

Topkey Corporation and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 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 September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2021 and 2020, and the related notes, including a summary of significant accounting policies "(collectively referred to as the consolidated financial statements)". 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". 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 September 30, 2021 and 2020, combined total assets of these non-significant subsidiaries were NT\$1,715,446 thousand and NT\$1,539,274 thousand, respectively, representing 16% and 15%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$470,091 thousand and NT\$293,940 thousand, respectively, representing 9% and 6%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the amount of combined comprehensive income (loss) of these subsidiaries were NT\$12,923 thousand, NT\$61,449 thousand, NT\$70,615 thousand and NT\$108,341 thousand, respectively, representing 7%, 20%, 13% and 24%, 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 give a true and fair view of the consolidated financial position of the Group as of September 30, 2021 and 2020, its consolidated financial performance for the three months ended September 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 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

November 11, 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	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,156,959	19	\$ 2,588,670	25	\$ 3,320,939	33
Financial assets at fair value through profit or loss - current (Note 7)	215,884	2	219,126	2	-	-
Financial assets at amortized cost - current (Notes 8 and 25)	1,953,051	18	1,541,199	15	1,316,634	13
Trade receivables (Note 9)	1,852,721	17	1,542,296	15	1,613,302	16
Other receivables	64,320	1	49,967	1	37,356	-
Current tax assets (Note 20)	-	-	13,746	-	-	-
Inventories (Note 10)	1,870,912	17	1,481,308	15	1,158,616	12
Other current assets	143,264	1	96,224	1	91,772	1
Total current assets	<u>8,257,111</u>	<u>75</u>	<u>7,532,536</u>	<u>74</u>	<u>7,538,619</u>	<u>75</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)	1,938,779	18	1,854,091	18	1,796,452	18
Right-of-use assets (Notes 14 and 25)	671,608	6	686,230	7	663,168	7
Intangible assets	9,989	-	11,393	-	11,555	-
Deferred tax assets (Note 20)	41,454	-	26,692	-	29,040	-
Refundable deposits	18,327	-	19,875	-	19,864	-
Other non-current assets	81,488	1	60,795	1	41,924	-
Total non-current assets	<u>2,761,645</u>	<u>25</u>	<u>2,659,076</u>	<u>26</u>	<u>2,562,003</u>	<u>25</u>
TOTAL	<u>\$ 11,018,756</u>	<u>100</u>	<u>\$ 10,191,612</u>	<u>100</u>	<u>\$ 10,100,622</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 15 and 25)	\$ 2,441,990	22	\$ 2,187,797	21	\$ 2,652,563	26
Notes payables	370	-	-	-	-	-
Trade payables	615,634	6	613,373	6	465,631	5
Other payables (Note 16)	574,840	5	560,935	6	486,826	5
Current tax liabilities (Note 20)	163,800	1	80,620	1	107,065	1
Lease liabilities - current (Note 14)	83,404	1	48,980	1	52,710	1
Other current liabilities	643,525	6	351,774	3	352,977	3
Total current liabilities	<u>4,523,563</u>	<u>41</u>	<u>3,843,479</u>	<u>38</u>	<u>4,117,772</u>	<u>41</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 15)	28,501	-	-	-	-	-
Deferred tax liabilities (Note 20)	367,226	4	326,470	3	287,128	3
Lease liabilities - non-current (Note 14)	363,287	3	388,992	4	350,634	3
Other non-current liabilities	62,944	1	42,587	-	26,561	-
Total non-current liabilities	<u>821,958</u>	<u>8</u>	<u>758,049</u>	<u>7</u>	<u>664,323</u>	<u>6</u>
Total liabilities	<u>5,345,521</u>	<u>49</u>	<u>4,601,528</u>	<u>45</u>	<u>4,782,095</u>	<u>47</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Capital stock	908,200	8	908,200	9	908,200	9
Capital surplus	1,639,532	15	1,639,532	16	1,639,328	16
Retained earnings						
Legal reserve	720,269	7	652,367	6	652,367	7
Special reserve	562,808	5	498,508	5	498,508	5
Unappropriated earnings	2,185,512	20	2,198,769	22	2,016,029	20
Other equity						
Exchange differences on translation of the financial statement of foreign operations	(632,204)	(6)	(552,808)	(6)	(594,557)	(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>5,374,117</u>	<u>49</u>	<u>5,334,568</u>	<u>52</u>	<u>5,109,875</u>	<u>51</u>
NON-CONTROLLING INTERESTS	<u>299,118</u>	<u>2</u>	<u>255,516</u>	<u>3</u>	<u>208,652</u>	<u>2</u>
Total equity	<u>5,673,235</u>	<u>51</u>	<u>5,590,084</u>	<u>55</u>	<u>5,318,527</u>	<u>53</u>
TOTAL	<u>\$ 11,018,756</u>	<u>100</u>	<u>\$ 10,191,612</u>	<u>100</u>	<u>\$ 10,100,622</u>	<u>100</u>

