

Topkey Corporation and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Topkey Corporation

Introduction

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

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". 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 disclosed in Note 12 to the consolidated financial statements, the financial statements and the notes of non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2021 and 2020, combined total assets of these non-significant subsidiaries were NT\$1,507,620 thousand and NT\$1,002,686 thousand, respectively, representing 15% and 11%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$177,521 thousand and NT\$227,640 thousand, respectively, representing 4% and 6%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2021 and 2020, the amount of combined comprehensive income (loss) of these subsidiaries were NT\$25,505 thousand and NT\$15,631 thousand, respectively, representing 11% and 38%, respectively, of the consolidated total comprehensive income (loss).

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Group as of March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Done-Yuin Tseng and Shiu-Chin Chiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 13, 2021

Notice to Readers

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

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

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,762,679	18	\$ 2,588,670	25	\$ 4,018,660	43
Financial assets at fair value through profit or loss - current (Note 7)	434,176	5	219,126	2	-	-
Financial assets at amortized cost - current (Notes 8 and 25)	1,620,410	16	1,541,199	15	137,280	1
Trade receivables (Note 9)	1,588,078	16	1,542,296	15	1,190,422	13
Other receivables	266,090	3	49,967	1	43,069	-
Current tax assets (Note 20)	9,528	-	13,746	-	-	-
Inventories (Note 10)	1,382,993	14	1,481,308	15	1,281,078	14
Other current assets	117,724	1	96,224	1	79,418	1
Total current assets	<u>7,181,678</u>	<u>73</u>	<u>7,532,536</u>	<u>74</u>	<u>6,749,927</u>	<u>72</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 11)	-	-	-	-	-	-
Property, plant and equipment (Notes 13 and 25)	1,903,516	19	1,854,091	18	1,750,289	19
Right-of-use assets (Notes 14 and 25)	649,103	7	686,230	7	702,211	8
Intangible assets	10,912	-	11,393	-	12,342	-
Deferred tax assets (Note 20)	19,440	-	26,692	-	37,799	-
Refundable deposits	19,800	-	19,875	-	19,934	-
Other non-current assets	108,667	1	60,795	1	70,156	1
Total non-current assets	<u>2,711,438</u>	<u>27</u>	<u>2,659,076</u>	<u>26</u>	<u>2,592,731</u>	<u>28</u>
TOTAL	<u>\$ 9,893,116</u>	<u>100</u>	<u>\$ 10,191,612</u>	<u>100</u>	<u>\$ 9,342,658</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 15 and 25)	\$ 1,796,069	18	\$ 2,187,797	21	\$ 1,967,666	21
Financial liabilities at fair value through profit or loss - current (Note 7)	5,745	-	-	-	-	-
Trade payables	533,640	5	613,373	6	374,660	4
Other payables (Note 16)	462,163	5	560,935	6	429,464	5
Current tax liabilities (Note 20)	99,976	1	80,620	1	35,662	-
Lease liabilities - current (Note 14)	45,190	-	48,980	1	59,850	1
Other current liabilities	347,258	4	351,774	3	299,496	3
Total current liabilities	<u>3,290,041</u>	<u>33</u>	<u>3,843,479</u>	<u>38</u>	<u>3,166,798</u>	<u>34</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Note 20)	351,487	3	326,470	3	280,617	3
Lease liabilities - non-current (Note 14)	370,461	4	388,992	4	381,061	4
Other non-current liabilities	60,519	1	42,587	-	43,674	-
Total non-current liabilities	<u>782,467</u>	<u>8</u>	<u>758,049</u>	<u>7</u>	<u>705,352</u>	<u>7</u>
Total liabilities	<u>4,072,508</u>	<u>41</u>	<u>4,601,528</u>	<u>45</u>	<u>3,872,150</u>	<u>41</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Capital stock	908,200	9	908,200	9	908,200	10
Capital surplus	1,639,532	17	1,639,532	16	1,639,328	18
Retained earnings						
Legal reserve	652,367	7	652,367	6	565,789	6
Special reserve	498,508	5	498,508	5	466,572	5
Unappropriated earnings	2,426,497	24	2,198,769	22	2,248,859	24
Other equity						
Exchange differences on translation of the financial statement of foreign operations	(572,305)	(6)	(552,808)	(6)	(521,685)	(6)
Unrealized valuation loss on financial assets at fair value through other comprehensive income	(10,000)	-	(10,000)	-	(10,000)	-
Total equity attributable to owners of the Company	<u>5,542,799</u>	<u>56</u>	<u>5,334,568</u>	<u>52</u>	<u>5,297,063</u>	<u>57</u>
NON-CONTROLLING INTERESTS	<u>277,809</u>	<u>3</u>	<u>255,516</u>	<u>3</u>	<u>173,445</u>	<u>2</u>
Total equity	<u>5,820,608</u>	<u>59</u>	<u>5,590,084</u>	<u>55</u>	<u>5,470,508</u>	<u>59</u>
TOTAL	<u>\$ 9,893,116</u>	<u>100</u>	<u>\$ 10,191,612</u>	<u>100</u>	<u>\$ 9,342,658</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 13, 2021)

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
NET REVENUE	\$ 2,009,958	100	\$ 1,369,057	100
COST OF GOODS SOLD (Notes 10 and 19)	<u>1,452,593</u>	<u>72</u>	<u>1,001,341</u>	<u>73</u>
GROSS PROFIT	<u>557,365</u>	<u>28</u>	<u>367,716</u>	<u>27</u>
OPERATING EXPENSES				
Selling and marketing expenses (Note 19)	58,649	3	49,296	4
General and administrative expenses (Note 19)	146,016	7	114,604	8
Research and development expenses (Note 19)	81,026	4	75,173	5
Expected credit gain (Note 9)	<u>(1,082)</u>	<u>-</u>	<u>(1,019)</u>	<u>-</u>
Total operating expenses	<u>284,609</u>	<u>14</u>	<u>238,054</u>	<u>17</u>
INCOME FROM OPERATIONS	<u>272,756</u>	<u>14</u>	<u>129,662</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	7,361	-	16,388	1
Government grants income	18,785	1	26,006	2
Other gains	23,545	1	6,542	-
Gain (loss) on disposal of property, plant and equipment	1,569	-	(2,474)	-
Net foreign exchange gain	11,866	1	44,698	3
Net loss on financial assets at fair value through profit or loss	(4,282)	-	-	-
Interest expense	(9,255)	(1)	(12,173)	(1)
Other losses	<u>(663)</u>	<u>-</u>	<u>(4,510)</u>	<u>-</u>
Total non-operating income and expenses	<u>48,926</u>	<u>2</u>	<u>74,477</u>	<u>5</u>
INCOME BEFORE INCOME TAX	321,682	16	204,139	15
INCOME TAX EXPENSE (Note 20)	<u>70,248</u>	<u>4</u>	<u>129,204</u>	<u>10</u>
NET INCOME	<u>251,434</u>	<u>12</u>	<u>74,935</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(25,784)	(1)	(42,544)	(3)

