRS 9 to assess the impairment. The Group measures the loss allowance of its note receivables at an amount equal to lifetime expected credit losses. The movement in the provision for impairment of note receivables is as follows:

D. Movement of the loss allowance table:

	<u>Loss allowance</u>
As of 1 Jan 2021	\$3,450
(Reversal) for the current period	(1,483)
Foreign exchange adjustments	(14)
As of 31 Mar 2021	<u>\$1,953</u>
As of 1 Jan 2020	\$2,412
Charge for the current period	85
Foreign exchange adjustments	(33)
As of 31 Mar 2020	<u>\$2,464</u>

(5) Accounts receivable, net

A.

	<u>31 Mar 2021</u>	<u>31 Dec 2020</u>	<u>31 Mar 2020</u>
Account receivables	\$3,428,282	\$3,827,104	\$3,086,810
Less: loss allowance	(113,981)	(135,643)	(106,364)
Total	<u>\$3,314,301</u>	<u>\$3,691,461</u>	<u>\$2,980,446</u>

B. Accounts receivables were not pledged.

C. Trade receivables are generally on 90-150 day terms. The total carrying amount as of March 31, 2021, December 31, 2020 and March 31, 2020 were \$3,428,282 thousand, \$3,827,104 thousand and \$3,086,810 thousand, respectively. The Group follows the requirement of IFRS 9 to assess the impairment, measure the loss allowance of its trade receivables at an amount equal to lifetime expected credit losses, consider the grouping of note receivables by counterparties' credit rating, by geographical region and by industry sector, and its loss allowance is recognized based on expected loss ratio, details are as follow. Please refer to Note 12 for more details on credit risk management.

	Neither past due nor impaired	<u>Past due but not impaired</u>			Total
		<u>31~90 days</u>	<u>91~180 days</u>	<u>>=181 days</u>	
31 Mar 2021					
Gross carrying amount	\$3,387,515	\$15,777	\$6,497	\$18,493	\$3,428,282
Loss ratio	0%~5%	1%~10%	5%~20%	50%~100%	
Lifetime expected credit losses	<u>102,538</u>	<u>158</u>	<u>325</u>	<u>10,960</u>	<u>113,981</u>
Subtotal	<u>\$3,284,977</u>	<u>\$15,619</u>	<u>\$6,172</u>	<u>\$7,533</u>	<u>\$3,314,301</u>

	Neither past due nor impaired	Past due but not impaired			Total
		31~90 days	91~180 days	>=181 days	
31 Dec 2020					
Gross carrying amount	\$3,796,894	\$11,263	\$1,467	\$17,480	\$3,827,104
Loss ratio	0%~5%	1%~10%	5%~20%	50%~100%	
Lifetime expected credit losses	125,078	112	74	10,379	135,643
Subtotal	<u>\$3,671,816</u>	<u>\$11,151</u>	<u>\$1,393</u>	<u>\$7,101</u>	<u>\$3,691,461</u>
31 Mar 2020					
Gross carrying amount	\$3,064,325	\$7,821	\$3,624	\$11,040	\$3,086,810
Loss ratio	0%~5%	1%~10%	5%~20%	50%~100%	
Lifetime expected credit losses	98,436	78	181	7,669	106,364
Subtotal	<u>\$2,965,889</u>	<u>\$7,743</u>	<u>\$3,443</u>	<u>\$3,371</u>	<u>\$2,980,446</u>

D. Movement of the loss allowance table:

	Collectively	
	impaired	Total
As of 1 Jan 2021	\$135,643	\$135,643
(Reversal) for the current period	(21,353)	(21,353)
Foreign exchange adjustments	(309)	(309)
As of 31 Mar 2021	<u>\$113,981</u>	<u>\$113,981</u>
As of 1 Jan 2020	\$156,055	\$156,055
(Reversal) for the current period	(48,201)	(48,201)
Foreign exchange adjustments	(1,490)	(1,490)
As of 31 Mar 2020	<u>\$106,364</u>	<u>\$106,364</u>

E. The Group entered into a factoring agreement with the following banks to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognized the transferred accounts receivable.

As of 31 March 2021, 31 December 2020 and 31 March 2020, other receivables from banks incurred by accounts receivable factoring amounted to \$254,637 thousand, \$248,672 thousand and \$318,812 thousand, respectively.

As of 31 March 2021, 31 December 2020 and 31 March 2020, the relevant information of accounts receivable factored and derecognised by the Group is as follows:

(a) 31 March 2021:

The Factor (Transferee)	Interest Rate (%)	Accounts receivable factoring not yet due (in thousands of dollars)	Amount received (in thousands of dollars)	Retention (recognized as other receivables) (in thousands of dollars)	Credit Limit (in thousands of dollars)
E.SUN	—	\$62,632	\$55,538	\$7,094	\$110,000
CTBC	—	18,297	16,467	1,830	20,000
Total	—	\$80,929	\$72,005	\$8,924	\$130,000

(b) 31 December 2020:

The Factor (Transferee)	Interest Rate (%)	Accounts receivable factoring not yet due (in thousands of dollars)	Amount received (in thousands of dollars)	Retention (recognized as other receivables) (in thousands of dollars)	Credit Limit (in thousands of dollars)
E.SUN	—	\$71,444	\$64,033	\$7,411	\$110,000
CTBC	—	13,203	11,883	1,320	20,000
Total	—	\$84,647	\$75,916	\$8,731	\$130,000

(c) 31 March 2020:

The Factor (Transferee)	Interest Rate (%)	Accounts receivable factoring not yet due (in thousands of dollars)	Amount received (in thousands of dollars)	Retention (recognized as other receivables) (in thousands of dollars)	Credit Limit (in thousands of dollars)
E.SUN	—	\$84,460	\$75,662	\$8,797	\$110,000
CTBC	—	17,481	15,731	1,751	21,600
Total	—	\$101,941	\$91,393	\$10,548	\$131,600

(6) Other receivables and other receivables-related parties

A.

	31 Mar 2021	31 Dec 2020	31 Mar 2020
Tax refund receivable	\$14,858	\$80,335	\$9,934
Other receivables	381,118	390,669	468,510
Less: loss allowance	(22,083)	(12,582)	(29,479)
Subtotal	373,893	458,422	448,965
Other receivables — related parties	4,847	15,812	3,652
Total	\$378,740	\$474,234	\$452,617

B. The Group follows the requirement of IFRS 9 to assess the impairment. The Group measures the loss allowance of its other receivables at an amount equal to lifetime expected credit losses, considers the grouping of note receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is recognized based on expected loss ratio, details are as follow. Please refer to Note 12 for more details on credit risk management.

C. Movement of the loss allowance table:

	Individually impaired	Collectively impaired	Total
As of 1 Jan 2021	—	\$12,582	\$12,582
Charge for the current period	—	9,648	9,648
Foreign exchange adjustments	—	(147)	(147)
As of 31 Mar 2021	—	\$22,083	\$22,083
As of 1 Jan 2020	\$17,998	\$13,369	\$31,367
(Reversal) for the current period	—	(1,337)	(1,337)
Foreign exchange adjustments	(207)	(344)	(551)
As of 31 Mar 2020	\$17,791	\$11,688	\$29,479

Impairment loss that was individually determined for the three-month periods ended 31 March 2020, arose due to the fact that the counterparty was in financial difficulties. The amount of impairment loss recognized was the difference between the carrying amount of other receivables and the present value of its expected recoverable amount. The Group does not hold any collateral for such receivables.

(7) Inventories

A.

	31 Mar 2021	31 Dec 2020	31 Mar 2020
Raw materials	\$2,966,216	\$2,608,661	\$1,904,641
Work in progress	1,297,579	980,302	1,408,257
Finished goods	7,965,205	7,946,351	6,595,965
Total	\$12,229,000	\$11,535,314	\$9,908,863

B. Expenses and losses incurred on inventories for the three-month periods ended March 31 2021 and 2020 were as follows:

	For the three-month periods ended March 31	
	2021	2020
Cost of inventories sold	\$8,794,696	\$6,496,341
Loss on inventory valuation	106,241	89,092
Loss on disposal of Inventory	30,668	11,983
Cost of goods sale	\$8,931,605	\$6,597,416

C. No inventories were pledged.

(8) Financial assets at fair value through other comprehensive income, noncurrent

	<u>31 Mar 2021</u>	<u>31 Dec 2020</u>	<u>31 Mar 2020</u>
Debt instrument investments measured at fair value through other comprehensive income – Non-current:			
Unlisted companies stocks	<u>\$95,867</u>	<u>\$101,449</u>	<u>\$109,062</u>

Financial assets at fair value through other comprehensive income were not pledged.

(9) Investments accounted for under the equity method

A. The following table lists the investments in associates of the Group:

Investees	<u>31 Mar 2021</u>		<u>31 Dec 2020</u>		<u>31 Mar 2020</u>	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:						
ZIMAG TECHNOLOGY CO., INC. (Note 1)	\$42,219	9.53%	\$40,112	9.53%	\$37,641	9.53%
FURUKAWA AVC ELECTRONICS (SUZHOU) CO., LTD.	85,233	30.00%	92,085	30.00%	91,831	30.00%
ZHUZHOU CRRC-AVC THERMAL TECHNOLOGY CO., LTD.	85,479	25.00%	83,872	45.00%	147,108	45.00%
KEY APPLICATION TECHNOLOGY CO., LTD. (Note 2)	—	16.31%	—	16.31%	8,006	16.31%
Total	<u>\$212,931</u>		<u>\$216,069</u>		<u>\$284,586</u>	

Note 1: The Group evaluated and concluded that it has significant influence over Innovision, thus, this investment of the Group used the equity method for evaluation.

Note 2: The Group evaluated and concluded that it has significant influence over Innovision, thus, this investment of the Group used the equity method for evaluation.

Investments accounted for using the equity method of the Company and its subsidiaries, were \$212,931 thousand, \$216,069 thousand and \$284,586 thousand as of 31 March 2021, 31 December 2020 and 31 March 2020, respectively. For the three-month periods ended 31 March 2021 and 2020, the related shares of investment (loss) income from the associates were (\$2,184) thousand and (\$772) thousand, respectively. The related shares of other comprehensive (loss) income from the associates were (\$416) thousand and (\$3,601) thousand, which were based solely on the financial reports of other independent accountants.

None of the aforementioned associates were pledged.

B. Financial information of associates:

There is no individually significant associate for the Group. When an associate is a foreign operation, and the functional currency of the foreign entity is different from the Group, an exchange difference arising from translation of the foreign entity will be recognized in other comprehensive income (loss).

