

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2021 AND 2020
(Stock Code : 2467)

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR 21000027

(In Thousands of New Taiwan Dollars)

To the Board of Directors and Shareholders of C SUN MFG. LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of C SUN MFG. LTD. and subsidiaries as at March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" in 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 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 explained in Note 4(3), the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Those statements reflect total assets of \$472,601 and \$393,701, constituting 6.40% and 6.46% of the consolidated total assets, and total liabilities of \$46,200 and \$57,774, constituting 1.02% and 1.64% of the consolidated total liabilities as at March 31, 2021 and 2020, respectively, and total comprehensive income of (\$33,301) and (\$26,725), constituting (17.47%) and 37.59% of the consolidated total comprehensive income for the three-month periods then ended,

respectively. Additionally, as described in Note 6(6), investments accounted for using equity method were based on the financial statements of the same reporting period which were not reviewed by independent auditors. The balance of these investments accounted for using the equity method amounted to \$952,833 and \$60,973 as at March 31, 2021 and 2020, respectively, and the comprehensive income recognized from associates accounted for using the equity method amounted to \$17,948 and (\$2,356), constituting 9.41% and 3.31% of the consolidated total comprehensive income for the three-month periods then ended, respectively.

Qualified Conclusion

Expect for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for under equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of C SUN MFG. LTD. and subsidiaries as of March 31, 2021 and 2020, and of its consolidated financial performance and cash flows for the three-month periods then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Li, Tien-Yi

Tsang, Kwok-Wah

For and on behalf of PricewaterhouseCoopers, Taiwan

April 29, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2021, DECEMBER 31, 2020 AND MARCH 31, 2020
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2021 and 2020 are reviewed, not audited)

Assets	Notes	March 31, 2021		December 31, 2020		March 31, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,842,050	25	\$ 1,621,979	24	\$ 1,317,895	22
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		84,022	1	126,366	2	28,819	-
1120	Current financial assets at fair	6(3)						
	value through other comprehensive							
	income		140	-	1,555	-	11,230	-
1150	Notes receivable, net	6(4)	43,769	1	35,213	1	41,647	1
1170	Accounts receivable, net	6(4) and 7	1,873,745	25	1,944,329	29	2,024,335	33
1200	Other receivables	7	31,365	1	11,505	-	25,511	-
130X	Inventories	6(5)	1,292,562	18	953,758	14	679,515	11
1410	Prepayments		100,613	1	81,478	1	76,025	1
1470	Other current assets	8	95,577	1	7,019	-	36,293	1
11XX	Current Assets		<u>5,363,843</u>	<u>73</u>	<u>4,783,202</u>	<u>71</u>	<u>4,241,270</u>	<u>69</u>
Non-current assets								
1517	Non-current financial assets at fair	6(3)						
	value through other comprehensive							
	income		115,186	1	114,638	2	175,609	3
1550	Investments accounted for under	6(6)						
	equity method		952,833	13	892,322	13	654,821	11
1600	Property, plant and equipment	6(7) and 8	698,170	9	709,219	10	740,914	12
1755	Right-of-use assets	6(8)	60,061	1	64,558	1	75,953	1
1780	Intangible assets	6(10)	50,183	1	51,373	1	55,166	1
1840	Deferred income tax assets	6(28)	128,402	2	120,294	2	153,927	3
1900	Other non-current assets	8	17,334	-	15,195	-	14,417	-
15XX	Non-current assets		<u>2,022,169</u>	<u>27</u>	<u>1,967,599</u>	<u>29</u>	<u>1,870,807</u>	<u>31</u>
1XXX	Total assets		<u>\$ 7,386,012</u>	<u>100</u>	<u>\$ 6,750,801</u>	<u>100</u>	<u>\$ 6,112,077</u>	<u>100</u>

(Continued)

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2021, DECEMBER 31, 2020 AND MARCH 31, 2020
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2021 and 2020 are reviewed, not audited)

Liabilities and Equity	Notes	March 31, 2021		December 31, 2020		March 31, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 674,606	9	\$ 570,600	8	\$ 841,592	14
2120	Current financial liabilities at fair value through profit or loss	6(12)	4,894	-	166	-	444	-
2130	Current contract liabilities	6(21)	647,101	9	560,006	8	229,778	4
2150	Notes payable		66,761	1	67,232	1	34,492	-
2170	Accounts payable	6(13)	1,354,497	18	1,074,758	16	736,770	12
2180	Accounts payable - related parties	7	7,169	-	11,447	-	3,519	-
2200	Other payables	6(14)	552,639	7	615,136	9	515,041	8
2230	Current income tax liabilities		67,282	1	43,216	1	41,860	1
2280	Current lease liabilities		6,122	-	10,428	-	24,316	-
2300	Other current liabilities	6(15)	333,344	5	325,969	5	34,037	1
21XX	Current Liabilities		<u>3,714,415</u>	<u>50</u>	<u>3,278,958</u>	<u>48</u>	<u>2,461,849</u>	<u>40</u>
Non-current liabilities								
2540	Long-term borrowings	6(15)	432,000	6	432,000	7	700,000	12
2570	Deferred income tax liabilities	6(28)	341,904	5	330,973	5	330,872	5
2580	Non-current lease liabilities		4,763	-	4,474	-	2,352	-
2600	Other non-current liabilities	6(16)	19,773	-	21,904	-	37,779	1
25XX	Non-current liabilities		<u>798,440</u>	<u>11</u>	<u>789,351</u>	<u>12</u>	<u>1,071,003</u>	<u>18</u>
2XXX	Total Liabilities		<u>4,512,855</u>	<u>61</u>	<u>4,068,309</u>	<u>60</u>	<u>3,532,852</u>	<u>58</u>
Equity attributable to owners of parent								
	Share capital	6(17)						
3110	Share capital - common stock		1,492,055	20	1,492,055	22	1,492,055	24
	Capital surplus	6(18)						
3200	Capital surplus		232,800	3	232,800	3	232,800	4
	Retained earnings	6(19)						
3310	Legal reserve		227,431	3	227,431	3	200,300	3
3320	Special reserve		51,901	1	51,901	1	51,901	1
3350	Unappropriated retained earnings		785,018	11	611,356	9	638,765	11
	Other equity interest	6(20)						
3400	Other equity interest		(103,783)	(2)	(105,878)	(1)	(182,792)	(3)
31XX	Equity attributable to owners of the parent		<u>2,685,422</u>	<u>36</u>	<u>2,509,665</u>	<u>37</u>	<u>2,433,029</u>	<u>40</u>
36XX	Non-controlling interest		<u>187,735</u>	<u>3</u>	<u>172,827</u>	<u>3</u>	<u>146,196</u>	<u>2</u>
3XXX	Total equity		<u>2,873,157</u>	<u>39</u>	<u>2,682,492</u>	<u>40</u>	<u>2,579,225</u>	<u>42</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 7,386,012</u>	<u>100</u>	<u>\$ 6,750,801</u>	<u>100</u>	<u>\$ 6,112,077</u>	<u>100</u>

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

	Items	Notes	Three-months period ended March 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(21) and 7	\$ 1,383,698	100	\$ 765,267	100
5000	Operating costs	6(5)	(912,295)	(66)	(378,924)	(50)
5900	Net operating margin		471,403	34	386,343	50
	Operating expenses	6(26)(27)				
6100	Selling expenses		(132,564)	(10)	(104,456)	(14)
6200	General and administrative expenses		(62,336)	(5)	(54,955)	(7)
6300	Research and development expenses		(58,726)	(4)	(47,560)	(6)
6450	Expected credit losses		(32,383)	(2)	(93,019)	(12)
6000	Total operating expenses		(286,009)	(21)	(299,990)	(39)
6900	Operating loss		185,394	13	86,353	11
	Non-operating income and expenses					
7100	Interest income	6(22)	5,853	-	6,143	1
7010	Other income	6(23)	7,562	1	2,596	-
7020	Other gains and losses	6(24)	(4,241)	-	16,132	2
7050	Finance costs	6(25)	(3,807)	-	(7,210)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for under equity method		17,948	1	(2,356)	-
7000	Total non-operating income and expenses		23,315	2	15,305	2
7900	Profit before income tax		208,709	15	101,658	13
7950	Income tax expense	6(28)	(42,005)	(3)	(8,416)	(1)
8200	Profit for the period		\$ 166,704	12	\$ 93,242	12

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C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

Items	Notes	Three-months period ended March 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	6(20)			
			\$ 34,776	3	(\$ 153,151) (20)
8310	Components of other comprehensive income that will not be reclassified to profit or loss		34,776	3	(153,151) (20)
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(20)	(12,816)	(1)	(13,462) (2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(28)	2,001	-	2,276 1
8360	Components of other comprehensive income that will be reclassified to profit or loss		(10,815)	(1)	(11,186) (1)
8300	Other comprehensive income (loss) for the period		\$ 23,961	2	(\$ 164,337) (21)
8500	Total comprehensive income (loss) for the period		\$ 190,665	14	(\$ 71,095) (9)
Profit, attributable to:					
8610	Owners of the parent		\$ 150,804	11	\$ 83,678 11
8620	Non-controlling interest		15,900	1	9,564 1
	Profit of the period		\$ 166,704	12	\$ 93,242 12
Comprehensive income (loss) attributable to:					
8710	Owners of the parent		\$ 175,757	13	(\$ 79,531) (10)
8720	Non-controlling interest		14,908	1	8,436 1
	Total comprehensive income (loss) for the period		\$ 190,665	14	(\$ 71,095) (9)
Basic earnings per share					
9750	Total basic earnings per share	6(29)	\$ 1.01		\$ 0.56
Diluted earnings per share					
9850	Total diluted earnings per share	6(29)	\$ 1.01		\$ 0.56