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TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
Income tax relating to items that will be reclassified subsequently to profit or loss	<u>4,874</u>	<u>-</u>	<u>8,294</u>	<u>1</u>
Other comprehensive income (loss) for the period, net of income tax	<u>(20,910)</u>	<u>(1)</u>	<u>(34,250)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 230,524</u>	<u>11</u>	<u>\$ 40,685</u>	<u>3</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 227,728	12	\$ 65,679	5
Non-controlling interests	<u>23,706</u>	<u>1</u>	<u>9,256</u>	<u>-</u>
	<u>\$ 251,434</u>	<u>13</u>	<u>\$ 74,935</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 208,231	10	\$ 32,502	2
Non-controlling interests	<u>22,293</u>	<u>1</u>	<u>8,183</u>	<u>1</u>
	<u>\$ 230,524</u>	<u>11</u>	<u>\$ 40,685</u>	<u>3</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 2.51</u>		<u>\$ 0.72</u>	
Diluted	<u>\$ 2.50</u>		<u>\$ 0.72</u>	

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

(With Deloitte & Touche review report dated May 13, 2021)

(Concluded)

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owner of the Company					Other Equity		Total	Non-controlling Interests (Note 12)	Total Equity
	Common Shares (Note 18)	Capital Surplus (Note 18)	Retained Earnings (Note 18)			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income			
			Legal Reserve	Special reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2020	\$ 908,200	\$ 1,639,328	\$ 565,789	\$ 466,572	\$ 2,183,180	\$ (488,508)	\$ (10,000)	\$ 5,264,561	\$ 165,262	\$ 5,429,823
Net profit for the three months ended March 31, 2020	-	-	-	-	65,679	-	-	65,679	9,256	74,935
Other comprehensive income (loss) for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	(33,177)	-	(33,177)	(1,073)	(34,250)
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	65,679	(33,177)	-	32,502	8,183	40,685
BALANCE AT MARCH 31, 2020	\$ 908,200	\$ 1,639,328	\$ 565,789	\$ 466,572	\$ 2,248,859	\$ (521,685)	\$ (10,000)	\$ 5,297,063	\$ 173,445	\$ 5,470,508
BALANCE AT JANUARY 1, 2021	\$ 908,200	\$ 1,639,532	\$ 652,367	\$ 498,508	\$ 2,198,769	\$ (552,808)	\$ (10,000)	\$ 5,334,568	\$ 255,516	\$ 5,590,084
Net profit for the three months ended March 31, 2021	-	-	-	-	227,728	-	-	227,728	23,706	251,434
Other comprehensive income (loss) for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	(19,497)	-	(19,497)	(1,413)	(20,910)
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	227,728	(19,497)	-	208,231	22,293	230,524
BALANCE AT MARCH 31, 2021	\$ 908,200	\$ 1,639,532	\$ 652,367	\$ 498,508	\$ 2,426,497	\$ (572,305)	\$ (10,000)	\$ 5,542,799	\$ 277,809	\$ 5,820,608

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

(With Deloitte & Touche review report dated May 13, 2021)

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 321,682	\$ 204,139
Adjustments for:		
Depreciation expenses	113,063	112,022
Amortization expense	413	407
Expected credit gain	(1,082)	(1,019)
Net loss on financial assets at fair value through profit or loss	4,282	-
Interest expense	9,255	12,173
Interest income	(7,361)	(16,388)
Loss (gain) on disposal of property, plant and equipment	(1,569)	2,474
Write-downs (reversal) of inventories	(14,036)	3,028
Loss (gain) on foreign currency exchange	(17,064)	8,501
Amortization of prepayments	8,602	2,993
Gain arising from lease modifications	(22)	-
Changes in operating assets and liabilities:		
Trade receivables	(27,027)	270,901
Other receivables	(1,135)	39,414
Inventories	106,296	(68,749)
Other current assets	(25,672)	11,135
Notes payable	-	(206)
Trade payables	(83,291)	(37,531)
Other payables	(114,314)	(151,287)
Other current liabilities	(4,454)	28,387
Other non-current liabilities	17,932	(9,421)
Cash generated from operations	284,498	410,973
Interest received	8,798	20,527
Interest paid	(9,249)	(12,422)
Income tax paid	(14,490)	(124,443)
Net cash generated from operating activities	<u>269,557</u>	<u>294,635</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(254,143)	(61,024)
Proceeds from disposal of financial assets at amortized cost	172,927	125,630
Acquisition of financial assets at fair value through profit or loss	(438,109)	-
Acquisition of property, plant and equipment	(111,291)	(38,632)
Proceeds from disposal of property, plant and equipment	3,083	-
Decrease in refundable deposits	40	166
(Increase) decrease in other non-current assets	(1,599)	32
Increase in prepayments for equipment	(53,964)	(24,624)
Net cash generated from (used in) investing activities	<u>(683,056)</u>	<u>1,548</u>

(Continued)

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 1,363,000	\$ 1,452,607
Repayments of short-term borrowings	(1,755,100)	(1,823,779)
Repayments of long-term borrowings	-	(10,846)
Repayments of the principal portion of lease liabilities	<u>(21,965)</u>	<u>(15,249)</u>
Net cash used in financing activities	<u>(414,065)</u>	<u>(397,267)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>1,573</u>	<u>(757)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(825,991)	(101,841)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>2,588,670</u>	<u>4,120,501</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,762,679</u>	<u>\$ 4,018,660</u>

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

(With Deloitte & Touche review report dated May 13, 2021)

(Concluded)

TOPKEY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

TOPKEY CORPORATION (the “Company”) was incorporated in the Republic of China (ROC) in July 1980; and is mainly engaged in the production, processing, sale, international trading and agency services of sporting goods, carbon fiber products, glass fiber products, and composite materials.

The Company’s shares were listed and have been trading on the Taiwan Stock Exchange since October 2013.

The consolidated financial statements of the Company and its subsidiaries (referred to collectively as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 13, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Business Entity Accounting Handling, part of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the Business Entity Accounting Handling, and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies:

- b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
“Annual Improvements to IFRS Standards 2018–2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)
	(Concluded)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 12 and Table 8 for detailed information on subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

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

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to statements of critical accounting judgements and key sources of estimation uncertainties to the consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	\$ 1,122	\$ 1,202	\$ 1,174
Checking accounts and demand deposits	821,592	743,767	627,617
Cash equivalents			
Time deposits	<u>939,965</u>	<u>1,843,701</u>	<u>3,389,869</u>
	<u>\$ 1,762,679</u>	<u>\$ 2,588,670</u>	<u>\$ 4,018,660</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets mandatorily classified as at FVTPL</u>			
Derivative instruments			
Foreign exchange forward contracts	\$ -	\$ 671	\$ -
Hybrid instruments			
Financial products	<u>434,176</u>	<u>218,455</u>	<u>-</u>
	<u>\$ 434,176</u>	<u>\$ 219,126</u>	<u>\$ -</u>
<u>Financial liabilities mandatorily classified as at FVTPL</u>			
Derivative instruments			
Foreign exchange forward contracts	<u>\$ 5,745</u>	<u>\$ -</u>	<u>\$ -</u>