The aggregate financial information of the Group's investments in its joint ventures is as follows:

	For the three-month periods ended March 31	
	2021	2020
Net (loss)	(\$2,184)	(\$772)
Other comprehensive income	(416)	(3,601)
Total comprehensive income	(\$2,600)	(\$4,373)

(10) Property, plant and equipment

	31 Mar 2021	31 Dec 2020	31 Mar 2020
Owner occupied property, plant and equipment	\$7,701,682	\$7,773,383	\$6,611,891

A. Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Molding equipment	Other facilities	Construction in progress and equipment awaiting examination	Total
Cost:							
As of 1 Jan 2021	\$167,151	\$3,332,327	\$5,908,149	\$981,027	\$2,780,425	\$191,427	\$13,360,506
Additions	—	3,244	169,587	40,301	130,835	(14,770)	329,197
Disposals	—	—	(92,378)	(26,635)	(64,709)	—	(183,722)
Transfers and reclassifications	—	27,391	—	—	—	—	27,391
Exchange differences	—	(27,759)	(64,770)	(11,130)	(19,133)	(1,351)	(124,143)
As of 31 Mar 2021	\$167,151	\$3,335,203	\$5,920,588	\$983,563	\$2,827,418	\$175,306	\$13,409,229
Depreciation and impairment:							
As of 1 Jan 2021	—	\$859,059	\$2,584,059	\$672,029	\$1,471,976	—	\$5,587,123
Depreciation	—	29,221	135,937	50,330	97,052	—	312,540
Impairment loss	—	—	10,498	—	—	—	10,498
Disposals	—	—	(59,900)	(26,409)	(62,517)	—	(148,826)
Transfers and reclassifications	—	10,284	—	—	—	—	10,284
Exchange differences	—	(9,789)	(35,286)	(5,875)	(13,122)	—	(64,072)
As of 31 Mar 2021	—	\$888,775	\$2,635,308	\$690,075	\$1,493,389	—	\$5,707,547

	Land	Buildings	Machinery and equipment	Molding equipment	Other facilities	Construction in progress and equipment awaiting examination	Total
Cost:							
As of 1 Jan 2020	\$167,151	\$3,323,319	\$5,020,114	\$807,979	\$2,414,863	\$166,170	\$11,899,596
Additions	—	—	126,955	7,831	48,648	23,320	206,754
Disposals	—	(3,813)	(51,229)	(93,056)	(25,086)	—	(173,184)
Transfers and reclassifications	—	—	—	—	—	—	—
Exchange differences	—	(24,904)	(59,312)	(2,891)	(29,187)	(2,181)	(118,475)
As of 31 Mar 2020	\$167,151	\$3,294,602	\$5,036,528	\$719,863	\$2,409,238	\$187,309	\$11,814,691
Depreciation and impairment:							
As of 1 Jan 2020	—	\$762,100	\$2,291,955	\$696,130	\$1,437,369	—	\$5,187,554
Depreciation	—	28,415	105,929	30,715	68,872	—	233,931
Impairment loss	—	—	—	—	—	—	—
Disposals	—	(517)	(46,863)	(93,058)	(24,104)	—	(164,542)
Transfers and reclassifications	—	—	6,648	—	—	—	6,648
Exchange differences	—	517	(23,841)	(3,121)	(34,346)	—	(60,791)
As of 31 Mar 2020	—	\$790,515	\$2,333,828	\$630,666	\$1,447,791	—	\$5,202,800
Net carrying amount as of:							
31 Mar 2021	\$167,151	\$2,446,428	\$3,285,280	\$293,488	\$1,334,029	\$175,306	\$7,701,682
31 Dec 2020	\$167,151	\$2,473,268	\$3,324,090	\$308,998	\$1,308,449	\$191,427	\$7,773,383
31 Mar 2020	\$167,151	\$2,504,087	\$2,702,700	\$89,197	\$961,447	\$187,309	\$6,611,891

B. The Group has evaluated the value of some machinery and equipment has been impaired, and impairment losses are recognized amounted to NT\$10,498 thousand for the years ended 31 March 2021. The recoverable amount is the difference between fair value and disposal cost, this fair value measurement is categorized under Level 3

C. Please refer to Note 8 for more details on property, plant and equipment under pledge.

(11) Investment property

Investment property includes the Group's own occupied investment property and the investment property held by the Group with the right-of-use assets. The Group enters into commercial property leasing contracts for its own investment property with a leasing period ranging from 1 to 10 years. The lease contract includes provisions for adjusting the rent based on the annual market environment.

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost :			
As of 1 Jan 2021	\$8,769	\$208,575	\$217,344
Additions	—	—	—
Transfers and reclassifications	—	(27,391)	(27,391)
Exchange differences	—	(546)	(546)
As of 31 Mar 2021	<u>\$8,769</u>	<u>\$180,638</u>	<u>\$189,407</u>
As of 1 Jan 2020	\$8,769	\$240,624	\$249,343
Additions	—	—	—
Transfers and reclassifications	—	—	—
Exchange differences	—	(1,168)	(1,168)
As of 31 Mar 2020	<u>\$8,769</u>	<u>\$239,456</u>	<u>\$248,225</u>
Depreciation and impairment:			
As of 1 Jan 2021	—	\$94,877	\$94,877
Depreciation	—	860	860
Transfers and reclassifications	—	(10,284)	(10,284)
Exchange differences	—	(87)	(87)
As of 31 Mar 2021	<u>—</u>	<u>\$85,366</u>	<u>\$85,366</u>
As of 1 Jan 2020	—	\$95,240	\$95,240
Depreciation	—	1,149	1,149
Transfers and reclassifications	—	—	—
Exchange differences	—	(161)	(161)
As of 31 Mar 2020	<u>—</u>	<u>\$96,228</u>	<u>\$96,228</u>
Net carrying amount as at:			
As of 31 Mar 2021	<u>\$8,769</u>	<u>\$95,272</u>	<u>\$104,041</u>
As of 31 Dec 2020	<u>\$8,769</u>	<u>\$113,698</u>	<u>\$122,467</u>
As of 31 Mar 2020	<u>\$8,769</u>	<u>\$143,228</u>	<u>\$151,997</u>

	For the three-month periods ended March 31	
	2021	2020
Rental income from investment property	\$4,418	\$6,577
Less: Direct operating expenses from investment property generating rental income	(1,431)	(1,722)
Total	\$2,987	\$4,855

Please refer to Note 8 for more details on investment property under pledge.

The investment property held by the Group is industrial land and buildings, and the fair value is equivalent to the carrying value.

(12) Intangible assets

	Computer	Patents	License fee	Goodwill	Total
	software				
Cost:					
As of 1 Jan 2021	\$301,734	\$5,185	\$25,679	\$7,107	\$339,705
Addition	19,531	—	—	—	19,531
Disposals	—	—	—	—	—
Transfers and reclassifications	—	—	—	—	—
Exchange differences	(4,343)	—	—	—	(4,343)
As of 31 Mar 2021	\$316,922	\$5,185	\$25,679	\$7,107	\$354,893
As of 1 Jan 2020	\$273,563	\$5,185	\$25,679	\$7,107	\$311,534
Addition	10,385	—	—	—	10,385
Disposals	(23,168)	—	—	—	(23,168)
Transfers and reclassifications	—	—	—	—	—
Exchange differences	(1,563)	—	—	—	(1,563)
As of 31 Mar 2020	\$259,217	\$5,185	\$25,679	\$7,107	\$297,188
Amortization and impairment:					
As of 1 Jan 2021	\$158,421	\$5,185	\$19,398	\$7,107	\$190,111
Amortization	16,073	—	219	—	16,292
Disposals	—	—	—	—	—
Transfers and reclassifications	—	—	—	—	—
Exchange differences	(3,511)	—	—	—	(3,511)
As of 31 Mar 2021	\$170,983	\$5,185	\$19,617	\$7,107	\$202,892

	Computer software	Patents	License fee	Goodwill	Total
As of 1 Jan 2020	\$140,619	\$5,185	\$16,981	\$7,107	\$169,892
Amortization	9,102	—	990	—	10,092
Disposals	(23,168)	—	—	—	(23,168)
Transfers and reclassifications	—	—	—	—	—
Exchange differences	(576)	—	—	—	(576)
As of 31 Mar 2020	<u>\$125,977</u>	<u>\$5,185</u>	<u>\$17,971</u>	<u>\$7,107</u>	<u>\$156,240</u>
Net carrying amount as at:					
31 Mar 2021	<u>\$145,939</u>	<u>—</u>	<u>\$6,062</u>	<u>—</u>	<u>\$152,001</u>
31 Dec 2020	<u>\$143,313</u>	<u>—</u>	<u>\$6,281</u>	<u>—</u>	<u>\$149,594</u>
31 Mar 2020	<u>\$133,240</u>	<u>—</u>	<u>\$7,708</u>	<u>—</u>	<u>\$140,948</u>

Amortization expense of intangible assets under the statement of comprehensive income:

	For the three-month periods ended March 31	
	2021	2020
Operating costs	<u>\$1,837</u>	<u>\$1,189</u>
Operating expenses	<u>\$14,455</u>	<u>\$8,903</u>

(13) Other non-current assets

	31 Mar 2021	31 Dec 2020	31 Mar 2020
Advance payments in equipments	\$379,512	\$407,087	\$630,403
Refundable deposits	178,081	179,670	167,757
Other advance	94,618	21,372	—
Other non-current assets - other	5,409	4,543	3,739
Total	<u>\$657,620</u>	<u>\$612,672</u>	<u>\$801,899</u>

Please refer to Note 8 for more details on other non-current assets under pledge.

(14) Short-term borrowings

A.

	31 Mar 2021	31 Dec 2020	31 Mar 2020
Unsecured bank loans	<u>\$2,993,191</u>	<u>\$2,452,594</u>	<u>\$2,911,757</u>

B. Interest rate ranges are within 0.00%~1.25% and 0.86%~4.03% as of 31 March 2021 and 2020, respectively.

C. As of 31 March 2021, 31 December 2020 and 31 March 2020, unused short-term lines of credit were \$7,314,777 thousand, \$7,597,009 thousand and \$5,487,591 thousand, respectively.

(15) Short-term notes payable

<u>Guarantee or acceptance agency</u>	<u>31 Mar 2020</u>		<u>Amount</u>
	<u>Issued Period</u>	<u>Range of interest rates</u>	
China bills finance corporation	2020.3.18~2020.4.16	0.54%	\$100,000

There was none on 31 March 2021 and 2020.

(16) Other payables

	<u>31 Mar 2021</u>	<u>31 Dec 2020</u>	<u>31 Mar 2020</u>
Salaries and bonus	\$949,044	\$991,444	\$1,020,563
Employee's compensation and remuneration of directors	175,560	133,743	75,823
Dividends payable	989,268	—	—
Others	1,535,965	1,789,821	1,334,338
Total	<u>\$3,649,837</u>	<u>\$2,914,738</u>	<u>\$2,430,724</u>

(17) Corporate Bonds payable

	<u>31 Mar 2021</u>	<u>31 Dec 2020</u>	<u>31 Mar 2020</u>	<u>Collateral</u>
5 year secured bonds - issued at par value. Issued in August 2020. Interest at 0.62%, bullet repayment, payable annually.	\$2,400,000	\$2,400,000	—	None
Less: current portion	—	—	—	
Ending balance	<u>\$2,400,000</u>	<u>\$2,400,000</u>	<u>—</u>	

The issuance of the above corporate bonds payable is to repay existing loans and expand working capital, the Company entered into a syndicated credit facility agreement with 9 banks by E.SUN Commercial Bank, Taiwan Cooperative Bank, Hua Nan Commercial Bank, Bank of Taiwan, Land Bank of Taiwan, Mega International Commercial Bank, The Shanghai Commercial & Savings Bank, First Commercial Bank and CTBC Bank for a NT\$2,424,000 thousand credit line.

(18) <u>Long-term borrowings</u>	31 Mar 2021	31 Dec 2020	31 Mar 2020	Redemption
Unsecured Long-Term Loan from Taiwan Cooperative Bank	—	—	\$100,000	Effective 4 Jun 2016 to 4 Jun 2021. Principal is repaid in 20 quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Mega International Commercial Bank	\$490,000	\$490,000	—	Effective 19 Oct 2020 to 19 Oct 2025. Five-year loan: interest-only for 18 months from the first date of allocation. Principal and interest are repaid in 14 quarterly payments.
Unsecured Long-Term Loan from Taiwan Cooperative Bank	120,000	135,000	180,000	Effective 23 Jan 2018 to 23 Jan 2023. Five-year loan: principal is repaid in 20 quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Taiwan Cooperative Bank	255,000	270,000	—	Effective 17 Jun 2020 to 17 Jun 2025. Five-year loan: principal is repaid in 20 quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Shanghai Commercial & Savings Bank	—	—	120,000	Effective 5 Mar 2018 to 5 Mar 2021. Three-year loan: interest-only for 6 months from the first date of allocation. Principal and interest are repaid in 10 quarterly payments.
Unsecured Long-Term Loan from Shanghai Commercial & Savings Bank	112,500	125,000	—	Effective 15 Apr 2020 to 15 Apr 2023. Three-year loan: principal is repaid in quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from First Commercial Bank	—	—	108,334	Effective 18 Apr 2018 to 18 Apr 2021. Three-year loan: principal is repaid in monthly payments with monthly interest payments.