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Equity attributable to owners of the parent												
	Retained earnings					Other equity interest						
Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other	Treasury shares	Total	Non-controlling interest	Total equity
<u>2020</u>												
Balance at January 1, 2020	\$ 1,492,055	\$ 232,800	\$ 200,300	\$ 51,901	\$ 545,951	(\$ 160,813)	\$ 149,836	\$ 530	\$ -	\$ 2,512,560	\$ 137,760	\$ 2,650,320
Profit for the period	-	-	-	-	83,678	-	-	-	-	83,678	9,564	93,242
Other comprehensive loss for the period	6(20) -	-	-	-	-	(10,058)	(153,151)	-	-	(163,209)	(1,128)	(164,337)
Total comprehensive (loss) income	-	-	-	-	83,678	(10,058)	(153,151)	-	-	(79,531)	8,436	(71,095)
Disposal of equity instruments at fair value through other comprehensive income	6(20) -	-	-	-	9,136	-	(9,136)	-	-	-	-	-
Balance at March 31, 2020	\$ 1,492,055	\$ 232,800	\$ 200,300	\$ 51,901	\$ 638,765	(\$ 170,871)	(\$ 12,451)	\$ 530	\$ -	\$ 2,433,029	\$ 146,196	\$ 2,579,225
<u>2021</u>												
Balance at January 1, 2021	\$ 1,492,055	\$ 232,800	\$ 227,431	\$ 51,901	\$ 611,356	(\$ 135,531)	\$ 29,123	\$ 530	\$ -	\$ 2,509,665	\$ 172,827	\$ 2,682,492
Profit for the period	-	-	-	-	150,804	-	-	-	-	150,804	15,900	166,704
Other comprehensive (loss) income for the period	6(20) -	-	-	-	-	(9,823)	34,776	-	-	24,953	(992)	23,961
Total comprehensive (loss) income	-	-	-	-	150,804	(9,823)	34,776	-	-	175,757	14,908	190,665
Disposal of equity instruments at fair value through other comprehensive income	6(20) -	-	-	-	22,858	-	(22,858)	-	-	-	-	-
Balance at March 31, 2021	\$ 1,492,055	\$ 232,800	\$ 227,431	\$ 51,901	\$ 785,018	(\$ 145,354)	\$ 41,041	\$ 530	\$ -	\$ 2,685,422	\$ 187,735	\$ 2,873,157

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three-month period ended March 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 208,709	\$ 101,658
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(26)	22,318	24,215
Amortization	6(26)	1,321	1,620
Expected credit impairment loss	12(2)	32,383	93,019
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(24)	2,718	(11,046)
Interest expense	6(25)	3,807	7,210
Interest income	6(22)	(5,853)	(6,143)
Profit on investments accounted for under the equity method		(17,948)	2,356
Loss on disposal of property, plant and equipment, net	6(24)	526	69
Gain on disposal of financial assets	6(24)	(1,400)	(686)
Impairment loss from non – financial assets	6(24)	328	324
Changes in operating assets and liabilities			
Changes in operating assets			
Proceeds from disposal of financial assets at fair value through profit or loss		45,586	69,151
Notes receivable		(8,558)	29
Accounts receivable		38,911	345,617
Other receivable		(19,935)	1,988
Inventories		(340,937)	(96,576)
Prepayments		(19,135)	(19,383)
Other current assets		(1,717)	(31,403)
Changes in operating liabilities			
Notes payable		(471)	(25,802)
Accounts payable		277,941	(21,839)
Other payables		(62,224)	(50,302)
Current contract liabilities		87,095	110,535
Other current liabilities		7,375	10,178
Accrued pension liabilities		(2,206)	11,588
Cash inflow generated from operations		248,634	516,377
Interest paid		(2,740)	(7,781)
Income tax paid		(16,302)	(1,747)
Net cash flows from operating activities		<u>229,592</u>	<u>506,849</u>

(Continued)

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three-month period ended March 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 11,172)	(\$ 21,421)
Proceeds from disposal of financial assets at fair value through other comprehensive income		1,472	467
Acquisition of property, plant, and equipment	6(30)	(7,641)	(5,841)
Proceeds from disposal of property, plant and equipment		123	28
Acquisition of intangible assets		(258)	(754)
Refundable deposits refunded		(2,035)	(175)
(Increase) decrease in other financial assets		(86,840)	5
(Increase) decrease in other non-current assets		(104)	646
Interest received		5,928	7,228
Net cash flows used in investing activities		(100,527)	(19,817)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(31)	807,770	1,664,576
Repayment of short-term borrowings	6(31)	(703,764)	(1,770,944)
Increase in long-term borrowings	6(31)	-	150,000
Repayment of long-term borrowings	6(31)	-	(300,000)
Increase in guarantee deposits received	6(31)	75	200
Repayment of principal portion of lease liabilities	6(31)	(6,200)	(7,160)
Net cash flows from (used in) financing activities		97,881	(263,328)
Effect of exchange rate		(6,875)	(11,331)
Net increase in cash and cash equivalents		220,071	212,373
Cash and cash equivalents at beginning of period	6(1)	1,621,979	1,105,522
Cash and cash equivalents at end of period	6(1)	\$ 1,842,050	\$ 1,317,895

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

C SUN MFG. LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(Unaudited)

1. HISTORY AND ORGANIZATION

C SUN MFG. LTD. (the “Company”) was incorporated in April, 1978. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in electronics, semiconductors, liquid crystal displays (LCD), printed circuit boards, textiles, plastics, rubber, printing, chemical industry, aerospace and other industrial box ovens, tunnel ovens, UV drying equipment, UV exposure equipment, automatic equipment, plasma generator (PRS series), automatic system integration technology, research, development, related parts manufacturing, maintenance, sales, import and export business of the aforementioned products.

In September, 2001, the Company’s shares were listed on the Taiwan Stock Exchange (TWSE).

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorized for issuance by the Board of Directors on April 29, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment:proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

(2) Basis of preparation

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

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

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

A. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

Basis for preparation of consolidated financial statements is consistent with the 2020 consolidated financial statements.

(Blank below)

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Note
			March 31, 2021	December 31, 2020	March 31, 2020	
C SUN MFG. LTD.	C Sun (B.V.I.) Ltd.	Holding company	100%	100%	100%	Note
C SUN MFG. LTD.	K Sun (Samoa) Ltd.	Holding company	100%	100%	100%	Note
C SUN MFG. LTD.	Wat Sun. Intelligent Technology Co., Ltd.	Manufacturing and Selling	100%	100%	100%	
C SUN MFG. LTD.	Abcon Technology Inc.	Manufacturing and Selling	66.67%	66.67%	66.67%	Note
C Sun (B.V.I.) Ltd.	Csun Technology (Guangzhou) Co., Ltd.	Manufacturing and Selling	100%	100%	100%	
C Sun (B.V.I.) Ltd.	Alpha Joint Ltd.	Holding company	100%	100%	100%	Note
C Sun (B.V.I.) Ltd.	Power Ever Enterprises Limited	Holding company	77.47%	77.47%	77.47%	Note
Power Ever Enterprises Limited	Good Team International Enterprises Limited	Holding company	100%	100%	100%	Note
Good Team International Enterprises Limited	Suzhou Top Creation Machines Co., Ltd.	Manufacturing and Selling	100%	100%	100%	
Suzhou Top Creation Machines Co., Ltd.	Top Creation Machines CO., Ltd.	Manufacturing and Selling	100%	100%	100%	Note
Csun Technology (Guangzhou) Co., Ltd.	Guangzhou Y SUN Machinery Tech. Co., Ltd.	Manufacturing and Selling	100%	100%	100%	Note
Csun Technology (Guangzhou) Co., Ltd.	Jiangsu Chunag Gao Xin Materials Technology Co., Ltd.	Manufacturing and Selling	100%	100%	100%	Note

Note: As these subsidiaries did not meet the definition of significant subsidiaries, the financial statements as of March 31, 2021 and 2020 were not reviewed by independent auditors.

- C. Subsidiaries not included in the consolidated financial statements: None.
D. Adjustments for subsidiaries with different balance sheet dates: None.
E. Significant restrictions: None.
F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Income tax

The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

There have been no significant changes as of March 31, 2021. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2020.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Cash on hand and revolving funds	\$ 3,113	\$ 2,805	\$ 2,904
Checking accounts and demand deposits	1,669,168	1,483,412	1,313,074
Time deposits	<u>169,769</u>	<u>135,762</u>	<u>1,917</u>
Total	<u>\$ 1,842,050</u>	<u>\$ 1,621,979</u>	<u>\$ 1,317,895</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Information about cash and cash equivalents that were pledged to others as collateral and classified as other current assets is provided in Note 8.

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

<u>Items</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 81,341	\$ 124,940	\$ 24,192
Derivatives	<u>-</u>	<u>705</u>	<u>3,684</u>
	81,341	125,645	27,876
Valuation adjustment	<u>2,681</u>	<u>721</u>	<u>943</u>
Total	<u>\$ 84,022</u>	<u>\$ 126,366</u>	<u>\$ 28,819</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 864	\$ 11,282

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

March 31, 2021: None.

	December 31, 2020		March 31, 2020	
	Contract amount (notional principal) (in thousands)	Contract period	Contract amount (notional principal) (in thousands)	Contract period
Derivative financial instruments				
Current items:				
Forward foreign exchange contracts	CNY 10,000	2020/12-2021/2	USD 14,100	2020/4
	USD 1,000	2020/12-2021/3	-	-

Foreign exchange swap contracts

The Group entered into foreign exchange swap contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations. However, these foreign exchange contracts are not accounted for under hedge accounting.

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

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

Items	March 31, 2021	December 31, 2020	March 31, 2020
Current items:			
Equity instruments			
Listed stocks	\$ 106	\$ 1,272	\$ 18,964
Valuation adjustment	34	283	(7,734)
Total	\$ 140	\$ 1,555	\$ 11,230
Non-current items:			
Equity instruments			
Listed stocks	\$ -	\$ -	\$ 63,146
Emerging stocks	27,228	27,228	25,634
Unlisted stocks	70,015	74,814	98,243
	97,243	102,042	187,023
Valuation adjustment	17,943	12,596	(11,414)
Total	\$ 115,186	\$ 114,638	\$ 175,609

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$115,326, \$116,193 and \$186,839 as at March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 34,776	(\$ 153,151)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	(\$ 22,858)	(\$ 9,136)

C. As at March 31, 2021, December 31, 2020 and March 31, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$115,326, \$116,193 and \$186,839, respectively.

D. On March 31, 2020, the Group increased its shareholding ratio in Gallant Precision Machining Co., Ltd. whose shares were held by the Group to 20.15% and has significant impact over the company, thus, the investment was transferred from “financial assets at fair value through other comprehensive income” to “investments accounted for using equity method”.

E. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Notes and accounts receivable

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Notes receivable	\$ 43,794	\$ 35,236	\$ 41,712
Less: Allowance for uncollectible accounts	(25)	(23)	(65)
	<u>\$ 43,769</u>	<u>\$ 35,213</u>	<u>\$ 41,647</u>
Accounts receivable	\$ 2,133,226	\$ 2,170,212	\$ 2,136,487
Less: Allowance for uncollectible accounts	(259,481)	(225,883)	(112,152)
	<u>\$ 1,873,745</u>	<u>\$ 1,944,329</u>	<u>\$ 2,024,335</u>
Overdue receivable (shown as other non-current assets)	\$ 67,396	\$ 69,321	\$ 249,837
Less: Allowance for uncollectible accounts	(67,396)	(69,321)	(249,837)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>March 31, 2021</u>		<u>December 31, 2020</u>	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due to 60 days	\$ 2,003,152	\$ 43,794	\$ 2,065,346	\$ 35,236
61 to 120 days	52,541	-	62,647	-
121 to 180 days	8,357	-	2,208	-
Over 180 days	69,176	-	40,011	-
	<u>\$ 2,133,226</u>	<u>\$ 43,794</u>	<u>\$ 2,170,212</u>	<u>\$ 35,236</u>
			<u>March 31, 2020</u>	
			Accounts receivable	Notes receivable
Not past due to 60 days			\$ 2,073,168	\$ 41,712
61 to 120 days			21,155	-
121 to 180 days			9,218	-
Over 180 days			32,946	-
			<u>\$ 2,136,487</u>	<u>\$ 41,712</u>

The above ageing analysis was based on past due date.

B. As of March 31, 2021, December 31, 2020 and March 31, 2020, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2020, the balance of receivables from contracts with customers amounted to \$2,632,338.

C. The Group has no notes and accounts receivable pledged to others as collateral.

D. As at March 31, 2021, December 31, 2020 and March 31, 2020, without taking into account any

collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$43,769, \$35,213 and \$41,647; \$1,873,745, \$1,944,329 and \$2,024,335, respectively.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	March 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 325,224	(\$ 129,068)	\$ 196,156
Work in progress	704,766	(98,966)	605,800
Finished goods	575,255	(84,649)	490,606
Total	<u>\$ 1,605,245</u>	<u>(\$ 312,683)</u>	<u>\$ 1,292,562</u>
	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 240,334	(\$ 135,650)	\$ 104,684
Work in progress	610,241	(85,535)	524,706
Finished goods	425,091	(100,723)	324,368
Total	<u>\$ 1,275,666</u>	<u>(\$ 321,908)</u>	<u>\$ 953,758</u>
	March 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 330,712	(\$ 170,879)	\$ 159,833
Work in progress	440,604	(144,756)	295,848
Finished goods	343,588	(119,754)	223,834
Total	<u>\$ 1,114,904</u>	<u>(\$ 435,389)</u>	<u>\$ 679,515</u>

The cost of inventories recognised as expense for the period:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Cost of goods sold and others	\$ 921,520	\$ 480,369
Gain on reversal of decline in market value	(9,225)	(101,445)
Total	<u>\$ 912,295</u>	<u>\$ 378,924</u>

For the three-month periods ended March 31, 2021 and 2020, the Group reversed an inventory write-down and accounted for as reduction of cost of goods sold because inventory that has been appropriated as loss on decline in market value was partially sold.

(6) Investments accounted for using equity method

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Associates:			
Gallant Precision Machining Co., Ltd.	\$ 754,609	\$ 734,188	\$ 593,848
Gallant Micro. Machining Co., Ltd.	86,814	86,153	-
Alpha-Cure Asia Co.,Ltd.	72,747	71,981	60,973
Viewmove Technologies, Inc.	38,663	-	-
	<u>\$ 952,833</u>	<u>\$ 892,322</u>	<u>\$ 654,821</u>

A. Associates

(a) The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio			Nature of relationship	Methods of measurement
		March 31,	December 31,	March 31,		
		2021	2020	2020		
Gallant Precision Machining Co., Ltd.	Taiwan	23.94%	23.94%	20.15%	Business strategy	Equity method
Gallant Micro. Machining Co., Ltd.	Taiwan	20.10% (Note 1)	20.10% (Note 1)	-	Business strategy	Equity method
Alpha-Cure Asia Co.,Ltd.	China	25.00%	25.00%	25.00%	Business strategy	Equity method
Viewmove Technologies, Inc.	Taiwan	20.70% (Note 2)	14.70%	14.70%	Business strategy	Equity method

Note 1: The shares of Gallant Micro. Machining Co., Ltd. held by the Company were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Company's comprehensive shareholding ratio was 20.1%, of which 6.41% of Gallant Micro. Machining Co., Ltd.'s shares was directly held by the Company and 13.69% was indirectly held through the associate.

Note 2: On February 1, 2021, the Group increased the accumulated shareholding of ViewMove Technologies, Inc. whose shares were directly held by the Group and has significant impact on it, thus, the investment was transferred from "financial assets at fair value through other comprehensive income" to "investments accounted for using equity method".

(b) The summarised financial information of the associates that are material to the Group is as follows:

Balance sheet

	Gallant Precision Machining Co., Ltd.		
	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 5,047,247	\$ 4,797,281	\$ 4,966,194
Non-current assets	1,531,864	1,298,789	1,155,304
Current liabilities	(3,357,161)	(2,902,762)	(2,574,102)
Non-current liabilities	(522,125)	(521,349)	(809,325)
Total net assets	<u>\$ 2,699,825</u>	<u>\$ 2,671,959</u>	<u>\$ 2,738,071</u>
Share in associate's net assets	\$ 546,682	\$ 530,802	\$ 465,534
Goodwill	188,012	188,012	128,314
Other	19,915	15,374	-
Carrying amount of the associate	<u>\$ 754,609</u>	<u>\$ 734,188</u>	<u>\$ 593,848</u>

	Gallant Micro Machining Co., Ltd.	
	March 31, 2021	December 31, 2020
Current assets	\$ 1,485,062	\$ 1,364,254
Non-current assets	656,614	587,931
Current liabilities	(966,720)	(732,326)
Non-current liabilities	(268,982)	(264,964)
Total net assets	<u>\$ 905,974</u>	<u>\$ 954,895</u>
Share in associate's net assets	\$ 57,034	\$ 60,192
Goodwill	25,961	25,961
Other	3,819	-
Carrying amount of the associate	<u>\$ 86,814</u>	<u>\$ 86,153</u>

Statement of comprehensive income

	Gallant Precision Machining Co., Ltd.	
	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Revenue	\$ 1,065,313	\$ 638,643
Profit or loss for the period from continuing operations	\$ 67,051	(\$ 28,036)
Loss for the period from discontinued operations	-	-
Other comprehensive income (loss), net of tax	20,608	(24,051)
Total comprehensive income (loss)	\$ 87,659	(\$ 52,087)
Dividends received from associates	\$ -	\$ -
		Gallant Micro Machining Co., For the three-month period ended March 31, 2021
Revenue		\$ 249,283
Profit for the period from continuing operations		\$ 6,482
Loss for the period from discontinued operations		-
Other comprehensive income, net of tax		4,388
Total comprehensive income		\$ 10,870
Dividends received from associates		\$ -

(c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of March 31, 2021, December 31, 2020 and March 31, 2020, the carrying amount of the Group's individually immaterial associates amounted to \$111,410, \$71,981 and \$60,973, respectively.

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Profit or loss for the period from continuing operations	\$ 2,040	(\$ 9,425)
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income (loss)	<u>\$ 2,040</u>	<u>(\$ 9,425)</u>

- (d) The Group's material associate Gallant Precision Machining Co., Ltd. has a quoted market price. As of March 31, 2021, December 31, 2020 and March 31, 2020, the fair value were \$1,765,364, \$1,654,658 and \$578,878, respectively.
- (e) The Group's material associate Gallant Micro Machining Co., Ltd. has a quoted market price. As of March 31, 2021, December 31, 2020 and March 31, 2020, the fair values were \$137,531, \$106,908 and \$69,218, respectively.
- (f) The Group is the single largest shareholder of Gallant Precision Machining Co., Ltd. with a 23.94% equity interest. Given that the key management of the Company and Gallant Precision Machining Co., Ltd. is not the same and the remaining shares are widely held, which indicates that the Group has no current ability to direct the relevant activities of Gallant Precision Machining Co., Ltd., the Group has no control, but only has significant influence, over the investee.

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(7) Property, plant and equipment

2021

	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1								
Cost	\$ 174,128	\$ 642,066	\$ 122,697	\$ 108,383	\$ 30,521	\$ 177,480	\$ 3,388	\$ 1,258,663
Accumulated depreciation	-	(215,894)	(99,839)	(78,506)	(25,892)	(129,313)	-	(549,444)
	<u>\$ 174,128</u>	<u>\$ 426,172</u>	<u>\$ 22,858</u>	<u>\$ 29,877</u>	<u>\$ 4,629</u>	<u>\$ 48,167</u>	<u>\$ 3,388</u>	<u>\$ 709,219</u>
Opening net book amount	\$ 174,128	\$ 426,172	\$ 22,858	\$ 29,877	\$ 4,629	\$ 48,167	\$ 3,388	\$ 709,219
Additions	-	138	365	2,061	2,205	962	1,637	7,368
Disposals	-	-	(405)	(242)	(2)	-	-	(649)
Reclassifications(Note)	-	-	-	280	-	-	(896)	(616)
Depreciation charge	-	(5,579)	(1,656)	(3,219)	(511)	(5,032)	-	(15,997)
Net exchange differences	-	(824)	(100)	(47)	(20)	(164)	-	(1,155)
Closing net book amount	<u>\$ 174,128</u>	<u>\$ 419,907</u>	<u>\$ 21,062</u>	<u>\$ 28,710</u>	<u>\$ 6,301</u>	<u>\$ 43,933</u>	<u>\$ 4,129</u>	<u>\$ 698,170</u>
At March 31								
Cost	\$ 174,128	\$ 640,869	\$ 118,659	\$ 107,985	\$ 32,588	\$ 177,556	\$ 4,129	1,255,914
Accumulated depreciation	-	(220,962)	(97,597)	(79,275)	(26,287)	(133,623)	-	(557,744)
	<u>\$ 174,128</u>	<u>\$ 419,907</u>	<u>\$ 21,062</u>	<u>\$ 28,710</u>	<u>\$ 6,301</u>	<u>\$ 43,933</u>	<u>\$ 4,129</u>	<u>\$ 698,170</u>

Note : It refers to construction in progress and prepayment for equipment transferred to office equipment amounting to \$280, and intangible assets amounting to \$616.