- a. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2021</u>			
Sell	USD/RMB	2021.04	USD7,000/RMB45,403
	USD/RMB	2021.05	USD7,000/RMB45,478
	USD/RMB	2021.06	USD7,000/RMB45,601
	USD/RMB	2021.07	USD8,000/RMB52,201
<u>December 31, 2020</u>			
Sell	USD/RMB	2021.01	USD5,000/RMB32,778

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

- b. The Group entered into a short-term financial products with bank. The entire contract was assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

8. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	March 31, 2021	December 31, 2020	March 31, 2020
Restricted deposits	\$ 1,172,656	\$ 1,192,096	\$ 29,493
Bonds under repurchase agreement	200,898	235,058	91,807
Time deposits with original maturities of more than 3 months	<u>246,856</u>	<u>114,045</u>	<u>15,980</u>
	<u>\$ 1,620,410</u>	<u>\$ 1,541,199</u>	<u>\$ 137,280</u>

Restricted deposits are mainly repatriated funds US\$ 44,908 thousand, which approved by Taxation Bureau of Ministry of Finance in accordance with “Repatriated Offshore Funds Act”, and the Group submit the investment plan to the Ministry of Economic Affairs. According to the Acts, deposits are limited to approved plans and can not be used for other purposes.

9. TRADE RECEIVABLES

	March 31, 2021	December 31, 2020	March 31, 2020
<u>At amortized cost</u>			
Gross carrying amount	\$ 1,596,747	\$ 1,552,046	\$ 1,194,834
Less: Allowance for impairment loss	<u>(8,669)</u>	<u>(9,750)</u>	<u>(4,412)</u>
	<u>\$ 1,588,078</u>	<u>\$ 1,542,296</u>	<u>\$ 1,190,422</u>

The credit period of sales of goods is 60 to 120 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group’s exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group’s credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated by reference to the past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss

allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The loss allowance of trade receivables of the Group were as follows:

March 31, 2021

	Not Past Due	Past Due 30-90 Days	Past Due 91-180 Days	Past Due 181-365 Days	Past Due More than 365 Days	Total
Expected credit loss rate (%)	-	5	25	50	100	
Gross carrying amount	\$ 1,586,890	\$ 916	\$ 53	\$ 4,189	\$ 4,699	\$ 1,596,747
Loss allowance	-	(12)	(13)	(3,945)	(4,699)	(8,669)
Amortized cost	<u>\$ 1,586,890</u>	<u>\$ 904</u>	<u>\$ 40</u>	<u>\$ 244</u>	<u>\$ -</u>	<u>\$ 1,588,078</u>

December 31, 2020

	Not Past Due	Past Due 30-90 Days	Past Due 91-180 Days	Past Due 181-365 Days	Past Due More than 365 Days	Total
Expected credit loss rate (%)	-	5	25	50	100	
Gross carrying amount	\$ 1,537,334	\$ 717	\$ 1,824	\$ 8,345	\$ 3,826	\$ 1,552,046
Loss allowance	-	(24)	(576)	(5,324)	(3,826)	(9,750)
Amortized cost	<u>\$ 1,537,334</u>	<u>\$ 693</u>	<u>\$ 1,248</u>	<u>\$ 3,021</u>	<u>\$ -</u>	<u>\$ 1,542,296</u>

March 31, 2019

	Not Past Due	Past Due 30-90 Days	Past Due 91-180 Days	Past Due 181-365 Days	Past Due More than 365 Days	Total
Expected credit loss rate (%)	-	5	25	50	100	
Gross carrying amount	\$ 1,180,501	\$ 10,123	\$ 355	\$ -	\$ 3,855	\$ 1,194,834
Loss allowance	-	(470)	(87)	-	(3,855)	(4,412)
Amortized cost	<u>\$ 1,180,501</u>	<u>\$ 9,653</u>	<u>\$ 268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,190,422</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Three Months Ended March 31	
	2021	2020
Balance at January 1	\$ 9,750	\$ 5,431
Net remeasurement of loss allowance	(1,082)	(1,019)
Foreign exchange gains and losses	<u>1</u>	<u>-</u>
Balance at March 31	<u>\$ 8,669</u>	<u>\$ 4,412</u>

10. INVENTORIES

	March 31, 2021	December 31, 2020	March 31, 2020
Raw materials	\$ 506,268	\$ 511,207	\$ 598,621
Work in progress	398,290	338,756	364,550
Finished goods	364,647	536,862	275,309
Merchandise	<u>113,788</u>	<u>94,483</u>	<u>42,598</u>
	<u>\$ 1,382,993</u>	<u>\$ 1,481,308</u>	<u>\$ 1,281,078</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2021 and 2020 was \$1,452,593 thousand and \$1,001,341 thousand, respectively. The cost of goods sold for the three months ended March 31, 2021 and 2020 included inventory (reversed) write-downs of \$(14,036) thousand and \$3,028 thousand, respectively. Inventory write-downs were reversed as a result of stock clearance.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON - CURRENT

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Unlisted ordinary shares</u>			
Yue Pfond International Technology Corp. (Yue Pfond)	\$ _____ -	\$ _____ -	\$ _____ -

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Proportion of Ownership (%)		
		March 31, 2021	December 31, 2020	March 31, 2020
The Company	New Score Holding Limited (NSH)	100	100	100
	Topkey (Vietnam) Corporation Company Limited (Topkey (VN) Corp)	100	100	100
NSH	Composite Solutions Corporation (CSC)	100	100	100
	EIC Holding Limited (EIC)	76	76	76
Musonic	Musonic Corporation (Musonic)	100	100	100
	New Score Investment Limited (NSI)	100	100	100
	XPT Holding Co., Ltd. (XPT Holding)	-	-	70
	XPT Investment Co., Limited (XPT Investment)	70	70	-
	Xiamen Keentech Composite Technology Co., Ltd. (Keentech)	64	64	64

(Continued)

Investor	Investee	Proportion of Ownership (%)		
		March 31, 2021	December 31, 2020	March 31, 2020
NSI	Keentech	36	36	36
	Xiamen Valver Color Sticker Co., Ltd. (Valver)	100	100	100
EIC	Xiamen Yeu Chuan Composite Technology Co., Ltd. (Yeu Chuan)	100	100	100
	Promet International Co., Ltd. (Promet)	-	100	100
XPT Holding	XPT Investment	-	-	100
	Maggio Investments Limited (Maggio)	-	-	100
XPT Investment	Xiamen Xin Hong Zhou Precision Technology Co., Ltd. (Xin Hong Zhou)	100	100	100
	Maggio	100	100	-

(Concluded)

In 2020, NSH increased capital through cash of US\$ 2,000 thousand. The Company acquired all. After the acquisition, the ownership proportion remains 100%.

In 2020, Topkey (VN) Corp increased capital through cash of US\$ 5,000 thousand. The Company acquired all. After the acquisition, the ownership proportion remains 100%.

In response to simplify the Group's investment structure, XPT Holding increase capital of XPT Investment through equity of Maggio, so Maggio is held by XPT Investment. The Group decided to liquidate XPT Holding and Promet.