	31 Mar 2021	31 Dec 2020	31 Mar 2020	Redemption
Unsecured Long-Term Loan from HSBC	—	—	\$225,000	Effective 21 May 2018 to 21 May 2021. Three-year loan: first period begins 18 months after first allocation. Principal is repaid in 4 quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Taipei Fubon Bank	—	—	250,000	Effective 20 Jun 2018 to 20 Jun 2021. Three-year loan: first period begins 18 months after first allocation. Principal is repaid in 6 quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Hua Nan Bank	—	—	188,889	Effective 1 Aug 2018 to 1 Aug 2021. Three-year loan: principal is repaid in monthly payments with monthly interest payments.
Unsecured Long-Term Loan from Yuanta Commercial Bank	—	—	420,000	Three-year loan: split loan is available. The first period begins at the expiration date of interest-only. Principal is repaid in 9 quarterly payments with monthly interest payments. Payments 1 to 8 are for NT\$60,000 thousand, and the final payment is for NT\$120,000 thousand.
Unsecured Long-Term Loan from Bank of Taiwan	—	—	416,667	Effective 19 Nov 2018 to 19 Nov 2021. Three-year loan: interest-only payment for the first year. Principal is repaid with monthly interest payments.
Unsecured Long-Term Loan from DBS Bank	—	—	400,000	Revolving credit for 2 years from the first day of allocation 19 Mar 2019. Each loan must not exceed 6 months.

	31 Mar 2021	31 Dec 2020	31 Mar 2020	Redemption
Unsecured Long-Term Loan from Chang Hwa Bank	—	\$136,111	\$223,611	Effective 18 Feb 2019 to 18 Feb 2022. Three-year loan: principal is repaid with monthly interest payments.
Unsecured Long-Term Loan from Taiwan Business Bank	\$108,333	133,334	208,333	Effective 1 Apr 2019 to 1 Apr 2022. Three-year loan: Principal is repaid in monthly payments with monthly interest payments.
Unsecured Long-Term Loan from Taiwan Business Bank	385,417	416,667	—	Effective 1 Apr 2020 to 1 Apr 2024. Three-year loan: Principal is repaid in monthly payments with monthly interest payments.
Unsecured Long-Term Loan from E. Sun Bank	125,000	150,000	200,000	Effective 30 May 2019 to 30 May 2022. Three-year loan: Principal is amortized on a quarterly basis, and interest is paid on a monthly basis.
Unsecured Long-Term Loan from Kgi Bank	—	100,000	200,000	Revolving credit for 2 years from the first day of allocation 24 Jun 2019.
Unsecured Long-Term Loan from Taiwan Cooperative Bank	210,000	225,000	270,000	Effective 3 Sep 2019 to 3 Sep 2024. Five-year loan: Principal is amortized on a quarterly basis, and interest is paid on a monthly basis.
Unsecured Long-Term Loan from Land Bank of Taiwan	158,332	183,332	258,333	Effective 18 Oct 2019 to 18 Oct 2022. Three-year loan: Principal is repaid in monthly payments with interest.
Unsecured Long-Term Loan from CTBC Bank	—	—	300,000	Revolving credit for 3 years from the first day of allocation 20 Nov 2019.
Unsecured Long-Term Loan from Shin Kong Bank	—	—	100,000	Revolving credit for 3 years from the first day of allocation 22 Aug 2021.
Unsecured Long-Term Loan from Cathay United Bank	—	—	500,000	Revolving credit for 2 years from 12 Sep 2019 to 12 Sep 2021.

	31 Mar 2021	31 Dec 2020	31 Mar 2020	Redemption
Unsecured Long-Term Loan from Taishin International Bank	—	—	\$200,000	Three-year FRCP: first issued on 21 Jun, 2018. The full issuance of the agreement during the effective period(issued and guaranteed by Taishin Bank).
Unsecured Long-Term Loan from HSBC	—	\$120,000	120,000	Effective 24 Feb 2020 to 24 Feb 2023. Three-year loan: first period begins 18 months after first allocation. Principal is repaid in 7 quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Jih Sun Bank	—	—	262,500	Effective 7 Oct 2019 to 7 Oct 2021 Two-year loan: Principal is repaid in 8 quarterly payments.
Unsecured Long-Term Loan from Jih Sun Bank	—	262,500	—	Effective 7 July 2020 to 7 July 2022. Two-year loan: Principal is repaid in 8 quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Yuanta Commercial Bank	\$600,000	600,000	—	Three-year loan: split loan is available. The first period begins at the expiration date of interest-only. Principal is repaid in 9 quarterly payments with monthly interest payments. Payments 1 to 8 are for NT\$60,000 thousand, and the final payment is for NT\$120,000 thousand.
Unsecured Long-Term Loan from Hua Nan Bank	344,445	377,778	—	Effective 12 Oct 2020 to 12 Oct 2023. Three-year loan: principal is repaid in monthly payments with monthly interest payments.

	31 Mar 2021	31 Dec 2020	31 Mar 2020	Redemption
Unsecured Long-Term Loan from Bank of Taiwan	\$59,896	\$59,896	—	Effective 12 Nov 2020 to 12 Oct 2025. Five-year loan: interest-only payment for the second year. Principal is repaid with monthly interest payments.
Subtotal	2,968,923	3,784,618	5,251,667	
Less: Due within one year	(968,334)	(1,309,287)	(1,935,001)	
Total	<u>\$2,000,589</u>	<u>\$2,475,331</u>	<u>\$3,316,666</u>	
Range of interest rates	<u>0.9000%~1.04%</u>	<u>0.9000%~1.08%</u>	<u>0.679%~1.28%</u>	

(19) Long-term deferred revenue

Government grants were as follows:

	For the three-month periods ended March 31	
	2020	2019
Beginning balance	\$755,714	\$770,163
Released to the statement of comprehensive income	(6,843)	(6,737)
Exchange differences	(5,877)	(8,762)
Ending balance	<u>\$742,994</u>	<u>\$754,664</u>

Government grants have been received for the purchase of certain items of property, plant and equipment.

(20) Post-employment benefits

A. Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended 31 March 2021 and 2020 are \$7,727 thousand and \$7,413 thousand, respectively.

B. Defined benefits plan

Costs under the defined benefits plan for the three-month periods ended 31 March 2021 and 2020 are \$662 thousand and \$669 thousand, respectively.

(21) Equities

A. Common stock

As of 31 March 2021, 31 December 2020 and 31 March 2020, the Group's authorized capital was \$4,000,000 thousand, and issued \$3,533,101 thousand with 353,310 thousand shares, each at a par value of \$10. Each share has one voting right and a right to receive dividends.

B. Additional paid-in capital

	31 Mar 2021	31 Dec 2020	31 Mar 2020
Share premium	\$702,297	\$1,055,607	\$1,055,607
Difference between consideration and carrying amount of subsidiaries acquired or disposed	60,022	60,022	—
Donated assets received	3,148	3,148	2,887
Premium from merger	443,730	443,730	443,730
Employee stock option	15,300	15,300	15,300
Share options of convertible bonds	23,292	23,292	23,293
Total	<u>\$1,247,789</u>	<u>\$1,601,099</u>	<u>\$1,540,817</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- (a) Payment of all taxes and dues;
- (b) Offset prior years' operation losses;
- (c) Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve, except for when accumulated legal reserve has reached total authorized capital.
- (d) Set aside or reverse special reserve in accordance with law and regulations; and
- (e) The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.
- (f) According to Paragraph 5, Article 240 of the Company Act, the resolution authorizing a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors shall, in the form of the distribution of dividends and dividends or all or part of the legal reserves and capital reserves provided for in Paragraph 1, Article 241 of the Companies Act, shall be paid in cash and shall be reported to the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future development plan, investment environment, fund requirements, domestic and international competition as well as the interest of the shareholders. A percentage of no less than 5% of the distributable profits of the accounting period shall be distributed as shareholders' dividends annually. When the accumulated distributable profits are less than 10% of our paid-up capital, we will no longer be required to make allowances for allocation. Shareholders' dividends could be paid in the form of shares or cash. Accordingly, at least 10% of the dividends must be paid in the form of cash.

According to the Company Act, the Company needs to set aside an amount to legal reserves unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserves that exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Following the adoption of TIFRS, the FSC on 6 April 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserves. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserves, from the profit/loss of the current period and the undistributed earnings from the previous period. The amount should equal to "other net deductions from shareholders' equity for the current fiscal year, provided that the company has already set aside special reserves according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

As of 1 January 2021 and 2020, special reserve set aside for the first-time adoption of TIFRS amounts to \$95,481 thousand. Furthermore, the Group has not reversed special reserve for the three-month periods ended 31 March 2021 and 2020 as results of the no use, disposal or reclassification of related assets. As of 31 Mar 2021 and 2020, special reserve set aside for the first-time adoption of TIFRS amounts to \$95,481 thousand.

Details of the 2020 and 2019 earnings distribution and dividends per share as approved and resolved by the shareholders' meeting on March 23, 2021 and June 19, 2020, respectively, are as follows:

	<u>Appropriation of earnings</u>		<u>Dividend per share (NT\$)</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Legal reserve	\$192,355	\$95,797		
Special reserve	(76,086)	407,289		
Common stock -cash dividend		459,303	\$2.8	\$1.3

Details of the 2020 earnings distribution excepted for the cash dividends is approved by the Board of Directors meeting, others are remained for the shareholders' meeting.

Please refer to Note 6.25 for further details on employees' compensation and remuneration to directors and supervisors.

D. Non-controlling interests

	For the three-month periods ended March 31	
	2021	2020
Beginning balance	\$711,740	\$357,925
Profit attributable to non-controlling interests	93,368	6,353
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	(4,193)	(1,838)
Increasing in non-controlling interests	4,053	8,880
Ending balance	\$804,968	\$371,320

(22) Share-based payment plans

A. Share-based payment plan for employees of the Group as of 31 March 2021:

Type of agreement	Grant date	Total number of options granted (in thousands)	Contract period (year)	Vesting conditions
Employee stock option plan	2019.10.08	8,000	1	Description (a)
Employee stock option plan	2020.06.12	1,000	1	Description (b)
Seasoned equity offering to retain employee subscription	2021.03.04	1,050	—	Immediately

- (a) Voucher holders can exercise their full options after 6 months of issuance.
- (b) The stock committee of this employee stock option is managed by the Taishin International Commercial Bank Co., Ltd. trust. The trust period is from 10 July, 2020 to 29 October, 2021.
- (c) The Group's subsidiary, Fositek corporation, uses the Black-Scholes option evaluation model to estimate the fair value of the options for the share-based payment transaction. The related information is as follows:

Type of agreement	Grant date	Exercise price (NT\$)	Expected volatility (%)	Expected duration (year)	Expected dividend rate (%)	Risk-free interest rate (%)	Fair value per unit
Employee stock option plan	2019.10.08	17	28.02	1.00	0.00	1.04	2.22
Employee stock option plan	2020.06.12	18	34.16	0.04	0.00	0.77	0.57
Seasoned equity offering to retain employee subscription	2021.03.04	95.5	33.82	0.2658	0.00	0.44	3.86

B. The following table contains further details on the aforementioned share-based payment plan as of the three-month period ended 31 March, 2021:

For the three-month period ended March 31, 2021				
Stock options	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT\$)	Range of exercise price (NT\$)	Weighted average remaining contractual life
Outstanding at beginning of period	—	—		
Forfeited	1,050	\$95.5		
Exercised	—	—		
Outstanding at end of period	<u>1,050</u>	\$95.5	\$95.5	0.2658 years
Exercisable at end of period	<u>1,050</u>	\$95.5		

For the three-month period ended March 31, 2020				
Stock options	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT\$)	Range of exercise price (NT\$)	Weighted average remaining contractual life
Outstanding at beginning of period	8,000	\$17		
Forfeited	—	—		
Exercised	—	—		
Outstanding at end of period	<u>8,000</u>	\$17	\$17	0.5 years
Exercisable at end of period	<u>8,000</u>	\$17		

C. For the three-month periods ended 30 September 2021 and 2020, the Group's subsidiary, Fositek corporation, incurred expenses of NT\$4,053 thousand and NT\$7,104 thousand for the share-based payment plan, respectively.

(23) Operating revenues

A. Disaggregation of revenue

	For the three-month periods ended September 30	
	2020	2019
Sale of goods	<u>\$10,598,796</u>	<u>\$7,486,551</u>
Timing of revenue recognition:		
At a point in time	<u>\$10,598,796</u>	<u>\$7,486,551</u>

B. Contract balances

Contract liabilities - current

	31 Mar 2021	31 Dec 2020	31 Mar 2020
Sale of goods	\$6,800	\$80,298	\$2,812

During the period, contract liabilities significantly decreased as performance obligations are partially satisfied and \$80,298 thousand included in the contract liability balance at the beginning of the period was recognized as revenue during the period.