2020

	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1								
Cost	\$ 174,128	\$ 622,805	\$ 121,824	\$ 92,862	\$ 30,846	\$ 171,935	\$ 24,147	\$ 1,238,547
Accumulated depreciation	-	(191,283)	(93,026)	(66,363)	(23,856)	(108,768)	-	(483,296)
	<u>\$ 174,128</u>	<u>\$ 431,522</u>	<u>\$ 28,798</u>	<u>\$ 26,499</u>	<u>\$ 6,990</u>	<u>\$ 63,167</u>	<u>\$ 24,147</u>	<u>\$ 755,251</u>
Opening net book amount	\$ 174,128	\$ 431,522	\$ 28,798	\$ 26,499	\$ 6,990	\$ 63,167	\$ 24,147	\$ 755,251
Additions	-	2,095	-	982	-	1,880	230	5,187
Disposals	-	-	(91)	(6)	-	-	-	(97)
Reclassifications	-	11,531	-	5,002	-	-	(17,390)	(857)
Depreciation charge	-	(5,811)	(1,797)	(3,265)	(728)	(5,062)	-	(16,663)
Net exchange differences	-	(1,214)	(174)	(83)	(41)	(395)	-	(1,907)
Closing net book amount	<u>\$ 174,128</u>	<u>\$ 438,123</u>	<u>\$ 26,736</u>	<u>\$ 29,129</u>	<u>\$ 6,221</u>	<u>\$ 59,590</u>	<u>\$ 6,987</u>	<u>\$ 740,914</u>
At March 31								
Cost	\$ 174,128	\$ 634,561	\$ 120,702	\$ 98,435	\$ 30,677	\$ 171,688	\$ 6,987	\$ 1,237,178
Accumulated depreciation	-	(196,438)	(93,966)	(69,306)	(24,456)	(112,098)	-	(496,264)
	<u>\$ 174,128</u>	<u>\$ 438,123</u>	<u>\$ 26,736</u>	<u>\$ 29,129</u>	<u>\$ 6,221</u>	<u>\$ 59,590</u>	<u>\$ 6,987</u>	<u>\$ 740,914</u>

Note : It refers to construction in progress and prepayment for equipment transferred to buildings and structures amounting to \$11,531, office equipment amounting to \$5,002, and software amounting to \$857.

- A. There were no borrowing costs capitalized as part of property, plant and equipment for the three-month periods ended March 31, 2021 and 2020, respectively.
- B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(8) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings, multifunction printers, business vehicles. Land contract is typically made for periods of 26 to 50 years and other rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise business vehicles, which were excluded from the right-of-use assets.
- C. The carrying amount of the depreciation charge are as follows:

	Carrying amount		
	March 31, 2021	December 31, 2020	March 31, 2020
Land	\$ 49,387	\$ 50,016	\$ 49,978
Buildings	2,316	6,893	21,683
Transportation equipment (Business vehicles)	8,033	7,114	3,120
Office equipment (Photocopiers)	325	535	1,172
	<u>\$ 60,061</u>	<u>\$ 64,558</u>	<u>\$ 75,953</u>

	Depreciation charge	
	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Land	\$ 375	\$ 369
Buildings	4,584	5,632
Transportation equipment (Business vehicles)	1,153	1,318
Office equipment (Photocopiers)	209	233
	<u>\$ 6,321</u>	<u>\$ 7,552</u>

- D. For the three-month periods ended March 31, 2021 and 2020, the additions to right-of-use assets were \$2,063 and \$0, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 63	\$ 321
Expense on short-term lease contracts	194	716
Expense on leases of low-value assets	12	49

F. For the three-month periods ended March 31, 2021 and 2020, the Group's total cash outflow for leases were \$6,469 and \$8,246, respectively.

(9) Leasing arrangements – lessor

- A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 6 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.
- B. For the three-month periods ended March 31, 2021 and 2020, the Group recognised rent income in the amounts of \$3,137 and \$1,653, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	<u>March 31, 2021</u>		<u>December 31, 2020</u>		<u>March 31, 2020</u>
2021	\$ 8,939	2021	\$ 11,273	2020	\$ 8,523
2022	12,221	2022	11,493	2021	11,364
2023	8,430	2023	7,783	2022	11,585
2024	8,083	2024	7,444	2023	7,845
2025	8,083	2025	7,444	2024	7,504
After 2026	<u>33,442</u>	After 2026	<u>31,017</u>	2025	7,504
	<u>\$ 79,198</u>		<u>\$ 76,454</u>	After 2026	<u>31,264</u>
					<u>\$ 85,589</u>

(10) Intangible assets

	2021			
	<u>Software</u>	<u>Patent</u>	<u>Goodwill</u>	<u>Total</u>
At January 1				
Cost	\$ 20,904	\$ 4,354	\$ 200,170	\$ 225,428
Accumulated amortisation and impairment	(13,765)	(2,465)	(157,825)	(174,055)
	<u>\$ 7,139</u>	<u>\$ 1,889</u>	<u>\$ 42,345</u>	<u>\$ 51,373</u>
Opening net book amount as at January 1	\$ 7,139	\$ 1,889	\$ 42,345	\$ 51,373
Additions	258	-	-	258
Reclassifications (Note)	616	-	-	616
Impairment loss	-	-	(328)	(328)
Amortisation charge	(1,228)	(93)	-	(1,321)
Net exchange differences	(370)	(10)	(35)	(415)
Closing net book amount as at March 31	<u>\$ 6,415</u>	<u>\$ 1,786</u>	<u>\$ 41,982</u>	<u>\$ 50,183</u>
At March 31				
Cost	\$ 21,350	\$ 4,332	\$ 200,054	\$ 225,736
Accumulated amortisation and impairment	(14,935)	(2,546)	(158,072)	(175,553)
	<u>\$ 6,415</u>	<u>\$ 1,786</u>	<u>\$ 41,982</u>	<u>\$ 50,183</u>

Note : It refers to construction in process and prepayment for equipment transferred to software amounting to \$616.

	2020			
	Software	Patent	Goodwill	Total
At January 1				
Cost	\$ 30,849	\$ 4,217	\$ 201,163	\$ 236,229
Accumulated amortisation and impairment	(23,250)	(2,062)	(156,443)	(181,755)
	<u>\$ 7,599</u>	<u>\$ 2,155</u>	<u>\$ 44,720</u>	<u>\$ 54,474</u>
Opening net book amount as at January 1	\$ 7,599	\$ 2,155	\$ 44,720	\$ 54,474
Additions	742	12	-	754
Reclassifications (Note)	1,561	-	-	1,561
Impairment loss	-	-	(324)	(324)
Amortisation charge	(1,283)	(91)	-	(1,374)
Net exchange differences	(3)	(15)	93	75
Closing net book amount as at March 31	<u>\$ 8,616</u>	<u>\$ 2,061</u>	<u>\$ 44,489</u>	<u>\$ 55,166</u>
At March 31				
Cost	\$ 33,117	\$ 4,198	\$ 201,170	\$ 238,485
Accumulated amortisation and impairment	(24,501)	(2,137)	(156,681)	(183,319)
	<u>\$ 8,616</u>	<u>\$ 2,061</u>	<u>\$ 44,489</u>	<u>\$ 55,166</u>

Note : It refers to construction in progress and prepayment for equipment transferred to software amounting to \$857 and prepaid expense amounting to \$704.

Details of amortisation on intangible assets are as follows:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Operating costs	\$ 186	\$ 192
Selling expenses	119	85
Administrative expenses	735	815
Research and development expenses	281	282
	<u>\$ 1,321</u>	<u>\$ 1,374</u>

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>March 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 674,606</u>	0.62%~0.95%	None
<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 570,600</u>	0.61%~0.95%	None
<u>Type of borrowings</u>	<u>March 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 841,952</u>	1.05%~3%	None

(12) Financial liabilities at fair value through profit or loss

<u>Items</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Current items:			
Financial liabilities held for trading			
Derivative instruments	<u>\$ 4,894</u>	<u>\$ 166</u>	<u>\$ 444</u>

A. Amounts recognised in profit or loss and other comprehensive income in relation to financial liabilities at fair value through profit or loss are as follows:

	<u>For the three-month period ended March 31, 2021</u>	<u>For the three-month period ended March 31, 2020</u>
Financial liabilities mandatorily measured at fair value through profit or loss		
Equity instruments	<u>\$ 3,582</u>	<u>\$ 236</u>

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Group does not adopt hedge accounting are as follows:

	March 31, 2021		December 31, 2020	
	Contract amount (Notional principal) (in thousands)	Contract period	Contract amount (Notional principal) (in thousands)	Contract period
Derivative financial liabilities				
Current items:				
Forward foreign exchange contracts	USD 13,400 USD 1,000 CNY 10,000	2021/2-2021/6 2021/3-2021/6 2021/3-2021/6	USD 6,990	2020/11-2021/2

	March 31, 2020	
	Contract amount (Notional principal) (in thousands)	Contract period
Derivative financial liabilities		
Current items:		
Forward foreign exchange contracts	USD 3,000	2020/3-2020/4

Foreign exchange swap contracts

The Group entered into foreign exchange swap contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations. However, these foreign exchange contracts are not accounted for under hedge accounting.

(13) Accounts payable

	March 31, 2021	December 31, 2020	March 31, 2020
Accounts payable	\$ 1,175,839	\$ 943,626	\$ 567,657
Estimated accounts payable	178,658	131,132	169,113
	<u>\$ 1,354,497</u>	<u>\$ 1,074,758</u>	<u>\$ 736,770</u>

(14) Other payables

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Salary and bonus payable	\$ 194,834	\$ 264,074	\$ 81,502
Employees' compensation and directors' remuneration payable	23,237	17,360	15,546
Pension payable under the new labor pension system	23,918	24,887	22,622
Accrued annual leave	22,541	20,513	16,709
Accrued professional service fees	6	6	7
Payable on machinery and equipment	231	504	446
Other	287,872	287,792	378,209
	<u>\$ 552,639</u>	<u>\$ 615,136</u>	<u>\$ 515,041</u>

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2021
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 29, 2019 to July 28, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 100,000
Unsecured borrowings	Borrowing period is from November 18, 2019 to May 18, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	200,000
Secured borrowings	Borrowing period is from February 20, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note1	300,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note1	24,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note1	<u>108,000</u>
				732,000
Less: Current portion (shown as other current liabilities)				<u>(300,000)</u>
				<u>\$ 432,000</u>

Interest rate range: 0.54%~0.96%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 29, 2019 to July 28, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 100,000
Unsecured borrowings	Borrowing period is from November 18, 2019 to May 18, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	200,000
Secured borrowings	Borrowing period is from February 20, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note1	300,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note1	24,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note1	108,000
				732,000
Less: Current portion (shown as other current liabilities)				(300,000)
				<u>\$ 432,000</u>

Interest rate range: 0.52%~0.88%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2020
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 29, 2019 to July 28, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 100,000
Unsecured borrowings	Borrowing period is from November 18, 2019 to May 18, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	200,000
Unsecured borrowings	Borrowing period is from November 1, 2019 to November 1, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	100,000
Secured borrowings	Borrowing period is from February 20, 2020 to May 20, 2020, interest is repayable monthly; principal is repayable quarterly with amount \$25,000 starting from May 20, 2020 onwards. The quarterly payment can be redrawn in the credit period during February 20, 2020 to February 20, 2025.	Fixed	Note1	300,000
				<u>\$ 700,000</u>

Interest rate range: 1.02%~1.23%

Note 1 : In order to repay the existing bank loans and replenish the medium-term working capital, the Company appointed Taipei Fubon Commercial Bank Co., Ltd. to provide a loan amounting to \$500 million with a credit term of five years from the date of first drawdown. The Company has pledged the property (please refer to Note 8 for details) to the management bank as collateral.