Refer to Table 8 and 9 following the Notes to Consolidated Financial statements for information on the place of incorporation and principal places of business for each subsidiary.

Among the above subsidiaries, except for EIC, XPT Holding, Valver, Yeu Chuan, Promet, XPT Investment, Maggio, and Topkey (VN) Corp, which are non-significant subsidiaries, their financial reports have not been reviewed by auditors, and the financial reports of other subsidiaries have been reviewed by auditors.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%)		
	March 31, 2021	December 31, 2020	March 31, 2020
EIC	24	24	24
XPT Holding	-	-	30
XPT Investment	30	30	-

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Three Months Ended March 31		Accumulated Non-controlling Interests		
	2021	2020	March 31, 2021	December 31, 2020	March 31, 2020
EIC	\$ 4,577	\$ 5,891	\$ 134,154	\$ 130,332	\$ 130,767
XPT Holding	-	3,365	-	-	42,678
XPT Investment	19,129	-	143,655	125,184	-
	<u>\$ 23,706</u>	<u>\$ 9,256</u>	<u>\$ 277,809</u>	<u>\$ 255,516</u>	<u>\$ 173,445</u>

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

1) EIC and EIC subsidiaries:

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 656,191	\$ 618,539	\$ 760,223
Non-current assets	95,920	101,202	112,328
Current liabilities	(182,698)	(166,547)	(313,678)
Non-current liabilities	<u>-</u>	<u>-</u>	<u>(3,834)</u>
Equity	<u>\$ 569,413</u>	<u>\$ 553,194</u>	<u>\$ 555,039</u>
Equity attributable to:			
Owners of EIC	\$ 435,259	\$ 422,862	\$ 424,272
Non-controlling interests of EIC	<u>134,154</u>	<u>130,332</u>	<u>130,767</u>
	<u>\$ 569,413</u>	<u>\$ 553,194</u>	<u>\$ 555,039</u>
		For the Three Months Ended March 31	
		2021	2020
Revenue		<u>\$ 211,908</u>	<u>\$ 187,250</u>
Profit for the period		\$ 19,429	\$ 25,005
Other comprehensive income for the period		<u>(3,735)</u>	<u>(7,388)</u>
Total comprehensive income for the period		<u>\$ 15,694</u>	<u>\$ 17,617</u>
Profit attributable to:		\$ 14,852	\$ 19,114
Owners of EIC		<u>4,577</u>	<u>5,891</u>
Non-controlling interests of EIC		<u>\$ 19,429</u>	<u>\$ 25,005</u>
Total comprehensive income attributable to:			
Owners of EIC		\$ 11,996	\$ 13,466
Non-controlling interests of EIC		<u>3,698</u>	<u>4,151</u>
		<u>\$ 15,694</u>	<u>\$ 17,617</u>
Cash inflow/(outflow) from:			
Operating activities		\$ 26,715	\$ 6,753
Investing activities		(142,310)	(950)
Financing activities		<u>(3,887)</u>	<u>(3,621)</u>
Net cash inflow/(outflow)		<u>\$ (119,482)</u>	<u>\$ 2,182</u>

2) XPT Investment and XPT Investment subsidiaries

XPT Holding and XPT Holding subsidiaries

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 428,023	\$ 574,296	\$ 289,578
Non-current assets	220,557	228,426	250,775
Current liabilities	(162,029)	(378,397)	(393,372)
Non-current liabilities	<u>(2,471)</u>	<u>(2,487)</u>	<u>(3,166)</u>
Equity	<u>\$ 484,080</u>	<u>\$ 421,838</u>	<u>\$ 143,815</u>
Equity attributable to:			
Owners of XPT Investment/XPT Holding	\$ 340,425	\$ 296,654	\$ 101,137
Non-controlling interests of XPT Investment/XPT Holding	<u>143,655</u>	<u>125,184</u>	<u>42,678</u>
	<u>\$ 484,080</u>	<u>\$ 421,838</u>	<u>\$ 143,815</u>
		For the Three Months Ended March 31	
		2021	2020
Revenue		<u>\$ 263,284</u>	<u>\$ 123,111</u>
Profit (loss) for the period		\$ 64,458	\$ 11,338
Other comprehensive income for the period		<u>(2,866)</u>	<u>(574)</u>
Total comprehensive income for the period		<u>\$ 61,592</u>	<u>\$ 10,764</u>
Profit attributable to:			
Owners of XPT Investment/XPT Holding		\$ 45,329	\$ 7,973
Non-controlling interests of XPT Investment/XPT Holding		<u>19,129</u>	<u>3,365</u>
		<u>\$ 64,458</u>	<u>\$ 11,338</u>
Total comprehensive income (loss) attributable to:			
Owners of XPT Investment/XPT Holding		\$ 43,314	\$ 7,569
Non-controlling interests of XPT Investment/XPT Holding		<u>18,278</u>	<u>3,195</u>
		<u>\$ 61,592</u>	<u>\$ 10,764</u>
Cash inflow/(outflow) from:			
Operating activities		\$ 131,726	\$ (462)
Investing activities		(12,127)	(46,620)
Financing activities		<u>(162,100)</u>	<u>46,145</u>
Net cash inflow		<u>\$ (42,501)</u>	<u>\$ (937)</u>

13. PROPERTY, PLANT AND EQUIPMENT

For the Three Months Ended March 31, 2021

	Beginning Balance	Additions	Disposals	Reclassifications	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 52,939	\$ -	\$ -	\$ -	\$ -	\$ 52,939
Buildings	1,116,258	-	2,247	-	(6,097)	1,107,914
Machinery and equipment	1,633,157	7,570	26,493	33,371	(8,113)	1,639,492
Transportation equipment	6,439	346	-	-	(44)	6,741
Other equipment	707,713	20,925	68,329	8,435	(2,832)	665,912
Construction in progress	227,769	102,672	-	(18,469)	459	312,431
	<u>3,744,275</u>	<u>\$ 131,513</u>	<u>\$ 97,069</u>	<u>\$ 23,337</u>	<u>\$ (16,627)</u>	<u>3,785,429</u>
<u>Accumulated depreciation</u>						
Buildings	547,291	\$ 13,011	\$ 2,247	\$ -	\$ (2,942)	555,113
Machinery and equipment	786,713	35,593	25,384	-	(4,063)	792,859
Transportation equipment	2,748	283	-	-	(21)	3,010
Other equipment	378,129	48,007	66,915	-	(1,497)	357,724
	<u>1,714,881</u>	<u>\$ 96,894</u>	<u>\$ 94,546</u>	<u>\$ -</u>	<u>\$ (8,523)</u>	<u>1,708,706</u>
<u>Accumulated impairment</u>						
	175,155	\$ -	\$ 1,009	\$ -	\$ (1,087)	173,059
Machinery and equipment	148	-	-	-	-	148
Other equipment	175,303	-	1,009	-	(1,087)	173,207
	<u>\$ 1,854,091</u>					<u>\$ 1,903,516</u>