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

(With Deloitte & Touche review report dated November 11, 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 September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE	\$ 2,349,016	100	\$ 2,038,564	100	\$ 6,181,593	100	\$ 5,222,295	100
COST OF GOODS SOLD (Notes 10 and 19)	<u>1,633,468</u>	<u>69</u>	<u>1,253,497</u>	<u>61</u>	<u>4,368,992</u>	<u>71</u>	<u>3,429,446</u>	<u>66</u>
GROSS PROFIT	<u>715,548</u>	<u>31</u>	<u>785,067</u>	<u>39</u>	<u>1,812,601</u>	<u>29</u>	<u>1,792,849</u>	<u>34</u>
OPERATING EXPENSES								
Selling and marketing expenses (Note 19)	56,982	2	53,820	3	170,401	3	159,908	3
General and administrative expenses (Note 19)	158,149	7	135,211	7	441,888	7	393,831	8
Research and development expenses (Note 19)	84,183	4	71,433	3	245,819	4	223,616	4
Expected credit loss (gain) (Note 9)	<u>3,206</u>	<u>-</u>	<u>2,922</u>	<u>-</u>	<u>2,433</u>	<u>-</u>	<u>2,260</u>	<u>-</u>
Total operating expenses	<u>302,520</u>	<u>13</u>	<u>263,386</u>	<u>13</u>	<u>860,541</u>	<u>14</u>	<u>779,615</u>	<u>15</u>
INCOME FROM OPERATIONS	<u>413,028</u>	<u>18</u>	<u>521,681</u>	<u>26</u>	<u>952,060</u>	<u>15</u>	<u>1,013,234</u>	<u>19</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	4,596	-	4,461	-	17,358	-	28,252	1
Government grants income	12,537	1	13,179	1	37,671	1	45,691	1
Other gains	19,288	1	15,418	1	56,983	1	42,315	1
Gain (loss) on disposal of property, plant and equipment	(630)	-	(66)	-	664	-	(3,284)	-
Net foreign exchange gain (loss)	49,007	2	(156,388)	(8)	10,884	-	(145,980)	(3)
Net gain on financial assets at fair value through profit or loss	2,123	-	-	-	11,251	-	-	-
Interest expense	(5,095)	-	(8,926)	(1)	(19,190)	-	(27,886)	(1)
Other losses	(654)	-	(1,186)	-	(1,893)	-	(8,000)	-
Impairment loss recognized on property, plant and equipment (Note 13)	<u>(106,408)</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>(106,408)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>(25,236)</u>	<u>(1)</u>	<u>(133,508)</u>	<u>(7)</u>	<u>7,320</u>	<u>-</u>	<u>(68,892)</u>	<u>(1)</u>
INCOME BEFORE INCOME TAX	387,792	17	388,173	19	959,380	15	944,342	18
INCOME TAX EXPENSE (Note 20)	<u>189,224</u>	<u>8</u>	<u>126,339</u>	<u>6</u>	<u>319,964</u>	<u>5</u>	<u>378,755</u>	<u>7</u>
NET INCOME	<u>198,568</u>	<u>9</u>	<u>261,834</u>	<u>13</u>	<u>639,416</u>	<u>10</u>	<u>565,587</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME (LOSS)								

(Continued)

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 September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	\$ (21,352)	(1)	\$ 37,172	2	\$ (104,506)	(2)	\$ (129,610)	(2)
Income tax relating to items that will be reclassified subsequently to profit or loss	4,384	-	11,851	-	19,849	1	20,607	-
Other comprehensive income (loss) for the period, net of income tax	(16,968)	(1)	49,023	2	(84,657)	(1)	(109,003)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 181,600</u>	<u>8</u>	<u>\$ 310,857</u>	<u>15</u>	<u>\$ 554,759</u>	<u>9</u>	<u>\$ 456,584</u>	<u>9</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 164,243	7	\$ 217,096	11	\$ 573,045	9	\$ 496,283	10
Non-controlling interests	34,325	1	44,738	2	66,371	1	69,304	1
	<u>\$ 198,568</u>	<u>8</u>	<u>\$ 261,834</u>	<u>13</u>	<u>\$ 639,416</u>	<u>10</u>	<u>\$ 565,587</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 148,479	6	\$ 264,497	13	\$ 493,649	8	\$ 390,234	8
Non-controlling interests	33,121	2	46,360	2	61,110	1	66,350	1
	<u>\$ 181,600</u>	<u>8</u>	<u>\$ 310,857</u>	<u>15</u>	<u>\$ 554,759</u>	<u>9</u>	<u>\$ 456,584</u>	<u>9</u>
EARNINGS PER SHARE (Note 21)								
Basic	<u>\$ 1.81</u>		<u>\$ 2.39</u>		<u>\$ 6.31</u>		<u>\$ 5.46</u>	
Diluted	<u>\$ 1.80</u>		<u>\$ 2.38</u>		<u>\$ 6.29</u>		<u>\$ 5.44</u>	

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

(With Deloitte & Touche review report dated November 11, 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
Appropriation of 2019 earnings										
Legal reserve	-	-	86,578	-	(86,578)	-	-	-	-	-
Special reserve	-	-	-	31,936	(31,936)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(544,920)	-	-	(544,920)	-	(544,920)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	(22,960)	(22,960)
	-	-	86,578	31,936	(663,434)	-	-	(544,920)	(22,960)	(567,880)
Net profit for the nine months ended September 30, 2020	-	-	-	-	496,283	-	-	496,283	69,304	565,587
Other comprehensive income (loss) for the nine months ended September 30, 2020, net of income tax	-	-	-	-	-	(106,049)	-	(106,049)	(2,954)	(109,003)
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	496,283	(106,049)	-	390,234	66,350	456,584
BALANCE AT SEPTEMBER 30, 2020	\$ 908,200	\$ 1,639,328	\$ 652,367	\$ 498,508	\$ 2,016,029	\$ (594,557)	\$ (10,000)	\$ 5,109,875	\$ 208,652	\$ 5,318,527
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
Appropriation of 2020 earnings										
Legal reserve	-	-	67,902	-	(67,902)	-	-	-	-	-
Special reserve	-	-	-	64,300	(64,300)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(454,100)	-	-	(454,100)	-	(454,100)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	(17,508)	(17,508)
	-	-	67,902	64,300	(586,302)	-	-	(454,100)	(17,508)	(471,608)
Net profit for the nine months ended September 30, 2021	-	-	-	-	573,045	-	-	573,045	66,371	639,416
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	(79,396)	-	(79,396)	(5,261)	(84,657)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	573,045	(79,396)	-	493,649	61,110	554,759
BALANCE AT SEPTEMBER 30, 2021	\$ 908,200	\$ 1,639,532	\$ 720,269	\$ 562,808	\$ 2,185,512	\$ (632,204)	\$ (10,000)	\$ 5,374,117	\$ 299,118	\$ 5,673,235

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

(With Deloitte & Touche review report dated November 11, 2021)

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 959,380	\$ 944,342
Adjustments for:		
Depreciation expenses	332,495	328,558
Amortization expense	1,228	1,207
Expected credit gain	2,433	2,260
Net gain on financial assets at fair value through profit or loss	(11,251)	-
Interest expense	19,190	27,886
Interest income	(17,358)	(28,252)
Loss (gain) on disposal of property, plant and equipment	(664)	3,284
Impairment loss recognized on property, plant and equipment	106,408	-
Write-downs (reversal) of inventories	26,327	9,793
Loss (gain) on foreign currency exchange	(4,112)	42,189
Amortization of prepayments	28,222	8,818
Gain arising from lease modifications	(25)	-
Changes in operating assets and liabilities:		
Trade receivables	(334,278)	(203,680)
Other receivables	(16,864)	47,920
Inventories	(437,064)	42,512
Other current assets	(72,544)	(4,607)
Notes payable	370	(206)
Trade payables	8,981	62,448
Other payables	(27,606)	(108,253)
Other current liabilities	15,989	82,217
Other non-current liabilities	<u>20,356</u>	<u>(26,535)</u>
Cash generated from operations	599,613	1,231,901
Interest received	18,773	31,992
Interest paid	(19,467)	(28,039)
Income tax paid	<u>(195,699)</u>	<u>(286,276)</u>
Net cash generated from operating activities	<u>403,220</u>	<u>949,578</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(949,397)	(1,249,226)
Proceeds from disposal of financial assets at amortized cost	531,211	133,365
Acquisition of financial assets at fair value through profit or loss	(1,085,508)	-
Proceeds from disposal of financial assets at fair value through profit or loss	1,096,367	-
Acquisition of property, plant and equipment	(427,422)	(278,694)
Proceeds from disposal of property, plant and equipment	3,116	345
Decrease in refundable deposits	1,429	86
Increase in other non-current assets	(3,929)	(3,871)
Increase in prepayments for equipment	<u>(47,463)</u>	<u>(2,499)</u>
Net cash used in investing activities	<u>(881,596)</u>	<u>(1,400,494)</u>