(24) Lease

A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment and office equipment. The lease terms range from 1 to 50 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

(a) Amounts recognized in the balance sheet

I. Right-of-use assets

The carrying amount of right-of-use assets

	31 Mar 2021	31 Dec 2020	31 Mar 2020
Land	\$551,114	\$558,558	\$558,980
Buildings	1,114,540	1,158,909	1,208,295
Transportation equipment	13,116	15,093	13,987
Office equipment	443	463	294
Total	\$1,679,213	\$1,733,023	\$1,781,556

During the three-month period ended 31 March 2021, the Group's additions to right-of-use assets amounted to \$18,414 thousand.

II. Lease liabilities

	31 Mar 2021	31 Dec 2020	31 Mar 2020
Current	\$173,184	\$170,345	\$152,818
Non-current	1,007,029	1,048,455	1,088,313
Total	\$1,180,213	\$1,218,800	\$1,241,131

Please refer to Note 6.26(4) for the interest on lease liabilities recognized during the three-month period ended 31 March 2021 and refer to Note 12.5 Liquidity Risk Management for the maturity analysis for lease liabilities as of 31 March 2021.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the three-month periods ended March 31	
	2021	2020
Land	\$3,519	\$3,562
Buildings	48,748	44,903
Transportation equipment	1,985	2,025
Office equipment	51	42
Total	\$54,303	\$50,532

(c) Income and costs relating to leasing activities

	For the three-month periods ended March 31	
	2021	2020
The expenses relating to short-term leases	\$6,191	\$7,869

(d) Cash outflow relating to leasing activities

During the three-month period ended 31 March 2021, the Group's total cash outflows for leases amounting to \$57,632 thousand.

B. Group as a lessor (applicable to the disclosure requirement in IFRS 16)

Please refer to Note 6.11 for relevant disclosure of the Group's own occupied investment property. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the three-month periods ended March 31	
	2021	2020
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$8,797	\$6,805

Please refer to Note 6.11 for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of 31 March 2021 are as follow:

	31 Mar 2021	31 Dec 2020	31 Mar 2020
Not later than one year	\$15,585	\$16,095	\$16,327
Later than one year and not later than five years	53,209	52,099	49,925
Later than five years	6,031	8,378	15,922
Total	\$74,825	\$76,572	\$82,174

(25) Summary statement of employee benefits, depreciation and amortization expenses by function:

Nature \ Function	For the three-month periods ended March 31					
	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$1,225,552	\$439,480	\$1,665,032	\$915,995	\$375,204	\$1,291,199
Labor and health insurance	\$70,368	\$32,829	\$103,197	\$43,615	\$23,895	\$67,510
Pension	\$1,094	\$7,295	\$8,389	\$1,249	\$6,833	\$8,082
Other employee benefits expense	\$19,248	\$13,172	\$32,420	\$16,462	\$9,954	\$26,416
Depreciation	\$300,509	\$67,194	\$367,703	\$227,131	\$58,481	\$285,612
Amortization	\$2,921	\$13,688	\$16,609	\$1,331	\$8,919	\$10,250

According to the Company's Articles of Incorporation, no less than 3% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributed as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the current year, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the three-month periods ended 31 March 2021 to be \$24,070 thousand and \$10,316 thousand, respectively. The Company estimated the amounts of employees' compensation and remuneration to directors and supervisors for three-month periods ended 31 March 2020 to be \$8,018 thousand and \$3,436 thousand, respectively. The aforementioned amounts were recognized as employee benefits expense. If the Board of Directors resolves to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price of the day before the Board of Directors meeting. The difference between the estimation and the resolution of the stockholder's meeting will be recognized in profit or loss in the subsequent year.

The Company's 2020 employee compensation and director's compensation approved by the shareholders' meeting on 23 March 2021 employee compensation and director's compensation reported by the shareholders' meeting of 19 June 2020 are as follows:

	2020	2019
Employee compensation	\$84,863	\$44,098
Remuneration to directors and supervisors	36,370	18,899

The aforementioned 2019 and 2018 employees and directors' compensation reported during the stockholders' meeting were consistent with the resolutions of meeting of Board of Directors held on 13 March, 2020 and 13 March, 2019.

The distribution was passed by the Board of Directors meeting held on 23 March, 2021 to distribute NT\$84,863 and NT\$36,370 in cash as employee compensation and remuneration to directors and supervisors of 2020, which has no material differences between the expense listed in the financial report of 2020.

No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December, 2020 and 2019.

(26) Non-operating income and expenses

A. Interest income

	For the three-month periods ended March 31	
	2021	2020
Interest income from bank deposits	\$4,532	\$6,923
Financial assets at amortized cost	921	1,186
Others	4	3
Total	\$5,457	\$8,112

B. Other income

	For the three-month periods ended March 31	
	2021	2020
Rental income	\$8,797	\$6,805
Others	80,994	51,220
Total	\$89,791	\$58,025

C. Other gains and losses

	For the three-month periods ended March 31	
	2021	2020
(Losses) gains on disposal of property, plant and equipment	(\$16,554)	\$1,172
Gains on disposal of investments	200	139
Foreign exchange income, net	14,723	16,847
Impairment loss	(10,498)	—
Others	6,474	44,981
Total	(\$5,655)	\$63,139

D. Finance costs

	For the three-month periods ended March 31	
	2021	2020
Interest on borrowings from bank	\$14,695	\$33,772
Interest on corporate bonds payable	3,720	—
Interest on lease liabilities	11,976	12,606
Others	3,950	15,565
Total	\$34,341	\$61,943

(27) Components of other comprehensive income

For the three-month period ended 31 March 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gain from equity instruments investments measured at fair value through other comprehensive income	\$6,131	—	\$6,131	—	\$6,131
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(106,803)	—	(106,803)	\$12,675	(94,128)
Share of other comprehensive income of associates accounted for using the equity method	(416)	—	(416)	—	(416)
Total of other comprehensive income	<u>(\$101,088)</u>	<u>—</u>	<u>(\$101,088)</u>	<u>\$12,675</u>	<u>(\$88,413)</u>

For the three-month period ended 31 March 2020:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized losses from equity instruments investments measured at fair value through other comprehensive income	(\$2,956)	—	(\$2,956)	—	(\$2,956)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(107,904)	—	(107,904)	\$13,012	(94,892)
Share of other comprehensive income of associates accounted for using the equity method	(3,601)	—	(3,601)	—	(3,601)
Total of other comprehensive income	<u>(\$114,461)</u>	<u>—</u>	<u>(\$114,461)</u>	<u>\$13,012</u>	<u>(\$101,449)</u>

(28) Income tax

A. The major components of income tax expense are as follows:

Income tax expense recognized in profit or loss

	For the three-month periods ended March 31	
	2021	2020
Current income tax expense:	\$175,554	\$132,631
Deferred tax expense :		
Deferred tax expense (income) relating to origination and reversal of temporary differences	86,019	(8,445)
Total income tax expense	<u>\$261,573</u>	<u>\$124,186</u>

B. Income tax relating to components of other comprehensive income

	For the three-month periods ended March 31	
	2021	2020
Deferred tax expense (income):		
Exchange differences resulting from translating the financial statements of foreign operations	<u>(\$12,675)</u>	<u>(\$13,012)</u>
Income tax relating to components of other comprehensive income	<u>(\$12,675)</u>	<u>(\$13,012)</u>

C. The assessment of income tax returns

The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(29) Earnings per share

	For the three-month period ended March 31 2021		
	Amount	Number of shares (shares in thousands)	Earnings per share
Basic earnings per share			
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$540,888	353,310	<u>\$1.53</u>
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>—</u>	<u>370</u>	
Diluted earnings per share			
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$540,888</u>	<u>353,680</u>	<u>\$1.53</u>

For the three-month period ended March 31 2020			
	Amount	Number of shares	
		(shares in thousands)	
			Earnings per share
Basic earnings per share			
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$194,273	353,310	\$0.55
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	—	261	
Diluted earnings per share			
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$194,273	353,571	\$0.55

7. Related party transactions

Key management personnel compensation

	For the three-month periods ended March 31	
	2021	2020
Short-term employee benefits	\$6,546	\$6,476
Post-employment benefits	230	135
Total	\$6,776	\$6,611

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

	Carrying amount			Security debt
	31 Mar 2021	31 Dec 2020	31 Mar 2020	
Assets pledged for security				
Financial assets measured at amortized cost	\$654,138	\$578,286	\$402,897	
Land	88,235	88,235	88,235	Bank performance guarantee, loan
Buildings	155,218	125,261	107,970	
Right-of-use assets	27,667	28,037	—	security and customs bonded security.
Investment property	34,291	51,871	53,652	
Refundable deposits	3,800	2,800	2,800	
Total	\$963,349	\$874,490	\$655,554	

9. Commitments and contingencies

(1) Legal claim contingency

None.

(2) The Group signed the contract of the land-use-right in Vietnam for operating purpose, which total price is approximate 200 million dollars and 100 million dollars has not paid until 31 March 2020.

(3) Other

The Group guaranteed a deposit for customs in the amount of \$2,500 thousand and \$300 thousand from Bank of Taiwan and Taiwan Cooperative Bank, respectively.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Other

(1) Categories of financial instruments

Financial assets

	<u>31 Mar 2021</u>	<u>31 Dec 2020</u>	<u>31 Mar 2020</u>
Financial assets at fair value through profit or loss:			
Mandatorily measured at Fair value through profit or loss	\$54,288	—	\$25,534
Financial assets at fair value through other comprehensive income	\$95,867	\$101,449	\$109,062
Financial assets measured at amortized cost			
Cash and cash equivalents (excluding cash on hand)	11,198,893	11,100,437	10,073,666
Financial assets measured at amortized cost	654,138	578,286	402,897
Amounts receivables	4,019,001	4,715,361	3,864,059
Subtotal	\$15,872,032	\$16,394,084	\$14,340,622
Total	\$16,022,187	\$16,495,533	\$14,475,218

Financial liabilities

	<u>31 Mar 2021</u>	<u>31 Dec 2020</u>	<u>31 Mar 2020</u>
Financial liabilities at amortized cost:			
Short-term loans	\$2,993,191	\$2,452,594	\$2,911,757
Short-term notes payable	—	—	100,000
Amounts payables	17,788,668	16,691,271	14,675,730
Corporate bonds payable (including current portion)	2,400,000	2,400,000	—
Long-term loans (including current portion)	2,968,923	3,784,618	5,251,667
Lease liabilities (including current portion)	1,180,213	1,218,800	1,241,131
Total	\$27,330,995	\$26,547,283	\$24,180,285

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

A. Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore forming a natural hedge. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB. The information of the sensitivity analysis is as follows:

- (a) When NTD strengthens/weakens against USD by 1%, the profit for the three-month periods ended 31 March 2021 and 2020 is decreased/increased by \$24,810 thousand and increased/decreased by \$3,733 thousand, respectively.
- (b) When NTD strengthens/weakens against RMB by 1%, the profit for the three-month periods ended 31 March 2021 and 2020 is increased/decreased by \$38,760 thousand and increased/decreased by \$11,947 thousand, respectively.

B. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period. A change of 10 basis points of interest rate in a reporting period could cause the profit for the three-month periods ended 31 March 2021 and 2020 to decreased/increased by \$3,669 thousand and \$2,381 thousand, respectively.

C. Equity price risk

The fair value of the Group's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's unlisted equity securities are classified as financial assets at fair value through other comprehensive income.

The equity price sensitivity analysis is based on fair value changes as at the end of the reporting period. For the three-month periods ended 31 March 2021 and 2020, a change of 5% in the price classified as equity instruments investments measured at fair value through other comprehensive income could cause the other comprehensive income to increased/decreased by \$4,793 thousand and \$5,453 thousand, respectively.