For the Three Months Ended March 31, 2020

	Beginning Balance	Additions	Disposals	Reclassifications	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 52,939	\$ -	\$ -	\$ -	\$ -	\$ 52,939
Buildings	1,108,411	-	10,923	-	(10,138)	1,087,350
Machinery and equipment	1,681,779	5,858	43,349	14,695	(13,449)	1,645,534
Transportation equipment	5,071	1,246	356	-	(59)	5,902
Other equipment	705,060	34,277	25,532	3,533	(4,759)	712,579
Construction in progress	35,424	15,061	-	(16,921)	(328)	33,236
	<u>3,588,684</u>	<u>\$ 56,442</u>	<u>\$ 80,160</u>	<u>\$ 1,307</u>	<u>\$ (28,733)</u>	<u>3,537,540</u>
<u>Accumulated depreciation</u>						
Buildings	498,895	\$ 13,096	\$ 8,932	\$ -	\$ (4,375)	498,684
Machinery and equipment	768,237	36,598	42,408	-	(6,610)	755,817
Transportation equipment	2,279	289	356	-	(19)	2,193
Other equipment	344,458	42,272	25,532	-	(2,440)	358,758
	<u>1,613,869</u>	<u>\$ 92,255</u>	<u>\$ 77,228</u>	<u>\$ -</u>	<u>\$ (13,444)</u>	<u>1,615,452</u>
<u>Accumulated impairment</u>						
Machinery and equipment	173,863	\$ -	\$ 458	\$ -	\$ (1,826)	171,579
Other equipment	222	-	-	-	(2)	220
	<u>174,085</u>	<u>\$ -</u>	<u>\$ 458</u>	<u>\$ -</u>	<u>\$ (1,828)</u>	<u>171,799</u>
	<u>\$ 1,800,730</u>					<u>\$ 1,750,289</u>

No impairment assessment was performed for the three months ended March 31, 2021 and 2020 as there was no indication of impairment.

Except for equipment which acquisite by project (which is recongnized in other equipment), depreciation of property, plant and equipment is calculated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	40-50 years
Ancillary work	5-30 years
Machinery and equipment	3-30 years
Transportation equipment	5-10 years
Other equipment	3-10 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 25.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amounts</u>			
Land	\$ 525,893	\$ 550,820	\$ 527,184
Buildings	122,750	134,646	173,364
Transportation equipment	<u>460</u>	<u>764</u>	<u>1,663</u>
	<u>\$ 649,103</u>	<u>\$ 686,230</u>	<u>\$ 702,211</u>
		For the Three Months Ended March 31,	
		2021	2020
Additions to right-of-use assets		<u>\$ -</u>	<u>\$ -</u>
Depreciation of right-of-use assets			
Land		\$ 4,313	\$ 4,294
Buildings		11,443	15,063
Transportation equipment		<u>304</u>	<u>302</u>
		<u>\$ 16,060</u>	<u>\$ 19,659</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant addition, sublease or impairment of right-of-use assets during the three months ended March 31, 2021 and 2020.

Right-of-use asset pledged as collateral for bank borrowings is set out in Note 25.

b. Lease liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amounts</u>			
Current	\$ 45,190	\$ 48,980	\$ 59,850
Non-current	<u>\$ 370,461</u>	<u>\$ 388,992</u>	<u>\$ 381,061</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Land			
Buildings	1.35%-4%	1.35%-4%	1.35%
Transportation equipment	1.1%-4.9%	1.1%-4.9%	1.1%-4.9%
	1.1%-4.75%	1.1%-4.75%	1.1%-4.75%

c. Other lease information

	For the Three Months Ended March 31,	
	<u>2021</u>	<u>2020</u>
Expenses relating to short-term lease	\$ 1,036	\$ 376
Expenses relating to low value asset leases	<u>\$ 40</u>	<u>\$ 9</u>
Total cash outflow for leases	<u>\$ (27,219)</u>	<u>\$ (17,911)</u>

The Group leases certain buildings and transportation equipment which qualify as short-term leases and certain machinery equipment, office equipment and other equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption for these leases and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. BORROWINGS

a. Short-term borrowings

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ 1,774,360	\$ 2,047,986	\$ 1,788,323
<u>Secured borrowings</u>			
Mortgage borrowings	<u>21,709</u>	<u>139,811</u>	<u>179,343</u>
	<u>\$ 1,796,069</u>	<u>\$ 2,187,797</u>	<u>\$ 1,967,666</u>

(Continued)

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Annual interest rate range (%)</u>			
Line of credit borrowings	0.65-4.79	0.85-4.6	2.00-4.57
Mortgage borrowings	4.57	4.57-5	5.00-5.22 (Concluded)

Property, plant and equipment and right-of-use asset pledged as collateral for mortgage borrowings is set out in Note 25.

16. OTHER PAYABLES

	March 31, 2021	December 31, 2020	March 31, 2020
Payables for salaries and bonuses	\$ 255,941	\$ 381,721	\$ 195,403
Payables for acquisition of equipment	55,926	39,040	35,263
Payables for compensation of employees	47,708	36,806	40,310
Payables for remuneration of directors and supervisors	33,170	25,902	29,119
Others	<u>69,418</u>	<u>77,466</u>	<u>129,369</u>
	<u>\$ 462,163</u>	<u>\$ 560,935</u>	<u>\$ 429,464</u>

17. RETIREMENT BENEFIT PLANS

The Company adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

NSH, Musonic, NSI, EIC, XPT Holding, XPT Investment, Maggio and Promet are an investment holding or trade company; therefore, there is no retirement policy. CSC adopted defined contribution plan. CSC contributes funds and manages it independently. Keentech, Valver, Yeu Chuan, and Xin Hong Zhou pay endowment insurance in accordance with the regulations of mainland China. They are approved by local governments to contribute 20% of the local average salary to local governments of which 12% is paid by the companies, and the remaining 8% is contributed by the employees. Topkey (VN) Corp contributes retirement pension fund on a monthly basic under the regulations of local governments to local governments. Except monthly contribution, Topkey (VN) Corp has no further obligations.

18. EQUITY

a. Capital stock

	March 31, 2021	December 31, 2020	March 31, 2020
Authorized shares (in thousands of shares)	180,000	180,000	100,000
Authorized capital	\$ 1,800,000	\$ 1,800,000	\$ 1,000,000
Issued and paid shares (in thousands of shares)	90,820	90,820	90,820

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

	March 31, 2021	December 31, 2020	March 31, 2020
Additional paid-in capital	\$ 1,549,452	\$ 1,549,452	\$ 1,549,452
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	52,190	52,190	52,190
Disposal assets gain	35,824	35,824	35,824
Employee share options	1,862	1,862	1,862
Disgorgement exercise	<u>204</u>	<u>204</u>	<u>-</u>
	<u>\$ 1,639,532</u>	<u>\$ 1,639,532</u>	<u>\$ 1,639,328</u>

The capital surplus generated from the excess of the issuance price over the par value of capital stock may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus. Other capital surplus shall not be used for any purpose.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 19.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under and Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 that were proposed by the board of directors on March 2021, and the appropriations of earnings for 2019 which had been resolved by the shareholders in the shareholders' meetings in May 2020, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2020	2019	2020	2019
Legal reserve	\$ 67,902	\$ 86,578		
Special reserve	64,301	31,936		
Cash dividends	454,100	544,920	\$ 5	\$ 6

The appropriation of 2020 earnings is subject to the resolution of the shareholders in the shareholders' meeting to be held in May 2021.

d. Special reserve

On the initial adoption of IFRS, the retained earnings was not enough, the Company appropriated a special reserve at \$126,886 thousand that was the same as the net increase in retained earnings.