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TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	3,411,673	2,630,330
Repayments of short-term borrowings	(3,148,670)	(2,304,346)
Proceeds from long-term borrowings	28,724	-
Repayments of long-term borrowings	-	(10,850)
Increase in guarantee deposits	276,140	-
Repayments of the principal portion of lease liabilities	(50,753)	(46,681)
Cash dividends distributed to owners of the Company	<u>(454,100)</u>	<u>(544,920)</u>
Net cash used in financing activities	<u>63,014</u>	<u>(276,467)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>(16,349)</u>	<u>(72,179)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(431,711)	(799,562)
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>\$ 2,156,959</u>	<u>\$ 3,320,939</u>

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

(With Deloitte & Touche review report dated November 11, 2021)

(Concluded)

TOPKEY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 November 11, 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. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018–2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are 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” are 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” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: 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 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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 will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: 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.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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 uncertainty to the consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	\$ 1,331	\$ 1,202	\$ 1,008
Checking accounts and demand deposits	1,121,290	743,767	1,091,332
Cash equivalents			
Time deposits	<u>1,034,338</u>	<u>1,843,701</u>	<u>2,228,599</u>
	<u>\$ 2,156,959</u>	<u>\$ 2,588,670</u>	<u>\$ 3,320,939</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets mandatorily classified as at FVTPL</u>			
Derivative instruments			
Foreign exchange forward contracts	\$ 1,048	\$ 671	\$ -
Hybrid financial assets			
Financial products	<u>214,836</u>	<u>218,455</u>	<u>-</u>
	<u>\$ 215,884</u>	<u>\$ 219,126</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>September 30, 2021</u>			
Sell	USD/RMB	2021.11	USD2,000/RMB13,051
	USD/RMB	2021.12	USD3,000/RMB19,620
<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

	September 30, 2021	December 31, 2020	September 30, 2020
Restricted deposits	\$ 1,611,345	\$ 1,192,096	\$ 1,226,508
Bonds under repurchase agreement	265,245	235,058	43,624
Time deposits with original maturities of more than 3 months	<u>76,461</u>	<u>114,045</u>	<u>46,502</u>
	<u>\$ 1,953,051</u>	<u>\$ 1,541,199</u>	<u>\$ 1,316,634</u>

Restricted deposits are mainly repatriated funds US\$ 63,039 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 as of September 30, 2021. According to the Acts, deposits are limited to approved plans and can not be used for other purposes.

9. TRADE RECEIVABLES

	September 30, 2021	December 31, 2020	September 30, 2020
At amortized cost	\$ 1,864,840	\$ 1,552,046	\$ 1,623,951
Gross carrying amount	<u>(12,119)</u>	<u>(9,750)</u>	<u>(10,649)</u>
Less: Allowance for impairment loss	<u>\$ 1,852,721</u>	<u>\$ 1,542,296</u>	<u>\$ 1,613,302</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:

	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
<u>September 30, 2021</u>						
Expected credit loss rate (%)	-	5	25	50	100	
Gross carrying amount	\$ 1,857,747	\$ 1,488	\$ 1,151	\$ 242	\$ 4,212	\$ 1,864,840
Loss allowance	<u>(7,032)</u>	<u>(458)</u>	<u>(368)</u>	<u>(121)</u>	<u>(4,140)</u>	<u>(12,119)</u>
Amortized cost	<u>\$ 1,850,715</u>	<u>\$ 1,030</u>	<u>\$ 783</u>	<u>\$ 121</u>	<u>\$ 72</u>	<u>\$ 1,852,721</u>
<u>December 31, 2020</u>						
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	<u>-</u>	<u>(24)</u>	<u>(576)</u>	<u>(5,324)</u>	<u>(3,826)</u>	<u>(9,750)</u>
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>
<u>September 30, 2019</u>						
Expected credit loss rate (%)	-	5	25	50	100	
Gross carrying amount	\$ 1,602,437	\$ 7,862	\$ 4,302	\$ 76	\$ 9,274	\$ 1,623,951
Loss allowance	<u>-</u>	<u>(259)</u>	<u>(1,088)</u>	<u>(28)</u>	<u>(9,274)</u>	<u>(10,649)</u>
Amortized cost	<u>\$ 1,602,437</u>	<u>\$ 7,603</u>	<u>\$ 3,214</u>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ 1,613,302</u>

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

	For the Nine Months Ended September 30	
	2021	2020
Balance at January 1	\$ 9,750	\$ 5,431
Net remeasurement of loss allowance	2,433	5,232
Foreign exchange gains and losses	<u>(64)</u>	<u>(14)</u>
Balance at September 30	<u>\$ 12,119</u>	<u>\$ 10,649</u>

10. INVENTORIES

	September 30, 2021	December 31, 2020	September 30, 2020
Raw materials	\$ 642,077	\$ 511,207	\$ 513,730
Work in progress	470,643	338,756	298,752
Finished goods	582,662	536,862	285,243
Merchandise	<u>175,530</u>	<u>94,483</u>	<u>60,891</u>
	<u>\$ 1,870,912</u>	<u>\$ 1,481,308</u>	<u>\$ 1,158,616</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020 was \$1,633,468 thousand, \$1,253,497 thousand, \$4,368,992 thousand and \$3,429,446 thousand, respectively.