According to the abovementioned loan agreement, the Company agreed to provide the consolidated financial statements audited by CPA annually and maintain the following financial ratios and agreements before the full settlement of the debts during the duration of agreement:

- A. Current ratio: Current assets against current liabilities shall be at least 120%.
- B. Debt ratio: Debt against net tangible assets shall be no more than 200%.
- C. Interest coverage ratio: The net profit before tax plus interest expense plus depreciation expense and amortisation expense divided by interest expense shall be at least three times.

D. Net tangible assets: the net asset value less intangible shall be no less than \$2 billion.

For the three-month periods ended March 31, 2021 and 2020, the consolidated financial

statements of the Group met the requirements of the financial ratio limits.

(16) Pensions

- A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognized pension costs of \$178 and \$190 for the three-month periods ended March 31, 2021 and 2020, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$9,536.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries (Wat Sun. Intelligent Technology Co., Ltd., Top Creation Machines Co., Ltd. and Abcon Technology Inc.) have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company's mainland China subsidiaries, Csun Technology (Guangzhou) Co., Ltd., Suzhou Top Creation Machines Co., Ltd., Guangzhou Y SUN Machinery Tech. Co., Ltd. and Jiangsu Chunag Gao Xin Materials Technology Co., Ltd., have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage was 10%~20%, respectively. Other than the monthly contributions, the Group has no further obligations.

(c) C Sun (B.V.I.) Ltd., K Sun (Samoa) Ltd., Alpha Joint Ltd., Power Ever Enterprises Limited and Good Team International Enterprises Limited have no pension scheme.

(d) The pension costs under defined contribution pension plans of the Group for the three-month periods ended March 31, 2021 and 2020, were \$3,283 and \$3,146, respectively.

(17) Share capital

A. As of March 31, 2021, the Company's authorised capital was \$2,000,000, consisting of 200,000 thousand shares of ordinary stock, and the paid-in capital was \$1,492,055 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2021	Unit : thousands shares 2020
At January 1 / March 31	<u>149,206</u>	<u>149,206</u>

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

		2021					
		Share premium	Combined premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Employee restricted shares	Net change in equity of associates
At January 1/ March 31		<u>\$ 85,584</u>	<u>\$ 133,672</u>	<u>\$ 11,761</u>	<u>\$ 1,776</u>	<u>\$ 7</u>	<u>\$ 232,800</u>
		2020					
		Share premium	Combined premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Employee restricted shares	Net change in equity of associates
At January 1/ March 31		<u>\$ 85,584</u>	<u>\$ 133,672</u>	<u>\$ 11,761</u>	<u>\$ 1,776</u>	<u>\$ 7</u>	<u>\$ 232,800</u>

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Stock dividends should be appropriated at a rate of

10% per annum. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

D. The appropriation of 2020 and 2019 earnings had been resolved at the stockholders' meeting on March 4, 2021 and May 21, 2020, respectively. Details are summarized below:

	2020		2019	
	Amount	Dividends per share (in NT dollars)	Amount	Dividends per share (in NT dollars)
Legal reserve	\$ -	\$ -	\$ 27,131	\$ -
Cash dividends	373,013	2.5	373,013	2.5
Stock dividends	29,841	0.2	-	-
Total	<u>\$ 402,854</u>	<u>\$ 2.7</u>	<u>\$ 400,144</u>	<u>\$ 2.5</u>

As of March 4, 2021, the aforementioned distribution has not yet been resolved by the shareholders.

(20) Other equity items

	2021			
	Unrealised gains(losses) on valuation	Currency translation	Other	Total
At January 1	\$ 29,123	(\$ 135,531)	\$ 530	(\$ 105,878)
Valuation adjustment	34,776	-	-	34,776
Disposal transferred out from retained earnings	(22,858)	-	-	(22,858)
Currency translation differences:				
-Group	-	(9,823)	-	(9,823)
At March 31	<u>\$ 41,041</u>	<u>(\$ 145,354)</u>	<u>\$ 530</u>	<u>(\$ 103,783)</u>

	2020			
	Unrealised gains(losses) on valuation	Currency translation	Other	Total
At January 1	\$ 149,836	(\$ 160,813)	\$ 530	(\$ 10,447)
Valuation adjustment	(153,151)	-	-	(153,151)
Disposal transferred out from retained earnings	(9,136)	-	-	(9,136)
Currency translation differences:				
-Group	-	(10,058)	-	(10,058)
At March 31	<u>(\$ 12,451)</u>	<u>(\$ 170,871)</u>	<u>\$ 530</u>	<u>(\$ 182,792)</u>

(21) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

For the three-month period ended March 31, 2021	Taiwan	China	Other	Total
Timing of revenue recognition				
At a point in time	\$ 384,562	\$ 936,385	\$ 43,915	\$ 1,364,862
Over time	18,836	-	-	18,836
	<u>\$ 403,398</u>	<u>\$ 936,385</u>	<u>\$ 43,915</u>	<u>\$ 1,383,698</u>

For the three-month period ended March 31, 2020	Taiwan	China	Other	Total
Timing of revenue recognition				
At a point in time	\$ 160,130	\$ 551,629	\$ 35,969	\$ 747,728
Over time	17,539	-	-	17,539
	<u>\$ 177,669</u>	<u>\$ 551,629</u>	<u>\$ 35,969</u>	<u>\$ 765,267</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	March 31, 2021	December 31, 2020	March 31, 2020
Contract liabilities	<u>\$ 647,101</u>	<u>\$ 560,006</u>	<u>\$ 229,778</u>

Revenue recognised that was included in the contract liability balance at the beginning of the period

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Contract liabilities	<u>\$ 218,803</u>	<u>\$ 45,009</u>

(22) Interest income

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Interest income from bank deposits	<u>\$ 5,853</u>	<u>\$ 6,143</u>

(23) Other income

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Rent income	\$ 3,137	\$ 1,653
Other income	4,425	943
	<u>\$ 7,562</u>	<u>\$ 2,596</u>

(24) Other gains and losses

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Gains(losses) on disposals of property, plant and equipment	(\$ 526)	(\$ 69)
Gains on disposals of investments	1,400	\$ 686
Foreign exchange gains (losses)	(1,230)	4,890
Gain (losses) on financial assets (liabilities) at fair value through profit or loss	(2,718)	11,046
Impairment loss recognised in profit or loss, non-financial assets	(328)	(324)
Other gains and losses	(839)	(97)
Total	<u>\$ 4,241</u>	<u>\$ 16,132</u>

(25) Finance costs

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Interest expense :		
Bank loan	\$ 3,744	\$ 6,889
Lease liabilities	63	321
	<u>\$ 3,807</u>	<u>\$ 7,210</u>

(26) Expenses by nature

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Employee benefit expenses	<u>\$ 196,237</u>	<u>\$ 151,742</u>
Depreciation charges on property, plant and equipment	<u>\$ 22,318</u>	<u>\$ 24,215</u>
Amortisation charges on intangible assets	<u>\$ 1,321</u>	<u>\$ 1,620</u>

(27) Employee benefit expenses

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Wages and salaries	\$ 174,994	\$ 135,431
Labour and health insurance fees	11,474	8,178
Pension costs	3,461	3,336
Other personnel expenses	6,308	4,797
Total	<u>\$ 196,237</u>	<u>\$ 151,742</u>

A. The current year's earnings, if any, shall be distributed a ratio of 1%~9% as employees' compensation in the form of shares or in cash as resolved by the Board of Directors. Qualification requirements of employees include the employees of subsidiaries of the company meeting certain specific requirements. The Company shall distribute directors' remuneration no more than 2.25% of the total distributable amount as resolved by the Board of Directors. The appropriation of employees' compensation and directors' remuneration shall be submitted to the shareholders' meeting.

If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated as employees' compensation and directors' remuneration based on the abovementioned ratios.

B. For the three-month periods ended March 31, 2021 and 2020, employees' compensation was accrued at \$1,809 and \$932, respectively; while directors' and supervisors' remuneration was accrued at \$4,069 and \$2,098, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 1% and 2.22% of distributable profit of current three-month periods for the three-month periods ended March 31, 2021.

The distributions of employees' compensation of \$5,341 and directors' and supervisor's remuneration of \$12,018 for the year ended December 31, 2020 were resolved by the Board of Directors on March 4, 2021 and is pending for the resolution of shareholders.