The appropriations of earning for 2020 and 2019, the Company appropriated a special reserve at \$64,301 thousand and \$31,936 thousand because of the deduction of other equity in the end of reporting period.

19. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION EXPENSES

	Operating Costs	Operating Expenses	Total
<u>For the Three Months Ended March 31, 2021</u>			
Employee benefit expense			
Salary expenses	\$ 405,319	\$ 165,065	\$ 570,384
Retirement pension	16,022	6,276	22,298
Other employee benefits	21,842	27,208	49,050
Depreciation expenses	95,741	17,322	113,063
Amortization expenses	-	413	413
<u>For the Three Months Ended March 31, 2020</u>			
Employee benefit expense			
Salary expenses	301,963	125,719	427,682
Retirement pension	8,626	4,065	12,691
Other employee benefits	15,252	23,654	38,906
Depreciation expenses	89,965	22,057	112,022
Amortization expenses	-	407	407

Employees' compensation and remuneration of directors and supervisors

According to the Corporation's Articles of Incorporation, the Corporation accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 3%-10% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors for the three months ended March 31, 2021 and 2020, are as follows:

	For the Three Months Ended March 31			
	2021		2020	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	3.6%	\$ 10,902	4.0%	\$ 3,048
Remuneration of directors and supervisors	2.4%	7,268	1.2%	914

If there is a change in the amounts after the annual consolidated financial statements were authorized for issuance, the differences will be recorded as a change in the accounting estimate in the following year.

The appropriations of employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2020 and 2019 that were resolved by the board of directors on March, 2021 and 2020, respectively, are as shown below:

	For the Year Ended December 31	
	2020	2019
Compensation of employees	\$ 36,806	\$ 37,262
Remuneration of directors and supervisors	25,902	28,204

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation of employees and remuneration of directors resolved by the board of directors of the Company in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

20. INCOME TAXES

- a. Major components of income tax expense recognized in profit or loss

	For the Three Months Ended March 31	
	2021	2020
Current tax		
In respect of the current period	\$ 33,106	\$ 130,637
Deferred tax		
In respect of the current period	<u>37,142</u>	<u>(1,433)</u>
Income tax expense recognized in profit or loss	<u>\$ 70,248</u>	<u>\$ 129,204</u>

b. Income tax assessments

The tax returns through 2017 of the Company have been assessed by the tax authorities.

21. EARNINGS PER SHARE

	Net Profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Three Months Ended March 31, 2021</u>			
Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 227,728	90,820	<u>\$2.51</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>224</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 227,728</u>	<u>91,044</u>	<u>\$2.50</u>
<u>For the Three Months Ended March 31, 2020</u>			
Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 65,679	90,820	<u>\$0.72</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>268</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 65,679</u>	<u>91,088</u>	<u>\$0.72</u>

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

22. CAPITAL MANAGEMENT

The goal, policy and procedure of the capital risk management of the Group and the capital structure of the Group are the same with the consolidated financial statements for the year ended December 31, 2020.

23. FINANCIAL INSTRUMENTS

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

Management of the Group consider the carrying amounts of the Group's financial instruments that are not measured at fair value as close to their fair values or their fair values could not be reasonably measured.

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

1) Fair Value Hierarchy

	Level 1	Level 2	Level 3	Total
<u>March 31, 2021</u>				
Financial assets at FVTPL				
Financial products	\$ -	\$ 434,176	\$ -	\$ 434,176
Financial liabilities at FVTPL				
Derivative instruments	\$ -	\$ 5,745	\$ -	\$ 5,745
<u>December 31, 2020</u>				
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 671	\$ -	\$ 671
Financial products	-	218,455	-	218,455
	\$ -	\$ 219,126	\$ -	\$ 219,126

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2021.

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

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Financial products	Discounted cash flow. Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the period.

c. Categories of financial instruments

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
FVTPL	\$ 434,176	\$ 219,126	\$ -
Financial assets at amortized cost	5,257,057	5,742,007	5,379,872
<u>Financial liabilities</u>			
FVTPL	5,745	-	-
Amortized cost	2,791,872	3,362,105	2,771,790

The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, trade receivables, other receivables, and refundable deposits.

The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade and other payables.

c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, lease liabilities, and borrowings. The Group's financial department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There is no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group enters into foreign currency denominated sales and purchases, which expose the Group to foreign currency risk. Approximately 90% of the Group's sales is denominated in currencies other than the functional currency of the entity in the Group making the sale, whilst almost 10% of costs is denominated in currencies other than the functional currency of the entity in the Group. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 27.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the NTD against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in income before income tax and other equity associated with the NTD strengthening 1% against the relevant currency. For a 1% weakening of the NTD against the USD, there would be an equal and opposite impact on income before income tax and other equity, and the balances below would be negative.

	For the Three Months Ended March 31	
	2021	2020
Profit or loss	\$ 25,697	\$ 27,581

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Fair value interest rate risk			
Financial assets	\$ 2,458,665	\$ 3,587,475	\$ 3,436,387
Financial liabilities	1,446,410	895,689	902,307
Cash flow interest rate risk			
Financial assets	914,082	741,736	718,379
Financial liabilities	765,310	1,730,080	1,506,270

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the period was outstanding for the whole year. A 1% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

For a 1% basis points higher/lower against interest rates and all other variables were held constant, the Group's income before income tax for the three months ended March 31, 2021 and 2020 would decrease/increase by \$372 thousand and \$1,970 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group continuously monitors its exposure to credit risk and the credit ratings of its counterparties, and allocates the total transaction amount among the creditworthy customers. The Group's management also controls credit risk by reviewing the credit limits of its counterparties on an annual basis.

The Group also continuously evaluates the financial status of the customers of the accounts receivable, and purchases credit guarantee insurance contracts when necessary.