Please refer to Note 12.8 for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 March 2021, 31 December 2020 and 31 March 2020, amounts receivables from top ten customers represent 88.71%, 88.19% and 92.09% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 31 March 2021					
Loans	\$3,966,692	\$1,608,560	\$392,029	—	\$5,967,281
Corporate bonds payable	\$9,080	—	\$2,400,000	—	\$2,409,080
Amounts payables	\$17,774,421	—	—	—	\$17,774,421
Lease liabilities	\$173,184	\$342,589	\$327,591	\$336,849	\$1,180,213
As of 31 December 2020					
Loans	\$3,768,323	\$1,982,061	\$493,270	—	\$6,243,654
Corporate bonds payable	\$5,360	—	\$2,400,000	—	\$2,405,360
Amounts payables	\$16,679,469	—	—	—	\$16,679,469
Lease liabilities	\$170,345	\$339,528	\$323,036	\$385,891	\$1,218,800
As of 31 March 2020					
Loans	\$4,863,638	\$3,226,666	\$90,000	—	\$8,180,304
Short-term notes payable	\$100,000	—	—	—	\$100,000
Amounts payables	\$14,658,850	—	—	—	\$14,658,850
Lease liabilities	\$152,818	\$286,280	\$307,125	\$494,908	\$1,241,131

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the three-month periods ended 31 March 2021:

	Short-term borrowings	Corporate bonds payable	Long-term borrowings	Lease liabilities	Guarantee deposits	Total liabilities from financing activities
As at 1 Jan 2021	\$2,452,594	\$2,400,000	\$3,784,618	\$1,218,800	\$9,377	\$9,865,389
Cash flows	513,502	—	(815,695)	(51,441)	(117)	(353,751)
Non-cash changes	27,095	—	—	12,854	—	39,949
As at 31 Mar 2021	\$2,993,191	\$2,400,000	\$2,968,923	\$1,180,213	\$9,260	\$9,551,587

Reconciliation of liabilities for the three-month periods ended 31 March 2020:

	Short-term borrowings	Short-term notes payable	Long-term borrowings	Lease liabilities	Guarantee deposits	Total liabilities from financing activities
As at 1 Jan 2020	\$2,000,456	\$100,000	\$5,910,833	\$271,377	\$19,011	\$8,301,677
Cash flows	906,353	—	(659,166)	(58,530)	(10,909)	177,928
Non-cash changes	4,948	—	—	1,028,104	—	1,033,052
As at 31 Mar 2020	\$2,911,757	\$100,000	\$5,251,667	\$1,241,131	\$8,102	\$9,512,657

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- (b) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of financial assets and financial liabilities measured at amortized cost approximate their fair value due to their short maturities.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12.8 for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 March 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss	—	\$54,288	—	\$54,288
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	—	—	\$95,867	\$95,867

As at 31 December 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	—	—	\$101,449	\$101,449

As at 31 March 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss	—	\$25,534	—	\$25,534
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	—	—	\$109,062	\$109,062

C. Reconciliation for fair value measurements in Level 3 is as follows:

	Financial assets at fair value through other comprehensive income
As at 1 Jan 2021	\$101,449
Unrealized income from equity instruments investments measured at fair value through other comprehensive income	6,131
Disposals	(11,781)
Exchange differences	68
As at 31 Mar 2021	<u>\$95,867</u>
	Financial assets at fair value through other comprehensive income
As at 1 Jan 2020	\$111,835
Unrealized income from equity instruments investments measured at fair value through other comprehensive income	(2,956)
Exchange differences	183
As at 31 Mar 2020	<u>\$109,062</u>

D. Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed:

The fair value of long-term loans is determined using discounted cash flow model, based on the Company's current incremental borrowing rates of similar loans.

	Level 1	Level 2	Level 3	Carrying amount
As at 31 March 2021				
Corporate bonds payable	—	\$2,400,000	—	\$2,400,000
Long-term borrowings (including current portion with maturity less than 1 year)	—	\$2,968,923	—	\$2,968,923
As at 31 December 2020				
Corporate bonds payable	—	\$2,400,000	—	\$2,400,000
Long-term borrowings (including current portion with maturity less than 1 year)	—	\$3,784,618	—	\$3,784,618
As at 31 March 2020				
Long-term borrowings (including current portion with maturity less than 1 year)	—	\$5,251,667	—	\$5,251,667

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

31 March 2021			
	Foreign currencies (in thousands)	Foreign exchange rate	NT\$ (in thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$321,098	28.5350	\$9,162,535
RMB	\$1,812,765	4.3440	\$7,874,652
<u>Financial liabilities</u>			
Monetary items:			
USD	\$234,151	28.5350	\$6,681,499
RMB	\$2,705,021	4.3440	\$11,750,612
31 December 2020			
	Foreign currencies (in thousands)	Foreign exchange rate	NT\$ (in thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$357,475	28.4800	\$10,180,897
RMB	\$1,621,133	4.3770	\$7,095,697
<u>Financial liabilities</u>			
Monetary items:			
USD	\$289,848	28.4800	\$8,254,859
RMB	\$2,368,871	4.3770	\$10,368,550
31 March 2020			
	Foreign currencies (in thousands)	Foreign exchange rate	NT\$ (in thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$257,759	30.2250	\$7,790,769
RMB	\$1,747,085	4.2550	\$7,433,849
<u>Financial liabilities</u>			
Monetary items:			
USD	\$270,109	30.2250	\$8,164,033
RMB	\$2,027,873	4.2550	\$8,628,598

The Group's functional currency are various, and hence is not able to disclose the information of exchange gains and losses by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain was \$14,723 thousand and \$16,847 thousand for the three-month periods ended 31 March 2021 and 2020, respectively.

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, returning capital to shareholders or issuing new shares.

13. Other disclosure

(1) Information at significant transactions and on investees

- A. Financing provided to others for the three-month periods ended 31 March 2021: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others for the three-month periods ended 31 March 2021: Please refer to Attachment 2.
- C. Securities held as of 31 March 2021: Please refer to Attachment 3.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lowers of NT\$300 million or 20% of the capital stock for the three-month periods ended 31 March 2021: None.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock for the three-month periods ended 31 March 2021: None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock for the three-month periods ended 31 March 2021: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of the capital stock for the three-month periods ended 31 March 2021: Please refer to Attachment 4.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of 31 March 2021: Please refer to Attachment 5.
- I. Direct or indirect significant influence or control over the investees for the three-month periods ended 31 March 2021 (excluding investments in China): Please refer to Attachment 6.
- J. Financial instruments and derivative transactions: None
- K. Others: Significant inter-company transactions during the reporting periods: Please refer to Attachment 8.

(2) Information on investments in mainland China

- A. Information on investments in mainland China: Please refer to Attachment 7.
- B. Significant transactions with the investee companies in China directly or indirectly through the third area and the relevant prices, payment terms and unrealized gains and losses:

- (a)Purchase, ending balance of related payables and their weightings: Please refer to Attachment 4.
- (b)Sales, the ending balance of related receivables and their weightings: Please refer to Attachment 4.
- (c)Ending balance of endorsements/guarantees or collateral provided and the purposes: Please refer to Attachment 2.
- (d)Transactions that have significant impact on the profit or loss of current period or the financial position: None.

(3) Information of major shareholders: Please refer to Attachment 9.

14. Segment information

For management purposes, the Group is organized into business units based on their products and services and has two reportable operating segments as follows:

(1) General management segment:

The general management segment is responsible for the Group's operation planning and owns manufacturing, R&D and sales functions.

(2) Overseas segment:

The overseas segment owns manufacturing and sales functions.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.

However, finance costs, financial benefits and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

For the three-month periods ended 31 March 2021

	Overseas	General management	Adjustment and elimination	Total
Revenue				
External customer	\$3,131,916	\$7,466,880	—	\$10,598,796
Inter-segment (Note)	8,471,555	5,520,826	(\$13,992,381)	—
Total revenue	<u>\$11,603,471</u>	<u>\$12,987,706</u>	<u>(\$13,992,381)</u>	<u>\$10,598,796</u>
Segment profit	<u>\$503,930</u>	<u>\$394,083</u>	<u>(\$2,184)</u>	<u>\$895,829</u>

Note: Inter-segment revenues were eliminated on consolidation.

For the three-month period ended 31 March 2020

	Overseas	General management	Adjustment and elimination	Total
Revenue				
External customer	\$2,734,900	\$4,751,651	—	\$7,486,551
Inter-segment (Note)	7,195,096	5,118,196	(\$12,313,292)	—
Total revenue	<u>\$9,929,996</u>	<u>\$9,869,847</u>	<u>(\$12,313,292)</u>	<u>\$7,486,551</u>
Segment profit	<u>\$616,762</u>	<u>(\$291,178)</u>	<u>(\$772)</u>	<u>\$324,812</u>

Note: Inter-segment revenues were eliminated on consolidation.

As of 31 March 2021, 31 December 2020 and 31 March 2020, the assets of reportable segment information were as follows:

	Overseas	General management	Adjustment and elimination	Total
31 March 2021 Assets	<u>\$36,454,170</u>	<u>\$19,793,565</u>	<u>(\$15,220,816)</u>	<u>\$41,026,919</u>
31 December 2020 Assets	<u>\$35,971,889</u>	<u>\$23,137,884</u>	<u>(\$18,433,537)</u>	<u>\$40,676,236</u>
31 March 2020 Assets	<u>\$32,334,168</u>	<u>\$16,870,461</u>	<u>(\$13,104,829)</u>	<u>\$36,099,800</u>

ASIA VITAL COMPONENTS CO., LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
FINANCING PROVIDED TO OTHERS

TABLE 1

No (Note 1)	Financing Company	Counter-party	Financial Statement Account (Note 2)	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Note 10)	Amount Actually Drawn	Interest Rate	Nature of Financing (Note 4)	Transaction Amounts (Note 5)	Reason for Financing (Note 6)	Allowance for Doubtful Accounts	Collateral		Financing Limits for Each Borrower	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
1	ASIA VITAL COMPONENTS (DONGGUAN) CO., LTD.	AVC PRECISION, CO., LTD.	Other receivables	Yes	\$369,242 (CNY85,000 thousand)	\$369,242 (CNY85,000 thousand)	—	3.00%	2	—	Operating capital	—	—	—	\$2,008,799	\$4,017,599	(Note 7)
2	AVC INTERNATIONAL (SAMOA) CO., LTD.	AVC PRECISION, CO., LTD.	Other receivables	Yes	\$285,350 (USD10,000 thousand)	\$142,675 (USD5,000 thousand)	\$142,675 (USD5,000 thousand)	3.00%	2	—	Operating capital	—	—	—	\$2,008,799	\$4,017,599	(Note 7)
3	WUCHIDA INTERNATIONAL CO., LTD.	(JIASHAN)D-MAX ELECTRONICS CO., LTD.	Other receivables	Yes	\$57,070 (USD2,000 thousand)	\$57,070 (USD2,000 thousand)	—	2.00%	2	—	Operating capital	—	—	—	\$2,008,799	\$4,017,599	(Note 7)
4	D-MAX TECHNOLOGY CO., LTD.	WUCHIDA INTERNATIONAL CO., LTD.	Other receivables	Yes	\$71,338 (USD2,500 thousand)	\$71,338 (USD2,500 thousand)	\$71,338 (USD2,500 thousand)	2.00%	2	—	Operating capital	—	—	—	\$173,449	\$173,449	(Note 8)
5	FOSITEK CORP.	FIRST DOME CORP TELECOM.LTD.	Other receivables	Yes	\$150,000	\$150,000	\$142,675 (USD5,000 thousand)	3.00%	2	—	Operating capital	—	—	—	\$400,632	\$400,632	(Note 9)
6	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	AVC PRECISION, CO., LTD.	Other receivables	Yes	\$217,201 (CNY50,000 thousand)	\$217,201 (CNY50,000 thousand)	\$217,201 (CNY50,000 thousand)	3.00%	2	—	Operating capital	—	—	—	\$2,008,799	\$4,017,599	(Note 7)

Note 1 : Companies are coded as follows :

(1) ASIA VITAL COMPONENTS Co., LTD. is coded "0".

(2) The investees are coded from "1" in the order presented in the table above.

Note 2 : Receivables from affiliates and related parties, shareholder transactions, prepayments and temporary payments etc. are required to be disclosed in this field if they are financings provided to others.

Note 3 : The maximum balance of financing provided to others for the year ended March 31, 2021.