Employees' compensation and directors' remuneration of 2019 as resolved by the shareholders during the meetings in the amounts of \$3,851 and \$8,665, respectively, were in agreement with those amounts recognised in the 2019 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Current tax:		
Current tax on profits for the period	\$ 40,501	\$ 7,913
Tax on undistributed surplus earnings	-	-
Prior period income tax overestimation	(3,318)	-
Total current tax	<u>37,183</u>	<u>7,913</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>4,822</u>	<u>503</u>
Total deferred tax	<u>4,822</u>	<u>503</u>
Income tax expense	<u>\$ 42,005</u>	<u>\$ 8,416</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Currency translation differences	(\$ <u>2,001</u>)	(\$ <u>2,276</u>)

B. 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	
	Weighted average number of ordinary shares outstanding	Earnings per share
	Amount after tax	(share in thousands)
		(in dollars)
<u>Basic earnings per share</u>		
Profit attributable to ordinary shareholders of the parent	\$ <u>150,804</u>	149,206
<u>Diluted earnings per share</u>		
Assumed conversion of all dilutive potential ordinary shares		
Employees' compensation	-	<u>112</u>
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>150,804</u>	<u>149,318</u>
		<u>\$ 1.01</u>

	For the three-month period ended March 31, 2020		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 83,678	149,206	\$ 0.56
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	142	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 83,678	149,348	\$ 0.56

(30) Supplemental cash flow information

A. Investing activities with partial cash payments

	<u>For the three-month period ended March 31, 2021</u>	<u>For the three-month period ended March 31, 2020</u>
Purchase of property, plant and equipment	\$ 7,368	\$ 5,187
Add: Opening balance of payable on equipment	504	1,100
Less: Ending balance of payable on equipment	(231)	(446)
Cash paid during the period	\$ 7,641	\$ 5,841

(31) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (Note 1)	Guarantee deposits received	Lease liabilities (Note 2)	Total
January 1, 2021	\$ 570,600	\$ 732,000	\$ 2,065	\$ 14,902	\$ 1,319,567
Changes in cash flow from financing activities	104,006	-	75	(6,200)	97,881
Interest expense	-	-	-	63	63
Paid interest expense	-	-	-	(63)	(63)
Impact of changes in foreign exchange rate	-	-	-	120	120
Changes in other non-cash items	-	-	-	2,063	2,063
March 31, 2021	<u>\$ 674,606</u>	<u>\$ 732,000</u>	<u>\$ 2,140</u>	<u>\$ 10,885</u>	<u>\$ 1,419,631</u>

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Lease liabilities	Total
January 1, 2020	\$ 947,960	\$ 850,000	\$ 1,818	\$ 33,981	\$ 1,833,759
Changes in cash flow from financing activities	(106,368)	(150,000)	200	(7,160)	(263,328)
Interest expense	-	-	-	321	321
Paid interest expense	-	-	-	(321)	(321)
Impact of changes in foreign exchange rate	-	-	-	(153)	(153)
March 31, 2020	<u>\$ 841,592</u>	<u>\$ 700,000</u>	<u>\$ 2,018</u>	<u>\$ 26,668</u>	<u>\$ 1,570,278</u>

Note 1: Including long-term borrowings - current portion.

Note 2: Including lease liability - current portion.

7. RELATER PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Alpha-Cure Asia Co.,Ltd.	Associate
Gallant Precision Machining Co., Ltd.	Associate
Gallant Micro. Machining Co., Ltd.	Associate

(2) Significant related party transactions

A. Purchases:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Purchases of goods:		
Associates	<u>\$ 2,025</u>	<u>\$ 3,478</u>

Goods are purchased based on the price lists in force and terms that would be available to third

parties.

B. Payables to related parties:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Accounts payable:			
Associates	\$ <u>7,169</u>	\$ <u>11,447</u>	\$ <u>3,519</u>

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

C. Loans to /from related parties:

Loans to related parties:

Outstanding balance:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Associates	\$ <u>-</u>	\$ <u>-</u>	\$ <u>11,169</u>

The loans to associates are repayable monthly over 1 year and carry interest at 6% per annum for the year ended December 31, 2021.

(3) Key management compensation

	<u>For the three-month period ended March 31, 2021</u>	<u>For the three-month period ended March 31, 2020</u>
Salaries and other short-term employee benefits	\$ 9,771	\$ 13,193
Post-employment benefits	<u>95</u>	<u>100</u>
Total	<u>\$ 9,866</u>	<u>\$ 13,293</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	<u>Book value</u>			Purpose
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>	
Bank deposit (shown as other current assets)	\$ 941	\$ 946	\$ 925	Performance bond and customs duty guarantee
Property, plant and equipment	<u>376,086</u>	<u>377,353</u>	<u>316,781</u>	Short-term borrowings and Long-term borrowings
	<u>\$ 377,027</u>	<u>\$ 378,299</u>	<u>\$ 317,706</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT
COMMITMENTS

Contingencies

Except for the descriptions in other notes to the consolidated financial statements, the Group's significant commitments and contingencies as of the balance sheet date are as follows:

Promissory notes issued for performance guarantees of sales as of March 31, 2021, December 31, 2020 and March 31, 2020 were \$25,883, \$25,578 and \$28,331, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the three-month periods ended March 31, 2021, the Group's strategy was to maintain the gearing ratio within reasonable risk level. The gearing ratios at March 31, 2021, December 31, 2020 and March 31, 2020 were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Total borrowings	\$ 1,406,606	\$ 1,302,600	\$ 1,541,592
Less: Cash and cash equivalents	(1,842,050)	(1,621,979)	(1,317,895)
Net debt	(435,444)	(319,379)	223,697
Total equity	<u>2,873,157</u>	<u>2,682,492</u>	<u>2,579,225</u>
Total capital	<u>\$ 2,437,713</u>	<u>\$ 2,363,113</u>	<u>\$ 2,802,922</u>
Gearing ratio	<u>-</u>	<u>-</u>	<u>7.98%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 84,022</u>	<u>\$ 126,366</u>	<u>\$ 28,819</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 115,326</u>	<u>\$ 116,193</u>	<u>\$ 186,839</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,842,050	\$ 1,621,979	\$ 1,317,895
Notes receivable	43,769	35,213	41,647
Accounts receivable (including related party)	1,873,745	1,944,329	2,024,335
Other receivables (including related party)	31,365	11,505	25,511
Guarantee deposits paid	6,466	4,431	9,632
Other financial assets	<u>87,788</u>	<u>946</u>	<u>925</u>
	<u>\$ 3,885,183</u>	<u>\$ 3,618,403</u>	<u>\$ 3,419,945</u>

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ 4,894	\$ 166	\$ 444
Financial liabilities at amortised cost			
Short-term borrowings	\$ 674,606	\$ 570,600	\$ 841,592
Notes payable	66,761	67,232	34,492
Accounts payable (including related party)	1,361,666	1,086,205	740,289
Other accounts payable (including related party)	552,639	615,136	515,041
Long-term borrowings (including current portion)	732,000	732,000	700,000
Guarantee deposits received	2,140	2,065	2,018
	<u>\$ 3,389,812</u>	<u>\$ 3,073,238</u>	<u>\$ 2,833,432</u>
Lease liability (Including current portion)	<u>\$ 10,885</u>	<u>\$ 14,902</u>	<u>\$ 26,668</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is

as follows:

				March 31, 2021		
				Foreign currency amount		Book value
				(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$	38,526		28.49	\$	1,097,606
JPY:NTD		77,379		0.256		19,809
RMB:NTD		68,925		4.319		297,687
USD:RMB		3,227		6.571		21,205
<u>Non-monetary items</u>						
USD:NTD	\$	2,553		28.49	\$	72,747
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$	24,528		28.59	\$	701,256
JPY:NTD		43,415		0.260		11,288
<u>Non-monetary items: None</u>						
				December 31, 2020		
				Foreign currency amount		Book value
				(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$	35,037		28.43	\$	996,102
JPY:NTD		64,628		0.274		17,708
RMB:NTD		38,177		4.352		166,146
USD:RMB		3,058		6.525		19,953
<u>Non-monetary items</u>						
USD:NTD	\$	2,532		28.43	\$	71,981
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$	21,187		28.53	\$	604,465
JPY:NTD		7,937		0.278		2,206
<u>Non-monetary items: None</u>						

March 31, 2020			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 46,628	30.18	\$ 1,407,233
JPY:NTD	195,239	0.277	54,081
RMB:NTD	9,960	4.230	42,131
USD:RMB	1,617	7.085	11,456
<u>Non-monetary items</u>			
USD:NTD	\$ 2,020	30.180	\$ 60,973
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 21,501	30.275	\$ 650,943
RMB:NTD	22,606	0.281	6,348
<u>Non-monetary items: None</u>			

- ii. Total exchange (loss) gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2021 and 2020 amounted to (\$1,230) and \$4,890, respectively.

iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		For the three-month period ended March 31, 2021		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	10,976	\$ -
JPY:NTD	1%		198	-
RMB:NTD	1%		2,977	-
USD:RMB	1%		212	-
<u>Non-monetary items</u>				
USD:NTD	1%		-	727
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	7,013)	\$ -
JPY:NTD	1%	(	113)	-
		For the three-month period ended March 31, 2020		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	14,072	\$ -
JPY:NTD	1%		541	-
RMB:NTD	1%		421	-
USD:RMB	1%		115	-
<u>Non-monetary items</u>				
USD:NTD	1%		-	610
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	6,509)	\$ -
JPY:NTD	1%	(	63)	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2021 and 2020 would have increased/decreased by \$840 and \$288, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,153 and \$1,868, respectively.

Cash flow and fair value Interest rate risk

- i. The Group's main interest rate risk arises from short-term and certain long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the three-month periods ended March 31, 2021 and 2020, the Group's borrowings at variable rate were denominated in New Taiwan dollars, if the market interest rate had increased by 0.25%, the Company's cash outflow would have increased by \$270 and \$438, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group measured actual transaction status. If the contract payments were past based on the term, the default has occurred.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
- (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. As of March 31, 2021, December 31, 2020 and March 31, 2020, respectively, the provision matrix is as follows:

	Up to 60 days past due	61~120 days past due	121 to 180 days past due	Up to 181 days	Total
<u>At March 31, 2021</u>					
Expected loss rate	5% or less	20%~70%	40%~80%	90%~100%	
Total book value	\$ 2,003,152	\$ 52,541	\$ 8,357	\$ 69,176	\$ 2,133,226
Loss allowance	(\$ 152,547)	(\$ 35,813)	(\$ 3,380)	(\$ 67,741)	(\$ 259,481)
<u>At Decmeber 31, 2020</u>					
Expected loss rate	5% or less	20%~90%	70%~90%	90%~100%	
Total book value	\$ 2,065,346	\$ 62,647	\$ 2,208	\$ 40,011	\$ 2,170,212
Loss allowance	(\$ 132,597)	(\$ 53,507)	(\$ 1,235)	(\$ 38,544)	(\$ 225,883)
<u>At March 31, 2020</u>					
Expected loss rate	5% or less	40%~70%	50%~80%	90%~100%	
Total book value	\$ 2,073,168	\$ 21,155	\$ 9,218	\$ 32,946	\$ 2,136,487
Loss allowance	(\$ 64,688)	(\$ 10,538)	(\$ 5,291)	(\$ 31,635)	(\$ 112,152)

- vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, contract assets and lease payments receivable are as follows:

	2021		
	Accounts receivable	Notes receivable	Overdue receivables
At January 1	\$ 224,649	\$ 23	\$ 69,321
Provision for impairment	34,018	2	(1,637)
Write-offs	(202)	-	-
Effect of foreign exchange	1,016	-	(288)
At March 31	<u>\$ 259,481</u>	<u>\$ 25</u>	<u>\$ 67,396</u>