The Group's concentration of credit risk of 52%, 42% and 41% of total trade receivables as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively, was attributable to the Group's two largest customers in the property construction business segment.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. The Group had available unutilized bank loan facilities set out as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Unutilized bank loan limits	<u>\$ 4,569,234</u>	<u>\$ 4,368,168</u>	<u>\$ 4,280,549</u>

Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

	Less than 1 Year	More than 1 Years
<u>March 31, 2021</u>		
Non-interest bearing liabilities	\$ 995,803	\$ -
Lease liabilities	52,265	406,348
Floating interest rate liabilities	765,310	-
Fix interest rate liabilities	<u>1,030,759</u>	<u>-</u>
	<u>\$ 2,844,137</u>	<u>\$ 406,348</u>

<u>December 31, 2020</u>		
Non-interest bearing liabilities	\$ 1,174,308	\$ -
Lease liabilities	64,210	450,590
Floating interest rate liabilities	1,445,000	-
Fix interest rate liabilities	<u>742,797</u>	<u>-</u>
	<u>\$ 3,426,315</u>	<u>\$ 450,590</u>

<u>March 31, 2020</u>		
Non-interest bearing liabilities	\$ 804,124	\$ -
Lease liabilities	80,852	435,490
Floating interest rate liabilities	1,506,270	-
Fix interest rate liabilities	<u>461,396</u>	<u>-</u>
	<u>\$ 2,852,642</u>	<u>\$ 435,490</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	More than 20 Years
<u>March 31, 2021</u>						
Lease liabilities	<u>\$ 52,265</u>	<u>\$162,707</u>	<u>\$ 89,027</u>	<u>\$ 90,584</u>	<u>\$ 36,767</u>	<u>\$ 27,263</u>
<u>December 31, 2020</u>						
Lease liabilities	<u>\$ 64,210</u>	<u>\$202,601</u>	<u>\$ 90,556</u>	<u>\$ 90,556</u>	<u>\$ 40,879</u>	<u>\$ 25,998</u>
<u>March 31, 2020</u>						
Lease liabilities	<u>\$ 80,852</u>	<u>\$212,867</u>	<u>\$ 94,624</u>	<u>\$ 82,580</u>	<u>\$ 45,419</u>	<u>\$ -</u>

24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Compensation of key management personnel

	For the Three Months Ended March 31	
	2021	2020
Short-term employee benefits	\$ 19,976	\$ 13,999
Post-employment benefits	<u>270</u>	<u>221</u>
	<u>\$ 20,246</u>	<u>\$ 14,220</u>

The remuneration of directors and key management personnel was determined by the remuneration committee based on the market trends and performance of individuals.

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and the deposits for electricity company:

	March 31, 2021	December 31, 2020	March 31, 2020
Financial assets at amortized cost	\$ 3,151	\$ -	\$ -
Property, plant, and equipment	54,894	56,818	73,869
Right-of-use assets	<u>11,417</u>	<u>11,569</u>	<u>11,543</u>
	<u>\$ 69,462</u>	<u>\$ 68,387</u>	<u>\$ 85,412</u>

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. The Company insures liability insurance for products sold all regions of the world. The renewal period for bicycle products is from December 1, 2020 to December 1, 2021. The maximum compensation amount for a single event is US\$ 6,000 thousand, and the cumulative compensation amount is US\$ 8,000 thousand. The renewal period for helmet products is from April 1, 2020 to April 1, 2021. The maximum compensation amount for a single event is US\$ 5,000 thousand, and the cumulative compensation amount is US\$ 6,000 thousand. The renewal period for aviation products is from August 1, 2020 to August 1, 2021. The maximum compensation amount for a single event is US\$ 1,000 thousand, and the cumulative compensation amount is US\$ 2,000 thousand.

b. Unrecognized commitments were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Acquisition of property, plant and equipment	<u>\$ 269,209</u>	<u>\$ 156,729</u>	<u>\$ 51,659</u>

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currencies of the Group entities and the exchange rates between the foreign currencies and respective functional currencies were disclosed. The significant financial assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In USD)	Exchange Rate	Carrying Amount (In NTD)
<u>March 31, 2021</u>			
Financial assets	\$ 128,913	28.531	\$ 3,678,010
Financial liabilities	38,846	28.531	1,108,309
<u>December 31, 2020</u>			
Financial assets	136,018	28.508	3,877,590
Financial liabilities	39,486	28.508	1,125,657
<u>March 31, 2020</u>			
Financial assets	119,999	30.254	3,630,461
Financial liabilities	28,834	30.254	872,344

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	For the Three Months Ended March 31, 2021		For the Three Months Ended March 31, 2020	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (USD:NTD)	\$ 1,804	1 (USD:NTD)	\$ 10,836
USD	28.3885 (USD:NTD)	758	30.1472 (USD:NTD)	7,860
RMB	4.3811 (RMB:NTD)	9,304	4.3193 (RMB:NTD)	24,087

28. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees and b. Information on investees:

- 1) Financing provided to others (Table 1).
- 2) Endorsements/guarantees provided (Table 2).
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3).
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4).
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None).

- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None).
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5).
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6).
 - 9) Trading in derivative instruments (Note 7).
 - 10) Intercompany relationships and significant intercompany transactions (Table 7).
 - 11) Information on investees (Table 8).
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 9)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 7):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

29. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as sporting products, aviation and medical products, and others.

Segment revenue and operating results

The following was an analysis of the Group's revenue and operating results from continuing operations by reportable segments:

	For the Three Months Ended March 31			
	Segment Revenue		Segment Profit or Loss	
	2021	2020	2021	2020
Sporting products	\$ 1,462,013	\$ 1,021,397	\$ 219,305	\$ 109,741
Aviation and medical products	185,720	229,055	20,193	15,472
Others	<u>362,225</u>	<u>118,605</u>	<u>33,258</u>	<u>4,449</u>
Generated from continuing operating segment	<u>\$ 2,009,958</u>	<u>\$ 1,369,057</u>	272,756	129,662
Interest income			7,361	16,388
Government grants income			18,785	26,006
Other gains			23,545	6,542
Gain (loss) on disposal of property, plant and equipment			1,569	(2,474)
Foreign exchange gain (loss)			11,866	44,698
Net loss on financial assets at FVTPL			(4,282)	-
Interest expense			(9,255)	(12,173)
Other losses			<u>(663)</u>	<u>(4,510)</u>
Income before income tax			<u>\$ 321,682</u>	<u>\$ 204,139</u>

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in 2021 and 2020.

Segment profit represents the gains and losses earned by each segment excluding interest income, government grants income, gain (loss) on disposal of property, plant and equipment, foreign exchange gain (loss), net loss on financial assets at FVTPL, interest expense, and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

TOPKEY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Amount Borrowed (Note 5)	Interest Rate (%)	Nature of Financing (Note 1)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit (Note 3)
													Item	Value		
0	The Company	CSC	Other receivable from related parties	Yes	\$ 57,062	\$ 57,062	\$ 9,273	1	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,385,700 (Note 2)	\$ 1,385,700 (Note 2)
		Topkey (VN) Corp	Other receivable from related parties	Yes	142,655	142,655	71,328	1	2	-	Operating capital	-	-	-	1,385,700 (Note 2)	1,385,700 (Note 2)

Note 1: The nature of financing provided to other:

1. Business transaction.
2. Operating capital.

Note 2: 20% of the net equity of the company in their latest financial statement, if the company holds 100% voting rights directly or indirectly, no more than 25% of the net equity of the company in their latest financial statement.

Note 3: 25% of the net equity of the company who provide financing to other in their latest financial statement.

Note 4: Highest balance for the period and ending balance are the quota approved by board of directors as reporting amount and exchange by foreign amount in reporting month multiply by new taiwan dollar exchange rate in reporting month.

Note 5: Actual amount borrowed is actual foreign amount borrowed multiply new taiwan dollar exchange rate in reporting month.

Note 6: Transactions have been eliminated.