The cost of goods sold included

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Inventory write-downs	\$ 33,144	\$ 8,828	\$ 26,327	\$ 9,793

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

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Unlisted ordinary shares</u>			
Yue Pong International Technology Corp. (Yue Pong)	\$ _____ -	\$ _____ -	\$ _____ -

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 (%)		
		September 30, 2021	December 31, 2020	September 30, 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 Corporation (Musonic)	100	100	100
	New Score Investment Limited (NSI)	100	100	100
	XPT Holding Co., Ltd. (XPT Holding)	-	-	70
Musonic	XPT Investment Co., Limited (XPT Investment)	70	70	-
	Xiamen Keentech Composite Technology Co., Ltd. (Keentech)	64	64	64
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

(Continued)

Investor	Investee	Proportion of Ownership (%)		
		September 30, 2021	December 31, 2020	September 30, 2020
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.

On August 12, 2021, the business closure of CSC had been resolved by the board of directors. The procedure is still in progress as of November 11, 2021.

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 (%)		
	September 30, 2021	December 31, 2020	September 30, 2020
EIC	24	24	24
XPT Holding	-	-	30
XPT Investment	30	30	-

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests				Accumulated Non-controlling Interests		
	For the Three Months Ended September 30		For the Nine Months Ended September 30		September 30,	December 31,	September 30,
	2021	2020	2021	2020	2021	2020	2020
EIC	\$ 5,301	\$ 5,688	\$ 12,233	\$ 20,974	\$ 122,642	\$ 130,332	\$ 122,132
XPT Holding	-	39,050	-	48,330	-	-	86,520
XPT Investment	29,024	-	54,138	-	176,476	125,184	-
	<u>\$ 34,325</u>	<u>\$ 44,738</u>	<u>\$ 66,371</u>	<u>\$ 69,304</u>	<u>\$ 299,118</u>	<u>\$ 255,516</u>	<u>\$ 208,652</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:

	September 30, 2021	December 31, 2020	September 30, 2020	
Current assets	\$ 735,936	\$ 618,539	\$ 673,360	
Non-current assets	131,058	101,202	103,456	
Current liabilities	(323,875)	(166,547)	(258,427)	
Non-current liabilities	<u>(22,567)</u>	<u>-</u>	<u>-</u>	
Equity	<u>\$ 520,552</u>	<u>\$ 553,194</u>	<u>\$ 518,389</u>	
Equity attributable to:				
Owners of EIC	\$ 397,910	\$ 422,862	\$ 396,257	
Non-controlling interests of EIC	<u>122,642</u>	<u>130,332</u>	<u>122,132</u>	
	<u>\$ 520,552</u>	<u>\$ 553,194</u>	<u>\$ 518,389</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Revenue	<u>\$ 290,770</u>	<u>\$ 232,321</u>	<u>\$ 748,466</u>	<u>\$ 654,659</u>
Profit for the period	\$ 22,502	\$ 24,138	\$ 51,923	\$ 89,022
Other comprehensive income for the period	<u>(2,052)</u>	<u>17,656</u>	<u>2,859</u>	<u>10,592</u>
Total comprehensive income for the period	<u>\$ 20,450</u>	<u>\$ 41,794</u>	<u>\$ 54,782</u>	<u>\$ 99,614</u>
Profit attributable to:				
Owners of EIC	\$ 17,201	\$ 18,450	\$ 39,690	\$ 68,048
Non-controlling interests of EIC	<u>5,301</u>	<u>5,688</u>	<u>12,233</u>	<u>20,974</u>
	<u>\$ 22,502</u>	<u>\$ 24,138</u>	<u>\$ 51,923</u>	<u>\$ 89,022</u>
Total comprehensive income attributable to:				
Owners of EIC	\$ 15,632	\$ 31,947	\$ 41,875	\$ 76,145
Non-controlling interests of EIC	<u>4,818</u>	<u>9,847</u>	<u>12,907</u>	<u>23,469</u>
	<u>\$ 20,450</u>	<u>\$ 41,794</u>	<u>\$ 54,782</u>	<u>\$ 99,614</u>
Cash inflow/(outflow) from:				
Operating activities	\$ 75,059	\$ 69,732	\$ 131,577	\$ 1,713
Investing activities	(55,037)	(9,850)	(227,696)	(11,826)
Financing activities	<u>(77,968)</u>	<u>(3,736)</u>	<u>(85,886)</u>	<u>(10,900)</u>
Net cash outflow	<u>\$ (57,946)</u>	<u>\$ 56,146</u>	<u>\$ (182,005)</u>	<u>\$ (21,013)</u>

2) XPT Investment and XPT Investment subsidiaries /XPT Holding and XPT Holding subsidiaries

	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 514,521	\$ 574,296	\$ 488,187
Non-current assets	202,389	228,426	241,894
Current liabilities	(119,786)	(378,397)	(436,098)
Non-current liabilities	<u>(2,446)</u>	<u>(2,487)</u>	<u>(2,434)</u>
Equity	<u>\$ 594,678</u>	<u>\$ 421,838</u>	<u>\$ 291,549</u>
Equity attributable to:			
Owners of XPT Investment /XPT Holding	\$ 418,202	\$ 296,654	\$ 205,029
Non-controlling interests of XPT Investment /XPT Holding	<u>176,476</u>	<u>125,184</u>	<u>86,520</u>
	<u>\$ 594,678</u>	<u>\$ 421,838</u>	<u>\$ 291,549</u>
	For the Three Months Ended September 30	For the Nine Months Ended September 30	
	2021	2020	2021
	2020	2021	2020
Revenue	<u>\$ 288,899</u>	<u>\$ 259,746</u>	<u>\$ 751,387</u>
Profit for the period	\$ 97,802	\$ 131,572	\$ 182,430
Other comprehensive income for the period	<u>(4,180)</u>	<u>5,317</u>	<u>1,338</u>
Total comprehensive income for the period	<u>\$ 93,622</u>	<u>\$ 136,889</u>	<u>\$ 183,768</u>
Profit attributable to:			
Owners of XPT Investment /XPT Holding	\$ 68,778	\$ 92,522	\$ 128,292
Non-controlling interests of XPT Investment /XPT Holding	<u>29,024</u>	<u>39,050</u>	<u>54,138</u>
	<u>\$ 97,802</u>	<u>\$ 131,572</u>	<u>\$ 182,430</u>
Total comprehensive income (loss) attributable to:			
Owners of XPT Investment /XPT Holding	\$ 65,839	\$ 96,260	\$ 129,233
Non-controlling interests of XPT Investment /XPT Holding	<u>27,783</u>	<u>40,629</u>	<u>54,535</u>
	<u>\$ 93,622</u>	<u>\$ 136,889</u>	<u>\$ 183,768</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Cash inflow/(outflow) from:				
Operating activities	\$ 47,554	\$ 43,738	\$ 233,594	\$ 81,872
Investing activities	(6,795)	(14,618)	(31,800)	(71,364)
Financing activities	<u>1,562</u>	<u>(8,669)</u>	<u>(208,418)</u>	<u>36,274</u>
Net cash inflow/(outflow)	<u>\$ 42,321</u>	<u>\$ 20,451</u>	<u>\$ (6,624)</u>	<u>\$ 46,782</u>