	2020		
	Accounts receivable	Notes receivable	Overdue receivables
At January 1	\$ 127,579	\$ 111	\$ 142,195
Provision for impairment	(15,030)	(46)	108,095
Write-offs	(248)	-	-
Effect of foreign exchange	(149)	-	(453)
At March 31	<u>\$ 112,152</u>	<u>\$ 65</u>	<u>\$ 249,837</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at March 31, 2021, December 31, 2020 and March 31, 2020, the Group held money market position of \$1,838,937, \$1,619,174 and \$1,314,991, respectively, and other liquid assets of \$87,788, \$946 and \$925, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Group has the following undrawn borrowing facilities:

	March 31, 2021	December 31, 2020	March 31, 2020
Fixed rate:			
Expiring within one year	\$ 1,446,139	\$ 1,531,119	\$ 1,182,062
Expiring beyond one year	413,000	413,000	350,000
	<u>\$ 1,859,139</u>	<u>\$ 1,944,119</u>	<u>\$ 1,532,062</u>

- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the

remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

March 31, 2021	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 674,606	\$ -	\$ -	\$ -
Notes payable	66,761	-	-	-
Accounts payable (including related party)	1,361,666	-	-	-
Other payables (including related party)	552,639	-	-	-
Lease liability (including current portion)	5,638	3,661	-	-
Long-term borrowings (including current portion)	300,419	-	441,633	-
Guarantee deposits received	86	1,520	521	13
	<u>\$2,961,815</u>	<u>\$ 5,181</u>	<u>\$ 442,154</u>	<u>\$ 13</u>
December 31, 2020	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 570,600	\$ -	\$ -	\$ -
Notes payable	67,232	-	-	-
Accounts payable (including related party)	1,086,205	-	-	-
Other payables (including related party)	615,136	-	-	-
Lease liability (including current portion)	10,025	3,225	-	-
Long-term borrowings (including current portion)	300,859	-	443,525	-
Guarantee deposits received	218	1,309	525	13
	<u>\$2,650,275</u>	<u>\$ 4,534</u>	<u>\$ 444,050</u>	<u>\$ 13</u>

March 31, 2020	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 841,592	\$ -	\$ -	\$ -
Notes payable	34,492	-	-	-
Accounts payable (including related party)	740,289	-	-	-
Other payables (including related party)	515,041	-	-	-
Lease liability (including current portion)	25,019	2,565	-	-
Long-term borrowings (including current portion)	-	406,082	315,124	-
Guarantee deposits received	1,493	512	-	13
	<u>\$2,157,926</u>	<u>\$ 409,159</u>	<u>\$ 315,124</u>	<u>\$ 13</u>

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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. The fair value of the Group's investment in equity investment without active market and investment property is included in Level 3.

B. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at March 31, 2021, December 31, 2020 and March 31, 2020 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

<u>March 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 84,022	\$ -	\$ -	\$ 84,022
Derivative instruments	-	-	-	-
Financial assets at fair value through other comprehensive income				
Equity securities	140	-	115,186	115,326
Total	<u>\$ 84,162</u>	<u>\$ -</u>	<u>\$ 115,186</u>	<u>\$ 199,348</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ -	(\$ 4,894)	\$ -	(\$ 4,894)
<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 125,661	\$ -	\$ -	\$ 125,661
Derivative instruments	-	705	-	705
Financial assets at fair value through other comprehensive income				
Equity securities	1,555	-	114,638	116,193
Total	<u>\$ 127,216</u>	<u>\$ 705</u>	<u>\$ 114,638</u>	<u>\$ 242,559</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ -	(\$ 166)	\$ -	(\$ 166)

<u>March 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 25,135	\$ 3,684	\$ -	\$ 28,819
Financial assets at fair value through other comprehensive income				
Equity securities	<u>80,448</u>	<u>-</u>	<u>106,391</u>	<u>186,839</u>
	<u>\$ 105,583</u>	<u>\$ 3,684</u>	<u>\$ 106,391</u>	<u>\$ 215,658</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ -	(\$ 444)	\$ -	(\$ 444)

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods,

such as Monte Carlo simulation.

- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
 - vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- C. For the three-month periods ended March 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.
- D. The following chart is the movement of Level 3 for the three-month periods ended March 31, 2021 and 2020:

	2021	2020
At January 1	\$ 114,638	\$ 129,259
Gain or loss recognized in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	27,937 (	22,401)
Acquired in the period	11,172	-
Sold in the period	- (	467)
Capital reduction rate changes	(38,561)	-
At March 31	<u>\$ 115,186</u>	<u>\$ 106,391</u>

- E. For the three-month periods ended March 31, 2021 and 2020, there was no transfer into or out from Level 3.
- F. Accounting Department segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at March 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity					
Unlisted shares	\$ 94,071	Market comparable companies	Price to book ratio multiple	2.05~20.2	The higher the multiple and control premium, the higher the fair value
Venture capital shares	21,115	Net asset value	Not applicable	Not applicable	Not applicable
Private equity fund					
	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ 95,771	Market comparable companies	Price to book ratio multiple	1.99~17.3	The higher the multiple and control premium, the higher the fair value
Venture capital shares	18,867	Net asset value	Not applicable	Not applicable	Not applicable
Private equity fund investment					

	Fair value at March 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity					
Unlisted shares	\$ 67,979	Market comparable companies	Price to book ratio multiple	1.40~21.22	The higher the multiple and control premium, the higher the fair value
Venture capital shares Private equity fund investment	38,412	Net asset value	Not applicable	Not applicable	Not applicable

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

				March 31, 2021			
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Price to earnings ratio		± 10%	\$ -	\$ -	\$ 11,519	(\$ 11,519)
				December 31, 2020			
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Price to earnings ratio		± 10%	\$ -	\$ -	\$ 11,464	(\$ 11,464)
				March 31, 2020			
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Price to earnings ratio		± 10%	\$ -	\$ -	\$ 10,639	(\$ 10,639)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), 6(12) and 12(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

(2) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

<u>For the three-month period ended March 31, 2021</u>	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	Suzhou Top Creation Machines Co., Ltd.	Other	Elimination	Total
Revenue from external customers	\$ 830,316	\$ 156,621	\$ 213,979	\$ 182,782	\$ -	\$ 1,383,698
Inter-segment revenue	\$ 117,553	\$ 82,041	\$ 162,990	\$ 7,896	(\$ 370,480)	\$ -
Segment income (loss)	\$ 177,768	\$ 17,885	\$ 76,065	(\$ 41,397)	(\$ 21,612)	\$ 208,709
Total segment assets	\$ 6,082,700	\$ 1,526,634	\$ 1,651,553	\$ 531,155	(\$ 2,406,030)	\$ 7,386,012

<u>For the three-month period ended March 31, 2020</u>	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	Suzhou Top Creation Machines Co., Ltd.	Other	Elimination	Total
Revenue from external customers	\$ 471,390	\$ 61,654	\$ 208,081	\$ 24,142	\$ -	\$ 765,267
Inter-segment revenue	\$ 54,172	\$ 28,560	\$ 680	\$ 3,702	(\$ 87,114)	\$ -
Segment income (loss)	\$ 89,504	(\$ 8,440)	\$ 44,626	(\$ 6,880)	(\$ 17,152)	\$ 101,658
Total segment assets	\$ 5,328,814	\$ 1,411,631	\$ 1,041,066	\$ 488,406	(\$ 2,157,840)	\$ 6,112,077

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the three-month periods ended March 31, 2021 and 2020 is provided as follows:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Reportable segments income	\$ 230,321	\$ 118,810
Other segments income (loss)	(21,612)	(17,152)
Income before tax from continuing operations	<u>\$ 208,709</u>	<u>\$ 101,658</u>

C SUN MFG. LTD. and subsidiaries
Loans to other
For the three-month period ended March 31, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three-month period ended March 31, 2021	Balance at March 31, 2021	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Note
													Item	Value			
0	Top Creation Machines Co., Ltd.	Power Ever Enterprises Limited	Other receivables	Yes	\$ 1,000	\$ 1,000	\$ 1,000	1.25%	short-term financing	\$ -	Operational need	\$ -	-	\$ -	\$ 532	\$ 1,063	Note 1, Note 2

Note 1: As prescribed in the subsidiary, Top Creation Machines Co., Ltd.'s "Procedures for Provision of Loans":

- i. Ceiling on total loans granted: The total amount shall not exceed 40% of the net assets value of the Company and the limit amount for a single party shall not exceed 20% of the net equity.
- ii. For business relationship, the limit amount for a single party shall not exceed 40% of the net assets value of the Company.
- iii. For short-term financing, limit on loans granted for a single party shall not exceed 40% of the net assets value of the Company.

Note 2: For the amount of endorsements and guarantees exceeded the limit specified in the Company's "Procedures for Provision of Loans", management of the Company has prepared an improvement plan and is taking steps based on the improvement plan.

C SUN MFG. LTD. and subsidiaries
Provision of endorsements and guarantees to others
For the three-month period ended March 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of March 31, 2021	Outstanding endorsement/ guarantee amount at March 31, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor	Ceiling on total amount of endorsements/ guarantees provided (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	Note 2	\$ 537,084	\$ 85,605	\$ 85,605	\$ -	\$ -	3.19	\$ 1,342,711	Y	N	Y	
0	C SUN MFG. LTD.	Suzhou Top Creation Machines Co., Ltd.	"	537,084	85,605	85,605	-	-	3.19	1,342,711	"	"	"	

Note 1: Ceiling on total amount of endorsements/guarantees is 50% of the Company's net asset value; limit on endorsement/guarantee to a single party is 20% of the Company's net assets value.

Note 2: The Endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.