TOPKEY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period (Note 2)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 2)	Actual Amount Borrowed (Note 3)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	NSI	Indirectly owned subsidiary	\$ 2,771,400 (Note 1)	\$ 570,620	\$ 570,620	\$ -	\$ -	10	\$ 2,771,400 (Note 1)	Y	-	-
		CSC	Indirectly owned subsidiary	2,771,400 (Note 1)	427,965	427,965	285,310	-	8	2,771,400 (Note 1)	Y	-	-
		Topkey (VN) Corp	Directly owned subsidiary	2,771,400 (Note 1)	1,027,116	1,027,116	-	-	19	2,771,400 (Note 1)	Y	-	-

Note 1: 30% of the net equity of the company in their latest financial statement, if the company hold 100% voting rights directly or indirectly, no more than 50% of the net equity of the company in their latest financial statement.

Note 2: Highest balance for the period and ending balance are the quota approved by board of directors as reporting amount and exchange by foreign amount in reporting month multiply by new taiwan dollar exchange rate in reporting month.

Note 3: Actual amount borrowed is actual foreign amount borrowed multiply new taiwan dollar exchange rate in reporting month.

TOPKEY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2021

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Stock</u> Yue Pfond	-	Financial assets at FVTOCI - non-current	190	\$ -	1	\$ -	
Keentech	<u>Financial product</u> XYZQ industrial securities - XL No5	-	Financial assets at FVTPL - current	-	434,176	-	434,176	

Note: Refer to Tables 8 and 9 for information on subsidiary investment.

TOPKEY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE THREE MONTHS ENDED MARCH 31, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Keentech	Financial product XYZQ industrial securities - XL No5	Financial assets at FVTPL - current	-	-	-	RMB 5,000	-	RMB 100,000	-	RMB 50,499	RMB 50,000	RMB 499	-	RMB 100,000

TOPKEY CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars)**

Buyer	Related Party (Note)	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Keentech Yeu Chuan	Indirectly owned subsidiary	Purchase	\$ 699,315	70	T/T 90 days	-	-	\$ (703,028)	(72)	
		Indirectly owned subsidiary	Purchase	123,892	12	T/T 90 days	-	-	(129,417)	(13)	
NSI	Keentech	Investment accounted for using the equity method	Purchase	346,540	82	T/T 60-90 days	-	-	(346,399)	(94)	

Note: Transactins have been eliminated.

TOPKEY CORPORATION AND SUBSIDIARIES

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

MARCH 31, 2021

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Keentech	The Company	The ultimate parent of Keentech	\$ 703,028	1.86	\$ -	-	\$ 286,760	\$ -
Keentech	NSI	The parent for using the equity method of Keentech	346,399	2.53	-	-	130,632	-
Yeu Chuan	The Company	The ultimate parent of Yeu Chuan	129,417	1.76	-	-	-	-

Note: Transactins have been eliminated.

TOPKEY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% of Total Sales or Assets
0	The Comany	Keentech	1	Purchases	\$ 699,315	T/T 90 days	35
			1	Trade payables	703,028	T/T 90 days	7
		Yeu Chuan	1	Purchases	123,892	T/T 90 days	6
			1	Trade payables	129,417	T/T 90 days	1
1	NSI	Keentech	2	Purchases	346,540	T/T 60-90 days	17
			2	Trade payables	346,399	T/T 60-90 days	3
			2	Dividend receivables	165,351	-	2
2	Musonic	Keentech	2	Dividend receivables	293,957	-	3

Note 1: 1) From parent company to subsidiary.

2) From subsidiary to subsidiary.

Note 2: For the three months ended March 31, 2021, sales, purchases and unrealized gain with investee in mainland China are 18,592 thousand (Transactions have been eliminated).

Note 3: Transactions have been eliminated.

TOPKEY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
The Company	NSH Topkey (VN) Corp	British Virgin Islands Vietnam	International investment	\$ 2,322,851	\$ 2,320,979	80,137	100	\$ 4,851,803	\$ 155,375	\$ 143,182	Subsidiary
			Manufacture and sale of carbon fiber products, glass fiber products and composite components	427,965	427,620	-	100	417,865	(1,977)	(1,977)	Subsidiary
NSH	CSC	Seattle, USA	Development, manufacture and sale of aviation composite components	610,906	610,413	22	100	(104,396)	(18,161)	(Note 1)	Indirectly owned subsidiary
			International investment	165,052	164,919	3,822	76	435,259	19,429	(Note 1)	Indirectly owned subsidiary
			International investment and trade	357,722	357,433	12,498	100	1,756,253	79,299	(Note 1)	Indirectly owned subsidiary
			International investment	1,076,560	1,075,692	22,228	100	2,362,836	34,869	(Note 1)	Indirectly owned subsidiary
XPT Investment	Maggio	Seychelles	International investment and trade	352,286	352,002	11,388	70	340,425	64,458	(Note 1)	Indirectly owned subsidiary
			International trade	42,797	42,762	1,500	100	92,485	4,641	(Note 1)	Indirectly owned subsidiary

Note 1: Exempted according to regulations.

Note 2: Transactions have been eliminated.

Note 3: Refer to Table 9 for information on subsidiary investment in mainland China.

Note 4: Foreign amount in the Table is exchanged to new taiwan dollors by rate on balance sheet date.

TOPKEY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2021	Accumulated Repatriation of Investment Income as of March 31, 2021
					Outward	Inward						
Keentech	Manufacture and sale of carbon fiber products, glass fiber products and composite components	\$ 1,312,426	(Note 1)	\$ 990,996	\$ -	\$ -	\$ 990,996	\$ 54,483	100	\$ 54,483 (Note 2)	\$ 3,270,740 (Note 2)	\$ 1,656,028
Yeu Chuan	Manufacture of various helmets, glasses, and components of vehicles	142,655	(Note 1)	78,460	-	-	78,460	19,904	76	15,215 (Note 2)	388,694 (Note 2)	185,967
Xin Hong Zhou	Development, design and manufacture of various precision molds, processing of various plastic and rubber products	438,664	(Note 1)	240,374	-	-	240,374	56,990	70	40,078 (Note 2)	245,737 (Note 2)	-
Valver	Manufacture of water gage and HRNT	35,664	(Note 1)	43,167	-	-	43,167	1,742	100	1,742 (Note 2)	105,909 (Note 2)	-

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 1,352,997 (USD 47,422)	\$ 1,896,341 (USD 66,466)	(Note 3)

Note 1: The investment was made through a company established in a third country, which in turn invested in company located in mainland China.

Note 2: The investment gain (loss) are recognized according to the financial statements audited by the Company's independent auditors.

Note 3: The Company had obtained the certification documents issued by the Industrial Bureau of the Ministry of Economic Affairs to meet the operating scope of operational headquarters with "Regulation Governing the Examination of Investment or Technical Cooperation in Mainland China" noticed by the Ministry of Economic Affairs on August 29, 2008.

Note 4: Foreign amount in the Table is exchanged to new taiwan dollars by rate on balance sheet date.

Note 5: Transactions have been eliminated.

TABLE 10**TOPKEY CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Shen Wen Chen	9,654,182	10.63%

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.