(Concluded)

13. PROPERTY, PLANT AND EQUIPMENT

For the Nine Months Ended September 30, 2021

	Beginning Balance	Additions	Disposals	Reclassifications	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 52,939	\$ -	\$ -	\$ -	\$ -	\$ 52,939
Buildings	1,116,258	-	2,247	-	(16,323)	1,097,688
Machinery equipment	1,633,157	42,002	166,811	61,438	(22,660)	1,547,126
Transportation equipment	6,439	7,539	-	-	(132)	13,846
Other equipment	707,713	73,642	135,443	19,217	(11,452)	653,677
Construction in progress	<u>227,769</u>	<u>354,448</u>	<u>-</u>	<u>(52,490)</u>	<u>(6,859)</u>	<u>522,868</u>
	<u>3,744,275</u>	<u>\$ 477,631</u>	<u>\$ 304,501</u>	<u>\$ 28,165</u>	<u>\$ (57,426)</u>	<u>3,888,144</u>
<u>Accumulated depreciation</u>						
Buildings	547,291	\$ 38,706	\$ 2,247	\$ -	\$ (7,915)	575,835
Machinery equipment	786,713	111,066	159,471	-	(10,672)	727,636
Transportation equipment	2,748	1,442	-	-	(55)	4,135
Other equipment	<u>378,129</u>	<u>132,381</u>	<u>133,962</u>	<u>-</u>	<u>(6,466)</u>	<u>370,082</u>
	<u>1,714,881</u>	<u>\$ 283,595</u>	<u>\$ 295,680</u>	<u>\$ -</u>	<u>\$ (25,108)</u>	<u>1,677,688</u>
<u>Accumulated impairment</u>						
	175,155	\$ 53,814	\$ 6,330	\$ -	\$ (3,254)	219,385
Machinery equipment	<u>148</u>	<u>52,594</u>	<u>39</u>	<u>-</u>	<u>(411)</u>	<u>52,292</u>
Other equipment	<u>175,303</u>	<u>\$ 106,408</u>	<u>\$ 6,369</u>	<u>\$ -</u>	<u>\$ (3,665)</u>	<u>271,677</u>
	<u>\$ 1,854,091</u>					<u>\$ 1,938,779</u>

For the Nine Months Ended September 30, 2020

	Beginning Balance	Additions	Disposals	Reclassifications	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 52,939	\$ -	\$ -	\$ -	\$ -	\$ 52,939
Buildings	1,108,411	428	10,923	-	(8,662)	1,089,254
Machinery equipment	1,681,779	21,830	111,103	28,567	(14,941)	1,606,132
Transportation equipment	5,071	1,232	352	-	(51)	5,900
Other equipment	705,060	108,988	107,613	14,180	(9,671)	710,944
Construction in progress	<u>35,424</u>	<u>157,824</u>	<u>-</u>	<u>(36,054)</u>	<u>(2,066)</u>	<u>155,128</u>
	<u>3,588,684</u>	<u>\$ 290,302</u>	<u>\$ 229,991</u>	<u>\$ 6,693</u>	<u>\$ (35,391)</u>	<u>3,620,297</u>
<u>Accumulated depreciation</u>						
Buildings	498,895	\$ 38,563	\$ 8,932	\$ -	\$ (3,622)	524,904
Machinery equipment	768,237	106,249	109,591	-	(6,747)	758,148
Transportation equipment	2,279	805	352	-	(26)	2,706
Other equipment	<u>344,458</u>	<u>133,643</u>	<u>107,197</u>	<u>-</u>	<u>(5,052)</u>	<u>365,852</u>
	<u>1,613,869</u>	<u>\$ 279,260</u>	<u>\$ 226,072</u>	<u>\$ -</u>	<u>\$ (15,447)</u>	<u>1,651,610</u>

(Continued)

For the Nine Months Ended September 30, 2020

	Beginning Balance	Additions	Disposals	Reclassifications	Translation Adjustments	Ending Balance
<u>Accumulated impairment</u>						
Machinery equipment	\$ 173,863	\$ -	\$ 290	\$ -	\$ (1,558)	\$ 172,015
Other equipment	<u>222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>220</u>
	<u>174,085</u>	<u>\$ -</u>	<u>\$ 290</u>	<u>\$ -</u>	<u>\$ (1,560)</u>	<u>172,235</u>
	<u>\$ 1,800,730</u>					<u>\$ 1,796,452</u>

(Concluded)

As a result of the closure of CSC, the estimated future cash flows expected to arise from the related equipment decreased. The Group carried out a review of the recoverable amount of the related equipment based on disposal amount and determined that the carrying amount exceeded the recoverable amount \$6,768 thousand. The review led to the recognition of an impairment loss of \$106,408 thousand, which was recognized in other gains and losses for the nine months ended September 30, 2021.

Except for equipment which acquire by project (which is recognized 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

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Carrying amounts</u>			
Land	\$ 530,995	\$ 550,820	\$ 502,739
Buildings	139,661	134,646	159,368
Transportation equipment	<u>952</u>	<u>764</u>	<u>1,061</u>
	<u>\$ 671,608</u>	<u>\$ 686,230</u>	<u>\$ 663,168</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Additions to right-of-use assets	\$ 2,407	\$ -	\$ 63,489	\$ -
Depreciation of right-of-use assets				
Land	\$ 4,278	\$ 4,295	\$ 12,898	\$ 12,889
Buildings	11,035	11,675	35,076	35,185
Transportation equipment	<u>140</u>	<u>301</u>	<u>600</u>	<u>904</u>
	<u>\$ 15,453</u>	<u>\$ 16,271</u>	<u>\$ 48,574</u>	<u>\$ 48,978</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 nine months ended September 30, 2021 and 2020.