Note 4 : Nature of Financing are coded as follows :

(1) Business transaction is coded "1".

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

Note 5 : If nature of financing is business transaction, the amount of transaction should be disclosed.

Note 6 : With respect to short-term financing, the reasons of financing and the purpose of use by the counter-party shall be specified, such as loan repayment, equipment acquisition or operating capital.

Note 7 : For foreign companies of which the Company holds, directly and indirectly, 100% of the voting shares, the financing provided to any single entity shall not exceed 20% of the net worth. Total financing shall not exceed 40% of the net worth.

Note 8 : D-MAX TECHNOLOGY CO., LTD. : The financing provided to any single entity shall not exceed 40% of the net worth. Total financing shall not exceed 40% of the net worth.

Note 9 : FOSITEK CORP. : The financing provided to any single entity shall not exceed 40% of the net worth. Total financing shall not exceed 40% of the net worth.

Note 10 : If public companies, pursuant to Paragraph 1, Article 14 of Regulations Governing Lending of Funds and Making of Endorsements / Guarantees by Public Companies, resolve each individual lending at the board meetings, the amounts resolved (before any drawing) shall be the publicly-announced balance to disclose the risk they assume; provided however,

if any repayment is made subsequently, the outstanding balance after such repayment shall be disclosed to reflect the risk adjusted. If public companies, pursuant to Paragraph 2, Article 14 of the same Regulations, authorize the chairperson by board resolution, within a certain monetary limit and a period not to exceed one year,

to give loans in instalments or to make a revolving credit line available, the amount resolved shall be the publicly-announced balance. Although repayment may be made subsequently, as drawings are likely to happen, the amount of financing resolved by the board shall be recorded as the publicly-announced balance.

Note 11 : All the above transactions were eliminated on consolidation.

ASIA VITAL COMPONENTS CO., LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS

TABLE 2

No (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note 3&4)	Maximum Balance for the Period (Note 5)	Ending Balance (Note 6)	Amount Actually Drawn (Note 7)	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3&4)	Endorsement provided by parent company to subsidiaries (Note 8)	Endorsement provided by subsidiaries to parent company (Note 8)	Endorsement provided to subsidiaries in China (Note 8)	Note
		Name	Nature of Relationship (Note 2)											
0	ASIA VITAL COMPONENTS CO.,LTD	MERIT TRADING CORPORATION	2	\$10,043,997	\$513,630 (USD18,000 thousand)	\$480,815 (USD16,850 thousand)	—	—	4.79%	\$15,065,996	Y	N	N	(Note 3)
0	ASIA VITAL COMPONENTS CO.,LTD	AVC INTERNATIONAL (SAMOA) CO., LTD.	2	\$10,043,997	\$1,169,935 (USD41,000 thousand)	\$1,169,935 (USD41,000 thousand)	—	—	11.65%	\$15,065,996	Y	N	N	(Note 3)
0	ASIA VITAL COMPONENTS CO.,LTD	AVC PRECISION, CO., LTD.	2	\$10,043,997	\$589,431 (USD10,000 thousand) (CNY70,000 thousand)	\$589,431 (USD10,000 thousand) (CNY70,000 thousand)	—	—	5.87%	\$15,065,996	Y	N	Y	(Note 3)
0	ASIA VITAL COMPONENTS CO.,LTD	AVC OPTICS (WUHAN) CORP.	2	\$10,043,997	\$713,375 (USD25,000 thousand)	\$713,375 (USD25,000 thousand)	\$570,700 (USD20,000 thousand)	—	7.10%	\$15,065,996	Y	N	Y	(Note 3)
0	ASIA VITAL COMPONENTS CO.,LTD	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	2	\$10,043,997	\$1,158,856 (USD33,000 thousand) (CNY50,000 thousand)	\$1,158,856 (USD33,000 thousand) (CNY50,000 thousand)	\$656,305 (USD23,000 thousand)	—	11.54%	\$15,065,996	Y	N	Y	(Note 3)

Note 1 : Companies are coded as follows:

(1) ASIA VITAL COMPONENTS Co., LTD. is coded "0".

(2) The investees are coded from "1" in the order presented in the table above.

Note 2 : The relationships between endorsement/guarantee providers and guaranteed parties are categorized into the following types :

(1) A company that has a business relationship with AVC.

(2) A subsidiary in which AVC holds directly over 50% of common equity interest.

(3) An investee in which AVC and its subsidiaries jointly hold over 50% of common equity interest.

(4) A parent company that holds directly over 90% or indirectly over 90% through a subsidiary of the company's common equity interest.

(5) A company that has provided guarantees to AVC, and vice versa, due to contractual requirements.

(6) A company in which AVC jointly invests with other shareholders, and for which AVC has provided endorsement/guarantee in proportion to its shareholding percentage.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3 : ASIA VITAL COMPONENTS CO.,LTD. : The aggregate amount of endorsements/guarantees for any single entity shall not exceed 20% of the Company's net worth, and the aggregate amount of endorsements/guarantees for any single overseas associated company shall not exceed 100% of the Company's equity net worth.

The overall amount of guarantees/endorsements shall not exceed 150% of the Company's equity net worth.

Note 4 : ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., ASIA VITAL COMPONENTS (CHINA) CO., LTD., ASIA VITAL COMPONENTS (CHENGDU) CO., LTD., AVC OPTICS (WUHAN) CORP., ASIA VITAL COMPONENTS (DONGGUAN) CO., LTD., AVC PRECISION, CO., LTD. :

The amount of guarantees/endorsements provided to any single entity shall not exceed USD200 million dollars.

Note 5 : Maximum balance of endorsements/guarantees provided to others for current period.

Note 6 : The maximum balance for the period and ending balance represent the amounts approved by the Board Directors.

Note 7 : The company which endorsements/guarantees by AVC should disclosed the amount actually drawn within ending balance.

Note 8 : Public company provided endorsements/guarantees to subsidiary or subsidiary provided endorsements/guarantees to public company or provided endorsements/guarantees which located in CHINA area coded "Y".

(Continued)

ASIA VITAL COMPONENTS CO., LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS

No (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note 3&4)	Maximum Balance for the Period (Note 5)	Ending Balance (Note 6)	Amount Actually Drawn (Note 7)	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3&4)	Endorsement provided by parent company to subsidiaries (Note 8)	Endorsement provided by subsidiaries to parent company (Note 8)	Endorsement provided to subsidiaries in China (Note 8)	Note
		Name	Nature of Relationship (Note 2)											
1	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD. AVC PRECISION, CO., LTD.	ASIA VITAL COMPONENTS (DONGGUAN) CO., LTD.	4	\$5,707,000 (USD200,000 thousand)	\$304,081 (CNY70,000 thousand)	\$304,081 (CNY70,000 thousand)	\$132,093 (CNY30,408 thousand)	—	3.81%	\$5,707,000 (USD200,000 thousand)	N	N	Y	(Note 4)
1	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD. ASIA VITAL COMPONENTS (DONGGUAN) CO., LTD.	AVC PRECISION, CO., LTD.	4	\$5,707,000 (USD200,000 thousand)	\$347,522 (CNY80,000 thousand)	\$347,522 (CNY80,000 thousand)	\$298,115 (CNY68,627 thousand)	—	3.97%	\$5,707,000 (USD200,000 thousand)	N	N	Y	(Note 4)
1	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD. ASIA VITAL COMPONENTS (DONGGUAN) CO., LTD. AVC PRECISION, CO., LTD.	ASIA VITAL COMPONENTS (DONGGUAN) CO., LTD. AVC PRECISION, CO., LTD.	4	\$5,707,000 (USD200,000 thousand)	\$434,402 (CNY100,000 thousand)	\$434,402 (CNY100,000 thousand)	\$414,828 (CNY95,494 thousand)	\$325,802 (CNY75,000 thousand)	4.54%	\$5,707,000 (USD200,000 thousand)	N	N	Y	(Note 4)
1	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	4	\$5,707,000 (USD200,000 thousand)	\$217,201 (CNY50,000 thousand)	\$217,201 (CNY50,000 thousand)	—	—	7.68%	\$5,707,000 (USD200,000 thousand)	N	N	Y	(Note 4)
1	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD.	ASIA VITAL COMPONENTS (CHINA) CO., LTD. ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	4	\$5,707,000 (USD200,000 thousand)	\$651,603 (CNY150,000 thousand)	\$651,603 (CNY150,000 thousand)	\$440,959 (CNY101,510 thousand)	—	9.08%	\$5,707,000 (USD200,000 thousand)	N	N	Y	(Note 4)
1	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD. ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	4	\$5,707,000 (USD200,000 thousand)	\$781,924 (CNY180,000 thousand)	\$781,924 (CNY180,000 thousand)	\$453,308 (CNY104,352 thousand)	—	18.58%	\$5,707,000 (USD200,000 thousand)	N	N	Y	(Note 4)
1	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	AVC OPTICS (WUHAN) CORP.	4	\$5,707,000 (USD200,000 thousand)	\$651,603 (CNY150,000 thousand)	\$651,603 (CNY150,000 thousand)	\$23,706 (CNY5,457 thousand)	—	23.03%	\$5,707,000 (USD200,000 thousand)	N	N	Y	(Note 4)
2	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	4	\$5,707,000 (USD200,000 thousand)	\$347,522 (CNY80,000 thousand)	\$347,522 (CNY80,000 thousand)	\$264,628 (CNY60,918 thousand)	—	8.00%	\$5,707,000 (USD200,000 thousand)	N	N	Y	(Note 4)
2	ASIA VITAL COMPONENTS (CHINA) CO., LTD. ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD. AVC OPTICS (WUHAN) CORP.	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	4	\$5,707,000 (USD200,000 thousand)	\$521,282 (CNY120,000 thousand)	\$521,282 (CNY120,000 thousand)	\$430,702 (CNY99,148 thousand)	—	6.15%	\$5,707,000 (USD200,000 thousand)	N	N	Y	(Note 4)
3	FOSITEK CORP.	FIRST DOME CORP TELECOM, LTD.	2	\$300,474 (USD2,000 thousand)	\$57,070 (USD2,000 thousand)	\$57,070 (USD2,000 thousand)	—	—	5.70%	\$500,790	N	N	Y	(Note 4)

Note 1 : Companies are coded as follows:

(1) ASIA VITAL COMPONENTS Co., LTD. is coded "0".

(2) The investees are coded from "1" in the order presented in the table above.

Note 2 : The relationships between endorsement/guarantee providers and guaranteed parties are categorized into the following types :

(1) A company that has a business relationship with AVC.

(2) A subsidiary in which AVC holds directly over 50% of common equity interest.

(3) An investee in which AVC and its subsidiaries jointly hold over 50% of common equity interest.

(4) A parent company that holds directly over 90% or indirectly over 90% through a subsidiary of the company's common equity interest.

(5) A company that has provided guarantees to AVC, and vice versa, due to contractual requirements.

(6) A company in which AVC jointly invests with other shareholders, and for which AVC has provided endorsement/guarantee in proportion to its shareholding percentage.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3 : ASIA VITAL COMPONENTS CO., LTD. : The aggregate amount of endorsements/guarantees for any single entity shall not exceed 20% of the Company's net worth, and the aggregate amount of endorsements/guarantees for any single overseas associated company shall not exceed 100% of the Company's equity net worth.

The overall amount of guarantees/endorsements shall not exceed 150% of the Company's equity net worth.

Note 4 : ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., ASIA VITAL COMPONENTS (CHINA) CO., LTD., ASIA VITAL COMPONENTS (CHENGDU) CO., LTD., AVC OPTICS (WUHAN) CORP., ASIA VITAL COMPONENTS (DONGGUAN) CO., LTD., AVC PRECISION, CO., LTD. :

The amount of guarantees/endorsements provided to any single entity shall not exceed USD200 million dollars.

Note 5 : Maximum balance of endorsements/guarantees provided to others for current period.

Note 6 : The maximum balance for the period and ending balance represent the amounts approved by the Board Directors.

Note 7 : The company which endorsements/guarantees by AVC should disclosed the amount actually drawn within ending balance.

Note 8 : Public company provided endorsements/guarantees to subsidiary or subsidiary provided endorsements/guarantees to public company or provided endorsements/guarantees which located in CHINA area coded "Y".