C SUN MFG. LTD. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

March 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2021			
				Number of shares	Book value	Ownership (%)	Fair value
C SUN MFG. LTD.	Mufg Fund Services (Singapore) Pte. Ltd.	None	Financial assets at fair value through profit or loss - current	17	\$ 56,380	-	\$ 56,380
"	Group Up Industrial Co., Ltd.	"	Financial assets measured at fair value through other comprehensive income - current	2	140	0.004	140
"	Advance Materials Corporation	None	Financial assets measured at fair value through other comprehensive income - non-current	1,424	14,238	1.21	14,238
"	Emax Tech Co., Ltd.	Director	"	3,653	55,481	14.02	55,481
"	Hua Da Venture Capital Corporation	"	"	492	4,025	6.00	4,025
"	Luminescence Technology Corp.	None	"	454	8,263	1.79	8,263
"	Yankey Engineering Co., Ltd.	"	"	10	2,020	0.02	2,020
"	Aibdt Technology Inc.	"	"	325	666	1.79	666
"	Gvt Fund Gp, L.P.	"	"	770	15,361	1.51	15,361
C Sun (B.V.I) Ltd.	Gvt Fund Gp, L.P.	"	"	288	5,754	0.66	5,754
"	Mufg Fund Services (Singapore) Pte. Ltd.	"	Financial assets at fair value through profit or loss - current	8	27,642	-	27,642
K Sun (Samoa) Ltd.	Unimax C.P.I. Technology Corp.	"	Financial assets measured at fair value through other comprehensive income - non-current	1,730	9,378	17.86	9,378

Table 3

C SUN MFG. LTD. and subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the three-month period ended March 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	The Company holds indirectly 100% of the investee	Sales	\$ 111,657	8.08%	Similarity to third parties	Similarity to third parties	Similarity to third parties	\$ 56,662	3.02%
Suzhou Top Creation Machines Co., Ltd.	Power Ever Enterprises Limited	Brother's Company	Sales	162,991	11.80%	Similarity to third parties	Similarity to third parties	Similarity to third parties	51,150	0.69%

Note 1: If the transaction term are different compared to third party, please describe the difference terms on column of credit term and unit price.

Note 2: If the transaction have prepayment or received in advance, please describe the reason, term, amount and differences compared to third party on column of footnote.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

C SUN MFG. LTD. and subsidiaries
 Significant inter-company transactions during the reporting periods
 For the three-month period ended March 31, 2021

Table 5

Expressed in thousands of NTD
 (Except as otherwise indicated)

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms (Note 3)	Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount		
0	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	1	Sales	\$ 111,657	-	8.08
	"	"	1	Purchases	84,600	-	6.13
	"	"	1	Accounts payable	95,935	-	1.30
	"	"	1	Accounts receivable	56,662	-	0.77
	"	Wat Sun. Intelligent Technology Co., Ltd.	1	Accounts receivable	12,009	-	0.16
1	Csun Technology (Guangzhou) Co., Ltd.	Jiangsu Chuang Gao Xin Materials Technology Co., Ltd.	3	Other accounts payable	16,470	-	0.22
2	Suzhou Top Creation Machines Co., Ltd.	Power Ever Enterprises Limited	3	Sales	162,991	-	11.80
	"	"	3	Accounts receivable	51,150	-	0.69
	"	"	3	Advance payment	12,932	-	0.18

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column.

(1) Number 0 represents the Company

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows (If transaction of parent company with subsidiaries or transaction in subsidiaries will not expose repeat, for example; If parent company exposed transaction with parent company with subsidiaries, then subsidiaries will not expose that transaction; If one of subsidiary company exposed transaction with other subsidiary company, it will not exposed repeat transaction from other subsidiary company.)

(1) The Company to the consolidated subsidiaries.

(2) The consolidated subsidiaries to the Company

(3) The consolidated subsidiaries to another consolidated subsidiaries.

Note 3: The sales of the parent company with Csun Technology (Guangzhou) Co., Ltd. is for strategic cooperation with the Company, the price set of the transaction is based on the agreement, the terms of other transaction are the same with third parties. Transaction terms for the other transactions cannot be referenced to similar transaction, all is following the agreement.

Note 4: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 5: The information only discloses transactions more than \$10,000 and counter parties shall not be disclosed .

C SUN MFG. LTD. and subsidiaries
Information on investees
For the three-month period ended March 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2021			Net profit (loss) of the investee for the three-month period ended March 31, 2021	Investment income(loss) recognised by the Company for the three-month period ended March 31, 2021	Footnote
				Balance as at March 31, 2021	Balance as at March 31, 2021	Number of shares	Ownership (%)	Book value			
C SUN MFG. LTD.	C Sun (B.V.I) Ltd.	British Virgin Islands	Investment	\$ 330,835	\$ 330,197	-	100.00	\$ 1,832,392	\$ 71,391	\$ 70,262	Note
"	K Sun (Samoa) Ltd.	Samoa	Investment	65,973	65,846	-	100.00	17,119 (	33) (	33)	
"	Wat Sun. Intelligent Technology Co., Ltd.	Taiwan	Mechanical Equipment Manufacturing	700,000	700,000	70,000	100.00	46,185	955	955	
"	Abcon Technology Inc.	Taiwan	Wholesale and manufacture of machinery equipment	20,000	20,000	2,000	66.67	6,182 (	34) (	22)	
"	Gallant Precision Machining Co., Ltd.	Taiwan	Wholesale and manufacture of machinery equipment	723,954	723,954	39,538	23.94	754,609	66,320	15,878	
"	Gallant Micro. Machining Co., Ltd.	Taiwan	Wholesale and manufacture of machinery equipment	83,264	832,640	1,812	6.41	86,814	5,948	381	
"	Viewmove Technologies, Inc.	Taiwan	Wholesale and manufacture of machinery equipment	27,389	-	677	20.70	38,663	2,887	173	
C Sun (B.V.I) Ltd.	Alpha Joint Ltd.	Samoa	Investment	16,550	16,518	580	100.00	77,945 (	1,485)	1,485	
"	Power Ever Enterprises Limited	Samoa	Investment	168,642	168,317	-	77.47	658,769	70,636	54,724	
Power Ever Enterprises Limited	Good Team International Enterprises Limited	Hong Kong	Investment	171,210	170,880	6,000	100.00	824,611	64,455	64,455	
Suzhou Top Creation Machines Co., Ltd.	Top Creation Machines Co., Ltd.	Taiwan	Installation and wholesale of machinery, retail of electric equipment and wholesale of electronic materials	7,500	7,500	750	100.00	2,657 (	437) (	437)	

Note 1: Original investment amount has translated to New Taiwan Dollars at the closing exchange rate.

Note 2: The shares of Gallant Precision Machining Co., Ltd. held by the Company were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Company cumulatively increased its shareholdings in Gallant Precision Machining Co., Ltd. on March 30, 2020, and the Company obtained the significant influence over it.

Note 3: The shares of Gallant Micro. Machining Co., Ltd. held by the Company were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Company's comprehensive shareholding ratio was 20.1% on October 31, 2020.

Note 4: The shares of Viewmove Technologies, Inc. held by the Company were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Company's comprehensive shareholding ratio was 20.7% on February 1, 2020, and the Company obtained the significant influence over it.

C SUN MFG. LTD. and subsidiaries
Information on investments in Mainland China
For the three-month period ended March 31, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three-month period ended March 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Net profit (loss) of investee for the three-month period ended March 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2021 (Note 2(2))	Book value of investments in Mainland China as of March 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Csun Technology (Guangzhou) Co., Ltd.	Manufacture, assembly, sale and processing various drying equipment, temperature and humidity measuring instrument and exposure equipment.	\$ 547,101	2	\$ 135,621	\$ -	\$ -	\$ 135,883	\$ 14,436	100.00	\$ 14,436	\$ 1,108,603	\$ 455,052	Note 2 (2) (B)
Alpha-Cure Asia Co., Ltd.	Manufacture and processing UV curing light.	60,349	2	16,518	-	-	16,550	(848)	25.00	1,518	72,747	-	Note 2 (2) (C)
Suzhou Amc Technology Co., Ltd.	Preparation, design, research and development, manufacture and processing semiconductor such as copper clad laminate, etc, special materials of components and flexible printed circuit board.	512,640	2	6,867	-	-	6,880	-	0.89	-	-	-	-
Northern Juye (Beijing) Information Technology Co., Ltd.	Management of information technique, internet technique, technique service and sale of hardware business.	142,400	2	4,918	-	-	4,928	-	2.82	-	-	-	-
Suzhou Top Creation Machines Co., Ltd.	Design and manufacture of printed circuit board, flat-panel display, semiconductor, special equipment of solar industry and sale of related components.	156,640	2	167,662	-	-	167,986	64,455	77.47	49,933	824,556	45,476	Note 2 (2) (B) · Note 4
Guangzhou Y SUN Machinery Tech. Co., Ltd.	Specialised in management of components of laser cutting machine, precision sheet metal of various metal, laser and punching; zigzag processing machine; cleanroom stainless equipment developed and manufactured with frame; generator, air compressor, machinery and sound-proof shield, design and manufacture of sound-proof of engine room, and installation of generator and components of peripheral equipment.	59,090	3	-	-	-	-	(171)	100.00	(171)	3,862	-	Note 2 (2) (C)
Jiangsu Chuang Gao Xin Materials Technology Co., Ltd.	Research, development and manufacture of high-tech materials, prointellect play and toy balloon, development and application of computer software, manufacture of model and precision machinery.	231,981	3	-	-	-	-	340	100.00	340	243,296	-	Note 2 (2) (C)

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others.

Note 2: In the 'Investment income (loss) recognised by the Company For the three-month period ended March 31, 2021' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The financial statements that are audited and attested by R.O.C. parent company's CPA.
 - C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: As of March 31, 2021, C Sun (B.V.I.) Ltd. held 77.47% of the equity interest of Power Ever Enterprises Limited and indirectly obtains the equity interest of Power Ever Enterprises Limited, and indirectly obtained the equity interest of Suzhou Top Creation Machines Co., Ltd. through investing in an existing company in the third area, which then invested in Suzhou Top Creation Machines Co., Ltd. in Mainland China.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
C SUN MFG. LTD.	\$332,227	\$722,217	\$1,611,253

Table 7

C SUN MFG. LTD. and subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the three-month period ended March 31, 2021

Table 8 Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale		Purchase		Accounts receivable		Accounts payable		Financing				
	Amount	%	Amount	%	Balance at		Balance at		Maximum balance during the three-month period ended March 31, 2021	Balance at March 31, 2021	Interest rate	Interest during the three-month period ended March 31, 2021	Others
					March 31, 2021	%	March 31, 2021	Purpose					
Csun Technology (Guangzhou) Co., Ltd.	\$ 111,657	8.08	\$ 84,600	6.13	\$ 56,662	3.02	\$ 95,935	7.05	-	-	-	-	-

C SUN MFG. LTD. and subsidiaries
Information of major shareholders
For the three-month period ended March 31, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Name of major shareholders	Number of shares held	Holding percentage
Hai-Xing Investment Co.,Ltd	13,337	8.93%
Pin-Zhi Investment Co.,Ltd	11,030	7.39%

Note 1: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

Note 2: If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.