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

b. Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Carrying amounts</u>			
Current	\$ 83,404	\$ 48,980	\$ 52,710
Non-current	<u>\$ 363,287</u>	<u>\$ 388,992</u>	<u>\$ 350,634</u>

Range of discount rates for lease liabilities was as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Land			
Buildings	1.35%-4%	1.35%-4%	1.35%
Transportation equipment	0.85%-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 September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Expenses relating to short-term lease	\$ 370	\$ 808	\$ 1,243	\$ 1,275
Expenses relating to low value asset leases	<u>\$ 700</u>	<u>\$ 50</u>	<u>\$ 740</u>	<u>\$ 181</u>
Total cash outflow for leases			<u>\$ (58,555)</u>	<u>\$ (55,269)</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. SHORT- TERM BORROWINGS

a. Short-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ 2,441,990	\$ 2,047,986	\$ 2,515,702
<u>Secured borrowings</u>			
Mortgage borrowings	-	139,811	136,861
	<u>\$ 2,441,990</u>	<u>\$ 2,187,797</u>	<u>\$ 2,652,563</u>
<u>Annual interest rate range (%)</u>			
Line of credit borrowings	0.61-1.21	0.85-4.60	0.68-4.60
Mortgage borrowings	-	4.57-5.00	4.70-5.00

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

b. Long-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ 28,501	-	-
<u>Annual interest rate range (%)</u>			
Line of credit borrowings	3.82	-	-

16. OTHER PAYABLES

	September 30, 2021	December 31, 2020	September 30, 2020
Payables for salaries and bonuses	\$ 351,304	\$ 381,721	\$ 298,594
Payables for acquisition of equipment	85,335	39,040	32,203
Payables for compensation of employees	29,650	36,806	24,870
Payables for remuneration of directors and supervisors	19,766	25,902	16,580
Payables for dividends	17,562	-	22,645
Others	<u>71,223</u>	<u>77,466</u>	<u>91,934</u>
	<u>\$ 574,840</u>	<u>\$ 560,935</u>	<u>\$ 486,826</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 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

	September 30, 2021	December 31, 2020	September 30, 2020
Authorized shares (in thousands of shares)	180,000	180,000	180,000
Authorized capital	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000
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

	September 30, 2021	December 31, 2020	September 30, 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
Disorgement 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 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 and 2019 which had been resolved by the shareholders in the shareholders' meetings in July 2021 and May 2020, were as follows:

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

d. Special reserve

On the initial adoption of IFRS, the retained earnings was not enough, the Company appropriated a special reserve at \$126,886 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 September 30, 2021</u>			
Employee benefit expense			
Salary expenses	\$ 467,461	\$ 169,834	\$ 637,295
Retirement pension	23,959	8,587	32,546
Other employee benefits	24,468	31,919	56,387
Depreciation expenses	84,155	19,635	103,790
Amortization expenses	406	-	406
<u>For the Three Months Ended September 30, 2020</u>			
Employee benefit expense			
Salary expenses	379,855	146,450	526,305
Retirement pension	10,800	4,602	15,402
Other employee benefits	16,826	15,179	32,005
Depreciation expenses	94,049	18,338	112,387
Amortization expenses	402	-	402
<u>For the Nine Months Ended September 30, 2021</u>			
Employee benefit expense			
Salary expenses	1,361,402	482,266	1,843,668
Retirement pension	57,442	20,374	77,816
Other employee benefits	71,614	81,699	153,313
Depreciation expenses	276,779	55,716	332,495
Amortization expenses	1,228	-	1,228
<u>For the Nine Months Ended September 30, 2020</u>			
Employee benefit expense			
Salary expenses	1,033,523	437,860	1,471,383
Retirement pension	25,504	11,856	37,360
Other employee benefits	48,901	53,494	102,395
Depreciation expenses	272,968	55,590	328,558
Amortization expenses	1,207	-	1,207

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 September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, are as follows:

	For the Three Months Ended September 30			
	2021		2020	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	3.6%	\$ 10,060	3.6%	\$ 10,182
Remuneration of directors and supervisors	2.4%	6,705	2.4%	6,788

	For the Nine Months Ended September 30			
	2021		2020	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	3.6%	\$ 29,650	3.6%	\$ 24,870
Remuneration of directors and supervisors	2.4%	19,766	2.4%	16,580

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 Years 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 September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Current tax				
In respect of the current period	\$ 188,106	\$ 85,370	\$ 261,560	\$ 271,064
Income tax on unappropriated earnings	4,636	-	4,636	10,117
Repatriated offshore funds	50,205	-	50,205	107,054
Adjustment for prior period	<u>618</u>	<u>5,125</u>	<u>1,008</u>	<u>5,585</u>
	243,565	90,495	317,409	393,820
Deferred tax				
In respect of the current period	<u>(54,341)</u>	<u>35,844</u>	<u>2,555</u>	<u>(15,065)</u>
Income tax expense recognized in profit or loss	<u>\$ 189,224</u>	<u>\$ 126,339</u>	<u>\$ 319,964</u>	<u>\$ 378,755</u>

- b. Income tax assessments

The tax returns through 2018 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 September 30, 2021</u>			
Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 164,243	90,820	<u>\$1.81</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>212</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 164,243</u>	<u>91,032</u>	<u>\$1.80</u>

	Net Profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Three Months Ended September 30, 2020</u>			
Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 217,096	90,820	<u>\$2.39</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>386</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 217,096</u>	<u>91,206</u>	<u>\$2.38</u>
<u>For the Nine Months Ended September 30, 2021</u>			
Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 573,045	90,820	<u>\$6.31</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>265</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 573,045</u>	<u>91,085</u>	<u>\$6.29</u>
<u>For the Nine Months Ended September 30, 2020</u>			
Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 496,283	90,820	<u>\$5.46</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>464</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 496,283</u>	<u>91,284</u>	<u>\$5.44</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>September 30, 2021</u>				
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 1,048	\$ -	\$ 1,048
Financial products	<u>-</u>	<u>214,836</u>	<u>-</u>	<u>214,836</u>
	<u>\$ -</u>	<u>\$ 215,884</u>	<u>\$ -</u>	<u>\$ 215,884</u>
<u>December 31, 2020</u>				
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 671	\$ -	\$ 671
Financial products	<u>-</u>	<u>218,455</u>	<u>-</u>	<u>218,455</u>
	<u>\$ -</u>	<u>\$ 219,126</u>	<u>\$ -</u>	<u>\$ 219,126</u>

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 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

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
FVTPL	\$ 215,884	\$ 219,126	\$ -
Financial assets at amortized cost	6,045,378	5,742,007	6,308,095
<u>Financial liabilities</u>			
Amortized cost	3,937,475	3,362,105	3,605,020

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, notes, trade and other payables, long-term borrowings, and guarantee deposits.