ASIA VITAL COMPONENTS CO., LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES)

TABLE 3

Name of Held Company	Type and name of Marketable Securities	Relationship with the Company	Financial Statement Account	September 30, 2020			
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership	Market Value
ASIA VITAL COMPONENTS CO.,LTD	Not listed (OTC) stocks						
	SENTELIC CORPORATION	—	Financial assets measured at fair value through other comprehensive income, noncurrent	302	\$1,438	1.00%	\$1,438
	RTR-TECH TECHNOLOGY CO., LTD.	—	Financial assets measured at fair value through other comprehensive income, noncurrent	14,000	—	19.42%	—
	APTOS TECHNOLOGY INC.	—	Financial assets measured at fair value through other comprehensive income, noncurrent	1,124	—	1.27%	—
	UBIQCONN TECHNOLOGY, INC.	—	Financial assets measured at fair value through other comprehensive income, noncurrent	2,500	—	6.10%	—
MERIT TRADING CORPORATION	Not listed (OTC) stocks						
	FURUKAWA ELECTRIC (SHENZHEN) CO., LTD.	Other related parties	Financial assets measured at fair value through other comprehensive income, noncurrent	(Note)	\$84,800	9.06%	\$84,800
MACE TECH CORP.	Not listed (OTC) stocks						
	SHENG-SHING CORP.	—	Financial assets measured at fair value through other comprehensive income, noncurrent	703	\$9,629	14.06%	\$9,629
ASIA VITAL COMPONENTS (CHINA) CO., LTD.	Not listed (OTC) stocks						
	SHENZHEN TIMELINK TECHNOLOGY CO., LTD.	—	Financial assets measured at fair value through other comprehensive income, noncurrent	2,273	—	10.80%	—

Note : None amount of shares is issued publicly by Limited Company.

ASIA VITAL COMPONENTS CO., LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

RELATED PARTY TRANSACTIONS WITH PURCHASE OR SALES AMOUNT OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

TABLE 4

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	Percentage to Total	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total	
ASIA VITAL COMPONENTS CO., LTD	AVC INTERNATIONAL (SAMOA) CO., LTD.	Subsidiary	(Purchases)	(\$2,526,011)	(42%)	Net 60 days from the end of the month of when invoice is issued by T/T	N/A	N/A	(\$1,756,378)	(26%)	
ASIA VITAL COMPONENTS CO., LTD	MERIT TRADING CORPORATION	Subsidiary	(Purchases)	(\$1,900,436)	(31%)	Net 90 days from the end of the month of when invoice is issued by T/T	N/A	N/A	(\$2,736,458)	(41%)	
ASIA VITAL COMPONENTS CO., LTD	TONBRIDGE INVESTMENTS LTD.	Subsidiary	(Purchases)	(\$375,925)	(6%)	Net 60 days from the end of the month of when invoice is issued by T/T	N/A	N/A	(\$378,999)	(6%)	
ASIA VITAL COMPONENTS CO., LTD	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	Subsidiary	(Purchases)	(\$398,943)	(7%)	Net 90 days from the end of the month of when invoice is issued by T/T	N/A	N/A	(\$515,993)	(8%)	
ASIA VITAL COMPONENTS CO., LTD	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	Subsidiary	(Purchases)	(\$174,582)	(3%)	Net 75 days from the end of delivery month of when invoice is issued by T/T	N/A	N/A	(\$318,400)	(5%)	
ASIA VITAL COMPONENTS CO., LTD	WUCHIDA INTERNATIONAL CO., LTD.	Subsidiary	(Purchases)	(\$227,849)	(4%)	Net 30 days from the end of the month of when invoice is issued by T/T	N/A	N/A	(\$146,447)	(2%)	
ASIA VITAL COMPONENTS CO., LTD	JADS CORPORATION (HK) LTD.	Subsidiary	(Purchases)	(\$112,485)	(2%)	Net 90 days from the end of the month of when invoice is issued by T/T	N/A	N/A	(\$214,971)	(3%)	
ASIA VITAL COMPONENTS CO., LTD	AVC AMERICA, INC.	Subsidiary	Sales	\$69,335	1%	Net 60 days from the end of the month of when invoice is issued by T/T	N/A	N/A	\$134,397	5%	

(Continued)

ASIA VITAL COMPONENTS CO., LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

RELATED PARTY TRANSACTIONS WITH PURCHASE OR SALES AMOUNT OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

TABLE 4-1

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	Percentage to Total	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total	
AVC INTERNATIONAL (SAMOA) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	\$2,526,011	91%	Net 60 days from the end of the month of when invoice is issued by T/T	N/A	N/A	\$1,756,378	84%	
MERIT TRADING CORPORATION	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	\$1,900,436	90%	Net 90 days from the end of the month of when invoice is issued by T/T	N/A	N/A	\$2,736,458	93%	
TONBRIDGE INVESTMENTS LTD. LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	\$375,925	91%	Net 60 days from the end of the month of when invoice is issued by T/T	N/A	N/A	\$378,999	91%	
ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	\$398,943	68%	Net 90 days from the end of the month of when invoice is issued by T/T	N/A	N/A	\$515,993	63%	
ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	\$174,582	8%	Net 75 days from the end of delivery month of when invoice is issued by T/T	N/A	N/A	\$318,400	10%	
WUCHIDA INTERNATIONAL CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	\$227,849	88%	Net 30 days from the end of the month of when invoice is issued by T/T	N/A	N/A	\$146,447	80%	
JADS CORPORATION (HK) LTD. LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	\$112,485	94%	Net 90 days from the end of the month of when invoice is issued by T/T	N/A	N/A	\$214,971	92%	
AVC AMERICA, INC.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	(Purchases)	(\$69,335)	31%	Net 60 days from the end of the month of when invoice is issued by T/T	N/A	N/A	(\$134,397)	(56%)	

Note : All the above transactions were eliminated on consolidation.

ASIA VITAL COMPONENTS CO., LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021
 (Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
 RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

TABLE 5

Company Name	Related Party	Nature of Relationships	Ending Balance (Note 3)	Turnover Ratio (times)	Overdue		Amounts Received in Subsequent Periods	Allowance for Doubtful Accounts
					Amount	Action Taken		
AVC INTERNATIONAL (SAMOA) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	\$1,756,378	1.06	—	(Note 2)	\$493,366	(Note 1)
MERIT TRADING CORPORATION	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	\$2,736,458	0.66	—	(Note 2)	\$864,362	(Note 1)
TONBRIDGE INVESTMENTS LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	\$378,999	0.93	—	(Note 2)	\$157,905	(Note 1)
ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	\$318,400	0.60	—	(Note 2)	\$60,871	(Note 1)
ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	\$515,993	0.91	—	(Note 2)	\$113,709	(Note 1)
WUCHIDA INTERNATIONAL CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	\$146,447	1.27	—	(Note 2)	\$96,693	(Note 1)
JADS CORPORATION (HK) LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	\$214,971	0.43	—	(Note 2)	\$101,661	(Note 1)

Note 1 : The preparation of consolidated statements does not require recording the allowance for doubtful accounts.

Note 2 : The Company balances its accounts regularly and writes off receivables against payables.

Note 3 : All the above transactions were eliminated on consolidation.

ASIA VITAL COMPONENTS CO., LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE COMPANIES (Not including investment in Mainland China)

TABLE 6

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment		Investment as of September 30, 2020			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount			
ASIA VITAL COMPONENTS CO., LTD	AVC INTERNATIONAL CO., LTD. – B.V.I.	Vistra Corporate Services Centre, Wickhams Cay II Road Town Tortola VG1110 Virgin Islands, British	Investment holding	\$5,147,294	\$5,147,294	16	100.00%	\$8,280,149	\$124,417	\$112,849	
	CHIHUNG INTERNATIONAL LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investment holding	\$1,040,647	\$1,040,647	32,770	100.00%	\$4,596,107	\$91,891	\$97,891	
	MERIT TRADING CORPORATION	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Trade	\$29,088	\$29,088	892	100.00%	\$172,208	\$5,884	\$6,055	
	RAYNEY INTERNATIONAL LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Trade	\$78,950	\$78,950	2,400	100.00%	\$116,247	(\$5,946)	(\$5,946)	
	AVC AMERICA, INC.	48501 Warm Springs Blvd., Suite #109 Fremont, CA 94539-7750	Trade	\$91,903	\$91,903	41	100.00%	\$118,865	\$3,674	\$3,674	
	AVC INTERNATIONAL (SAMOA) CO., LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Trade	\$10,157	\$10,157	300	100.00%	\$60,272	(\$1,245)	\$700	
	JADS CORPORATION (HK) LTD.	FLAT/RM 6 16/F WORKINGBOND COMMERCIAL CENTRE 162-164 PRINCE EDWARD RD WEST MONGKOK KL	Trade	\$327	\$327	10	100.00%	\$24,230	\$144	\$9,212	
	ZIMAG TECHNOLOGY CO., INC.	No.2-2, Aly. 98, Ln. 800, Zhongshan S. Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	Manufacture, process and sales of molds and aluminum products	\$45,000	\$45,000	2,700	9.53%	\$42,219	\$17,505	\$1,717	
	AVC INTERNATIONAL CO., LTD. – SAMOA	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Trade	\$32,120	\$32,120	1,000	100.00%	\$274,638	(\$15,063)	(\$15,063)	
	FOSITEK CORP.	8F.-4, No.24, Wuquan 2nd Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	Sales and manufacture of electronic parts, computers and related products	\$99,118	\$99,118	7,524	19.71%	\$196,613	\$116,289	\$22,921	
	HUNG YE INVESTMENT CO., LTD.	7F.-3, No.24, Wuquan 2nd Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	Investment holding	\$60,000	\$60,000	6,000	100.00%	\$5,383	(\$12)	(\$12)	
	D-MAX TECHNOLOGY CO., LTD.	7F.-3, No.24, Wuquan 2nd Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	Sales and manufacture of electronic parts and related products	\$201,035	\$201,035	28,500	100.00%	\$422,691	\$40,160	\$29,227	
	AVC EUROPE TECHNOLOGY GMBH	Bismarckstraße 100 (c/o Regus Mönchengladbach City Center), 41061 Mönchengladbach	Trade	\$9,050	\$9,050	250	100.00%	\$8,472	\$35	\$35	
	AVC TECHNOLOGY (VIETNAM) COMPANY LIMITED	Lot CN05, Dong Van III Supporting Industrial Zone, Dong Van Ward, Duy Tien Town, Ha Nam Province, Vietnam	Sales and manufacture of electronic	\$430,117	\$253,411	—	100.00%	\$428,025	—	—	

(Continued)

ASIA VITAL COMPONENTS CO., LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021
 (Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
 NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE COMPANIES (Not including investment in Mainland China)

TABLE 6-1

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment		Investment as of September 30, 2020			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount			
AVC INTERNATIONAL CO., LTD. – B.V.I.	MACE TECH CORP.	Vistra Corporate Services Centre, Wickhams Cay II Road Town Tortola VG1110 Virgin Islands, British	Trade	\$319,776	\$319,776	11,068	100.00%	\$1,873,770	\$47,806	\$47,806	
	AVC OPTICS CORP.	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.	Investment holding	\$3,128,775	\$3,128,775	100,000	100.00%	\$2,752,108	\$31,656	\$31,656	
CHIHUNG INTERNATIONAL LTD.	TONBRIDGE INVESTMENTS LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investment holding	\$101,772	\$101,772	3,000	100.00%	\$229,098	(\$402)	(\$402)	
HUNG YE INVESTMENT CO., LTD.	KEY APPLICATION TECHNOLOGY CO., LTD.	7F., No.147, Xianzheng 9th Rd., Zhubei City, Hsinchu County 302, Taiwan (R.O.C.)	Sales and manufacture of electronic products	\$15,300	\$15,300	1,115	16.31%	—	(\$2,331)	—	
D-MAX TECHNOLOGY CO., LTD.	WUCHIDA INTERNATIONAL CO., LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investment holding	\$132,004	\$132,004	4,000	100.00%	\$349,509	\$49,519	\$49,519	
WUCHIDA INTERNATIONAL CO., LTD.	D-MAX INTERNATIONAL CO., LIMITED	FLAT/RM6 16F WORKINGBOND COMMERCIAL CENTRE 162-164 PRINCE EDWARD ROAD W MONG KOK KL	Investment holding	\$132,004	\$132,004	4,000	100.00%	\$309,737	\$38,029	\$37,802	
FOSITEK CORP.	MARKETHILL INVESTMENTS LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investment holding	\$390,575	\$390,575	13,200	100.00%	\$862,072	\$117,121	\$118,586	

ASIA VITAL COMPONENTS CO., LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
INFORMATION ON INVESTMENT IN MAINLAND CHINA

TABLE 7

Investor Company	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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2020	Percentage of Ownership (Direct or Indirect Investment)	Profits/Losses of the Investee Company	Share of Profits/Losses	Carrying Amount as of September 30, 2020	Accumulated Inward Remittance of Earnings as of September 30, 2020
						Outflow	Inflow						
ASIA VITAL COMPONENTS CO., LTD	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	Sales and manufacture of computers related products and computer cooling fans	\$642,719	(2) AVC INTERNATIONAL CO., LTD. — B.V.I.	\$642,719	—	—	\$642,719	100.00%	\$34,360	\$34,360	\$2,828,951	—
ASIA VITAL COMPONENTS CO., LTD	FURUKAWA AVC ELECTRONICS (SUZHOU) CO., LTD.	Sales and manufacture of reflow machines, solder paste printers and notebook thermal modules	\$267,247	(2) RAYNEY INTERNATIONAL LTD.	\$54,176	—	—	\$54,176	30.00%	(\$20,603)	(\$6,181)	\$85,233	—
ASIA VITAL COMPONENTS CO., LTD	ASIA VITAL COMPONENTS (SHANGHAI) CO., LTD.	Sales and manufacture of notebook thermal modules	\$200,073	(2) CHIHUNG INTERNATIONAL LTD.	\$101,772	—	—	\$101,772	100.00%	(\$455)	(\$455)	\$227,291	—
ASIA VITAL COMPONENTS CO., LTD	ASIA VITAL COMPONENTS (DONGGUAN) CO., LTD.	Sales and manufacture of computers, electronic products and related parts	\$514,105	(2) AVC INTERNATIONAL CO., LTD. — B.V.I.	\$319,776	—	—	\$319,776	100.00%	\$49,399	\$49,644	\$1,582,824	—
ASIA VITAL COMPONENTS CO., LTD	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	Sales and manufacture of computers related products and computer cooling fans	\$879,291	(2) CHIHUNG INTERNATIONAL LTD.	\$879,291	—	—	\$879,291	100.00%	\$92,327	\$92,327	\$4,346,368	—
ASIA VITAL COMPONENTS CO., LTD	FURUKAWA ELECTRIC (SHENZHEN) CO., LTD.	Sales and manufacture of automobile parts	\$321,060	(2) MERIT TRADING CORPORATION	\$29,088	—	—	\$29,088	9.06%	\$69,665	—	\$84,800	—
ASIA VITAL COMPONENTS CO., LTD	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	Sales and manufacture of computers, related parts and accessories	\$1,055,897	(2) AVC INTERNATIONAL CO., LTD. — B.V.I.	\$1,055,897	—	—	\$1,055,897	100.00%	\$10,530	\$10,530	\$1,380,528	—
D-MAX TECHNOLOGY CO., LTD.	(JIASHAN) D-MAX ELECTRONICS CO., LTD.	Sales and manufacture of electronic and photographic equipment	\$132,004	(2) WUCHIDA INTERNATIONAL CO., LTD.	\$132,004	—	—	\$132,004	100.00%	\$38,029	\$38,029	\$309,619	—
ASIA VITAL COMPONENTS CO., LTD	AVC OPTICS (WUHAN) CORP.	Sales and manufacture of computers related products and computer cooling fans	\$3,128,775	(2) AVC INTERNATIONAL CO., LTD. — B.V.I.	\$3,128,775	—	—	\$3,128,775	100.00%	\$31,656	\$31,656	\$2,752,097	—
FOSITEK CORP.	FIRST DOME CORP TELECOM, LTD.	Sales and manufacture of rails, shafts and metal stamping tooling	\$281,809	(2) MARKETHILL INVESTMENTS LTD.	\$287,809	—	—	\$287,809	100.00%	\$117,127	\$117,127	\$848,910	—

Accumulated Outflow of Investment from Taiwan to Mainland China as of March 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$6,631,307 (US\$215,893,010)	\$6,869,824 (US\$240,750,828)	(Note 3)

Note 1 : The methods for investment in Mainland China are categorized into the following three types. Please specify the type.

- (1) Direct investment in Mainland China.
- (2) Indirectly investment in Mainland China through companies registered in the third area (Please specify the name of the company in third region).
- (3) Others.

Note 2 : The table is expressed in thousands of New Taiwan Dollars.

Note 3 : The Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau, MOEA, the ceiling amount of the investment in Mainland China is not applicable to the Company.

Note 4 : All the above transactions were eliminated on consolidation.

ASIA VITAL COMPONENTS CO., LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021
 (Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
 INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

TABLE 8

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	ASIA VITAL COMPONENTS CO., LTD	AVC INTERNATIONAL (SAMOA) CO., LTD.	1	Purchases	\$2,526,011	General trading terms	24%
0	ASIA VITAL COMPONENTS CO., LTD	AVC INTERNATIONAL (SAMOA) CO., LTD.	1	Accounts payable	\$1,756,378	General trading terms	4%
0	ASIA VITAL COMPONENTS CO., LTD	AVC AMERICA, INC.	1	Sales	\$69,335	General trading terms	1%
0	ASIA VITAL COMPONENTS CO., LTD	AVC AMERICA, INC.	1	Accounts receivable	\$134,397	General trading terms	0%
0	ASIA VITAL COMPONENTS CO., LTD	JADS CORPORATION (HK) LTD.	1	Purchases	\$112,485	General trading terms	1%
0	ASIA VITAL COMPONENTS CO., LTD	JADS CORPORATION (HK) LTD.	1	Accounts payable	\$214,971	General trading terms	1%
0	ASIA VITAL COMPONENTS CO., LTD	MERIT TRADING CORPORATION	1	Purchases	\$1,900,436	General trading terms	18%
0	ASIA VITAL COMPONENTS CO., LTD	MERIT TRADING CORPORATION	1	Accounts payable	\$2,736,458	General trading terms	7%
0	ASIA VITAL COMPONENTS CO., LTD	TONBRIDGE INVESTMENTS LTD.	1	Purchases	\$375,925	General trading terms	4%
0	ASIA VITAL COMPONENTS CO., LTD	TONBRIDGE INVESTMENTS LTD.	1	Accounts payable	\$378,999	General trading terms	1%
0	ASIA VITAL COMPONENTS CO., LTD	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	1	Purchases	\$398,943	General trading terms	4%
0	ASIA VITAL COMPONENTS CO., LTD	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	1	Accounts payable	\$515,993	General trading terms	1%
0	ASIA VITAL COMPONENTS CO., LTD	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	1	Purchases	\$174,582	General trading terms	2%
0	ASIA VITAL COMPONENTS CO., LTD	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	1	Accounts payable	\$318,400	General trading terms	1%
0	ASIA VITAL COMPONENTS CO., LTD	WUCHIDA INTERNATIONAL CO.,LTD.	1	Purchases	\$227,849	General trading terms	2%
0	ASIA VITAL COMPONENTS CO., LTD	WUCHIDA INTERNATIONAL CO.,LTD.	1	Accounts payable	\$146,447	General trading terms	0%

ASIA VITAL COMPONENTS CO., LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021
 (Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
 INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

TABLE 8-1

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
1	AVC INTERNATIONAL (SAMOA) CO., LTD.	AVC OPTICS (WUHAN) CORP.	3	Accounts receivable	\$144,889	General trading terms	0%
1	AVC INTERNATIONAL (SAMOA) CO., LTD.	AVC OPTICS (WUHAN) CORP.	3	Sales	\$112,927	General trading terms	0%
1	AVC INTERNATIONAL (SAMOA) CO., LTD.	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	3	Purchases	\$2,702,771	General trading terms	26%
1	AVC INTERNATIONAL (SAMOA) CO., LTD.	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	3	Accounts payable	\$2,016,044	General trading terms	5%
1	AVC INTERNATIONAL (SAMOA) CO., LTD.	AVC PRECISION, CO., LTD.	3	Other receivable	\$142,675	General trading terms	0%
2	AVC AMERICA, INC.	MERIT TRADING CORPORATION	3	Purchases	\$141,757	General trading terms	1%
3	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	ASIA VITAL COMPONENTS (CHINA) CO., LTD. CO.,LTD.	3	Accounts receivable	\$135,230	General trading terms	0%
4	AVC PRECISION, CO., LTD.	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	3	Sales	\$404,432	General trading terms	4%
4	AVC PRECISION, CO., LTD.	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	3	Accounts receivable	\$207,410	General trading terms	1%
4	AVC PRECISION, CO., LTD.	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	3	Advance sales receipts	\$347,442	General trading terms	1%
4	AVC PRECISION, CO., LTD.	ASIA VITAL COMPONENTS (CHINA) CO., LTD. CO.,LTD.	3	Dividend payable	\$108,576	General trading terms	0%
5	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	AVC OPTICS (WUHAN) CORP.	3	Accounts payable	\$109,101	General trading terms	0%
5	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	ASIA VITAL COMPONENTS (CHENGDU) CO.,LTD.	3	Accounts payable	\$135,330	General trading terms	0%
5	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	JADS CORPORATION (HK) LTD.	3	Sales	\$126,029	General trading terms	1%
5	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	JADS CORPORATION (HK) LTD.	3	Accounts receivable	\$230,602	General trading terms	1%
5	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	FIRST DOME CORP TELECOM.,LTD.	3	Purchases	\$886,609	General trading terms	8%
5	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	FIRST DOME CORP TELECOM.,LTD.	3	Accounts payable	\$440,986	General trading terms	1%
6	AVC OPTICS (WUHAN) CORP.	TONBRIDGE INVESTMENTS LTD.	3	Accounts receivable	\$479,660	General trading terms	1%
6	AVC OPTICS (WUHAN) CORP.	TONBRIDGE INVESTMENTS LTD.	3	Sales	\$410,601	General trading terms	4%
7	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	MERIT TRADING CORPORATION	3	Accounts receivable	\$2,902,963	General trading terms	7%
7	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	MERIT TRADING CORPORATION	3	Sales	\$2,085,453	General trading terms	20%
8	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	MACE TECH CORP.	3	Accounts payable	\$138,357	General trading terms	0%

Note 1 : The parent company and its subsidiaries are coded as follows:

No.1. The parent company is coded "0".

No.2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2 : Transactions are categorized as follows:

No.1. Transactions from parent company to a subsidiary.

No.2. Transactions from subsidiary to the parent company.

No.3. Transactions between subsidiaries.

Note 3 : Regarding the percentage of transaction amount to consolidated net revenue or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items;

and based on interim accumulated amount to consolidated net revenue for income statement items.

ASIA VITAL COMPONENTS CO. , LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

Information of major shareholders

TABLE 9

Name	Number of shares (thousand)	Percentage of ownership
FURUKAWA ELECTRIC CO., LTD.	52,944,693	14.98%
The new labor pension fund of discretionary Cathay Pacific Investment account for the second time in 2018.	22,689,500	6.42%

Note 1 : The main shareholder information in this form is calculated by the collection company, on the last business day of each quarter, that the total information of the common shares and special shares held by shareholders of the company that have completed the non-entity login delivery (including the storage shares) of the company amounts to more than 5%. As for the share capital recorded in the Company's financial report and the number of unregistered shares actually completed by the Company, there may be differences or differences due to the basis for the calculation of the company.

Note 2 : The opening of the information, if the shareholders will share the shares to the trust, is disclosed to the trustees to open a trust account of the individual sub-accounts. As for the shareholders to handle the internal ownership declaration of more than 10% of the shares in accordance with the Securities Exchange Act, the shareholding of the shareholders includes their own shareholding plus their delivery of the trust and the use of decision-making rights for the trust property, etc., the relevant insider equity declaration information can be found in the Market Observation Post System.