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 Nine Months Ended	
	September 30	
	2021	2020
Profit or loss	\$ 35,117	\$ 31,569

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 year were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Fair value interest rate risk			
Financial assets	\$ 2,984,177	\$ 3,587,475	\$ 3,545,283
Financial liabilities	2,072,522	895,689	849,277
Cash flow interest rate risk			
Financial assets	1,089,593	741,736	1,080,443
Financial liabilities	844,660	1,730,080	2,206,630

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 nine months ended September 30, 2021 and 2020 would decrease/increase by \$1,837 thousand and \$8,447 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 46%, 42% and 41% of total trade receivables as of September 30, 2021, December 31, 2020 and September 30, 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:

	September 30, 2021	December 31, 2020	September 30, 2020
Unutilized bank loan limits	<u>\$ 3,961,370</u>	<u>\$ 4,368,168</u>	<u>\$ 3,467,698</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>September 30, 2021</u>		
Non-interest bearing liabilities	\$ 1,190,844	\$ -
Lease liabilities	91,040	395,872
Floating interest rate liabilities	844,660	-
Fix interest rate liabilities	<u>1,597,330</u>	<u>28,501</u>
	<u>\$ 3,723,874</u>	<u>\$ 424,373</u>

<u>December 31, 2021</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>September 30, 2020</u>		
Non-interest bearing liabilities	\$ 952,457	\$ -
Lease liabilities	70,085	398,253
Floating interest rate liabilities	2,206,630	-
Fix interest rate liabilities	<u>445,933</u>	<u>-</u>
	<u>\$ 3,675,105</u>	<u>\$ 398,253</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>September 30, 2021</u>						
Lease liabilities	<u>\$ 91,040</u>	<u>\$162,296</u>	<u>\$ 90,422</u>	<u>\$ 90,422</u>	<u>\$ 28,326</u>	<u>\$ 24,406</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>September 30, 2020</u>						
Lease liabilities	<u>\$ 70,085</u>	<u>\$195,405</u>	<u>\$ 82,795</u>	<u>\$ 82,795</u>	<u>\$ 37,258</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 September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 19,885	\$ 19,150	\$ 58,126	\$ 54,396
Post-employment benefits	<u>256</u>	<u>224</u>	<u>731</u>	<u>687</u>
	<u>\$ 20,141</u>	<u>\$ 19,374</u>	<u>\$ 58,857</u>	<u>\$ 55,083</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:

	September 30, 2021	December 31, 2020	September 30, 2020
Financial assets at amortized cost	\$ 3,122	\$ -	\$ -
Property, plant, and equipment	-	56,818	57,164
Right-of-use assets	<u>-</u>	<u>11,569</u>	<u>11,404</u>
	<u>\$ 3,122</u>	<u>\$ 68,387</u>	<u>\$ 68,568</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, 2021 to April 1, 2022. 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, 2021 to August 1, 2022. 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:

	September 30, 2021	December 31, 2020	September 30, 2020
Acquisition of property, plant and equipment	<u>\$ 175,867</u>	<u>\$ 156,729</u>	<u>\$ 215,308</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>September 30, 2021</u>			
Financial assets			
Monetary items	\$ 172,476	27.866	\$ 4,806,222
Financial liabilities			
Monetary items	46,457	27.866	1,294,558
<u>December 31, 2020</u>			
Financial assets			
Monetary items	136,018	28.508	3,877,590
Financial liabilities			
Monetary items	39,486	28.508	1,125,657
<u>September 30, 2020</u>			
Financial assets			
Monetary items	179,872	29.126	5,238,954
Financial liabilities			
Monetary items	71,484	29.126	2,082,029

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

Foreign Currency	For the Three Months Ended September 30, 2021		For the Three Months Ended September 30, 2020	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (USD:NTD)	\$ 6,194	1 (USD:NTD)	\$ (40,032)
USD	28.08 (USD:NTD)	32,348	29.86 (USD:NTD)	510
RMB	4.34 (RMB:NTD)	10,465	4.27 (RMB:NTD)	(116,866)
Foreign Currency	For the Nine Months Ended September 30, 2021		For the Nine Months Ended September 30, 2020	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (USD:NTD)	\$ (17,093)	1 (USD:NTD)	\$ (56,463)
USD	28.08 (USD:NTD)	33,404	29.86 (USD:NTD)	8,282
RMB	4.34 (RMB:NTD)	(5,427)	4.27 (RMB:NTD)	(97,799)

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 year, 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 Nine Months Ended September 30			
	Segment Revenue		Segment Profit or Loss	
	2021	2020	2021	2020
Sporting products	\$ 4,575,048	\$ 4,045,708	\$ 818,881	\$ 876,049
Aviation and medical products	565,801	677,513	24,709	83,701
Others	<u>1,040,744</u>	<u>499,074</u>	<u>108,470</u>	<u>53,484</u>
Generated from Continuing Operating Segment	<u>\$ 6,181,593</u>	<u>\$ 5,222,295</u>	952,060	1,013,234
Government grants income			37,671	45,691
Interest income			17,358	28,252
Net gain on financial assets at FVTPL			11,251	-
Other gains			56,983	42,315
Foreign exchange gain (loss)			10,884	(145,980)
Interest expense			(19,190)	(27,886)
Gain (loss) on disposal of property, plant and equipment			664	(3,284)
Impairment loss			(106,408)	-
Other losses			<u>(1,893)</u>	<u>(8,000)</u>
Income before income tax			<u>\$ 959,380</u>	<u>\$ 944,342</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 gain (loss) on financial assets at FVTPL, interest expense, impairment loss, 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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 55,732	\$ 49,462	1	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,343,529 (Note 2)	\$ 1,343,529 (Note 2)
		Topkey (VN) Corp	Other receivable from related parties	Yes	142,655	-	-	1	2	-	Operating capital	-	-	-	1,343,529 (Note 2)	1,343,529 (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 hold 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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 2,687,059 (Note 1)	\$ 570,620	\$ 557,320	\$ -	\$ -	10	\$ 2,687,059 (Note 1)	Y	-	-
		CSC	Indirectly owned subsidiary	2,687,059 (Note 1)	427,965	417,990	278,660	-	8	2,687,059 (Note 1)	Y	-	-
		Topkey (VN) Corp	Directly owned subsidiary	2,687,059 (Note 1)	1,027,116	1,003,176	167,640	-	19	2,687,059 (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

SEPTEMBER 30, 2021

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Stock</u>							
	Yue Pfong	-	Financial assets at FVTOCI - non-current	190	\$ -	1	\$ -	
Keentech	<u>Financial product</u>							
	XYZQ industrial securities - XL No1	-	Financial assets at FVTPL - current	-	85,934	-	85,934	
Yeu Chuan	<u>Financial product</u>							
	XYZQ industrial securities - XL No5	-	Financial assets at FVTPL - current	-	85,934	-	85,934	
Valver	<u>Financial product</u>							
	XYZQ industrial securities - XL No5	-	Financial assets at FVTPL - current	-	42,968	-	42,968	

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 NINE MONTHS ENDED SEPTEMBER 30, 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	<u>Financial product</u>													
	XYZQ industrial securities - XL No5	Financial assets at FVTPL - current	-	-	-	RMB 5,000	-	RMB 180,000	-	RMB 232,300	RMB 230,000	RMB 2,300	-	RMB -
	XYZQ industrial securities - XL No1	Financial assets at FVTPL - current	-	-	-	-	-	RMB 20,000	-	-	-	-	-	RMB 20,000
Yeu Chuan	<u>Financial product</u>													
	XYZQ industrial securities - XL No5	Financial assets at FVTPL - current	-	-	-	-	-	RMB 40,000	-	RMB 20,195	RMB 20,000	RMB 195	-	RMB 20,000
Valver	<u>Financial product</u>													
	XYZQ industrial securities - XL No5	Financial assets at FVTPL - current	-	-	-	-	-	RMB 10,000	-	-	-	-	-	RMB 10,000

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 NINE MONTHS ENDED SEPTEMBER 30, 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 Indirectly owned subsidiary	Purchase	\$ 2,496,164	68	T/T 90 days	-	-	\$ (983,946)	(77)	
			Purchase	397,599	11	T/T 90 days	-	-	(132,092)	(11)	
NSI	Keentech	Investment accounted for using the equity method	Sale	(332,541)	(23)	T/T 30-90 days	-	-	61,952	13	
			Purchase	901,547	73	T/T 60-90 days	-	-	(314,150)	(97)	
XPT Investment	Xin Hong Zhou	XPT Investment's subsidiary	Purchase	353,046	92	T/T 75 days	-	-	(129,957)	(100)	

Note: Transactions have been eliminated.

TOPKEY CORPORATION AND SUBSIDIARIES

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

SEPTEMBER 30, 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	\$ 983,946	1.86	\$ -	-	\$ 343,371	\$ -
Keentech	NSI	The parent for using the equity method of Keentech	314,150	2.34	-	-	40,804	-
Yeu Chuan	The Company	The ultimate parent of Yeu Chuan	132,092	1.83	-	-	-	-
Xin Hong Zhou	XPT Investment	The parent of Xin Hong Zhou	129,957	1.87	-	-	-	-
NSI	Keentech	The parent for using the equity method of Keentech	208,866	-	-	-	-	-
Musonic	Keentech	The parent for using the equity method of Keentech	371,236	-	-	-	-	-

Note: Transactins have been eliminated.

TOPKEY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 2,496,164	T/T 90 days	40
			1	Trade payables	983,946	T/T 90 days	9
		Yeu Chuan	1	Purchases	397,599	T/T 90 days	6
			1	Trade payables	132,092	T/T 90 days	1
1	NSI	Keentech	2	Sales	332,541	T/T 30-90 days	5
			2	Purchases	901,547	T/T 60-90 days	15
			2	Trade payables	314,150	T/T 60-90 days	3
			2	Dividend receivables	208,866	-	2
2	XPT Investment	Xin Hong Zhou	2	Purchases	353,046	T/T 75 days	6
			2	Trade payables	129,957	T/T 75 days	1
3	Musonic	Keentech	2	Dividend receivables	371,236	-	3

Note 1: 1) From parent company to subsidiary.

2) From subsidiary to subsidiary.

Note 2: For the nine months ended September 30, 2021, sales, purchases and unrealized gain with investee in mainland China are 24,121 thousand (Transactions have been eliminated).

Note 3: Transactions have been eliminated.

TOPKEY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
The Company	NSH Topkey (VN) Corp	British Virgin Islands Vietnam	International investment Manufacture and sale of carbon fiber products, glass fiber products and composite components	\$ 2,268,710	\$ 2,320,979	80,137	100	\$ 4,438,931	\$ 330,128	\$ 303,496	Subsidiary Subsidiary
				417,990	427,620	-	100	402,525	(7,600)	(7,600)	
NSH	CSC EIC NSI Musonic XPT Investment	Seattle, USA Seychelles Hong Kong British Virgin Islands Hong Kong	Development, manufacture and sale of aviation composite components International investment International investment and trade International investment International investment and trade	596,667	610,413	22	100	(292,681)	(210,177)	(Note 1)	Indirectly owned subsidiary Indirectly owned subsidiary Indirectly owned subsidiary Indirectly owned subsidiary
				161,205	164,919	3,822	76	397,909	51,923	(Note 1)	
				349,384	357,433	12,498	100	1,720,763	233,637	(Note 1)	
				1,051,468	1,075,692	22,228	100	2,161,112	140,272	(Note 1)	
XPT Investment	Maggio	Seychelles	International trade	344,075	352,002	11,388	70	418,202	182,430	(Note 1)	Indirectly owned subsidiary Indirectly owned subsidiary
				41,799	42,762	1,500	100	90,935	5,202	(Note 1)	

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 NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2021	Accumulated Repatriation of Investment Income as of September 30, 2021
					Outward	Inward						
Keentech	Manufacture and sale of carbon fiber products, glass fiber products and composite components	\$ 1,281,836	(Note 1)	\$ 967,898	\$ -	\$ -	\$ 967,898	\$ 246,192	100	\$ 246,192	\$ 2,846,937	\$ 2,088,231
Yeu Chuan	Manufacture of various helmets, glasses, and components of vehicles	139,330	(Note 1)	76,632	-	-	76,632	54,931	76	41,989	394,048	185,967
Xin Hong Zhou	Development, design and manufacture of various precision molds, processing of various plastic and rubber products	428,440	(Note 1)	234,771	-	-	234,771	160,069	70	112,567	315,274	-
Valver	Manufacture of water gage and HRNT	34,833	(Note 1)	42,161	-	-	42,161	8,071	100	8,071	111,088	-

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 1,321,461 (USD 47,422)	\$ 1,852,142 (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
SEPTEMBER 30, 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.