

**CREATIVE SENSOR INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2021 AND 2020**

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



INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CREATIVE SENSOR INC.

Introduction

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

Scope of review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65, “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



資誠

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Chang, Sha-Chiung

Lin, Chun-Yao

For and on behalf of PricewaterhouseCoopers, Taiwan

May 10, 2021

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

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

CREATIVE SENSOR INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2021 and 2020 are reviewed, not audited)

Assets	Notes	March 31, 2021		December 31, 2020		March 31, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 782,169	14	\$ 1,884,250	36	\$ 1,299,818	30
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		-	-	144,239	3	169,950	4
1136	Financial assets at amortized cost -	6(3)						
	current, net		182,232	3	174,835	3	1,057,982	24
1170	Accounts receivable, net	6(4)	528,360	10	539,744	10	370,374	9
1180	Accounts receivable - related	6(4) and 7						
	parties, net		423	-	52	-	-	-
1210	Other receivables - related parties,	7						
	net		113	-	288	-	5,689	-
130X	Inventories, net	6(5)	433,921	8	393,710	8	308,764	7
1479	Other current assets		73,447	2	56,496	1	73,655	2
11XX	Total current assets		<u>2,000,665</u>	<u>37</u>	<u>3,193,614</u>	<u>61</u>	<u>3,286,232</u>	<u>76</u>
Non-current assets								
1517	Non-current financial assets at fair	6(6) and 8						
	value through other comprehensive							
	income		2,793,776	51	1,384,827	26	349,922	8
1550	Investments accounted for using	6(7)						
	the equity method		266,683	5	245,365	5	227,958	5
1600	Property, plant and equipment, net	6(8)	274,591	5	293,774	6	346,956	8
1755	Right-of-use assets	6(9)	70,281	1	74,828	1	85,566	2
1780	Intangible assets		6,711	-	7,510	-	6,111	-
1840	Deferred income tax assets	6(23)	8,613	-	8,705	-	17,976	-
1990	Other non-current assets		36,108	1	36,112	1	26,205	1
15XX	Total non-current assets		<u>3,456,763</u>	<u>63</u>	<u>2,051,121</u>	<u>39</u>	<u>1,060,694</u>	<u>24</u>
1XXX	Total assets		<u>\$ 5,457,428</u>	<u>100</u>	<u>\$ 5,244,735</u>	<u>100</u>	<u>\$ 4,346,926</u>	<u>100</u>

(Continued)

CREATIVE SENSOR INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2021 and 2020 are reviewed, not audited)

Liabilities and Equity	Notes	March 31, 2021		December 31, 2020		March 31, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(10)	\$ 585,000	11	\$ 750,000	14	\$ 250,000	6
2120	Financial liabilities at fair value	6(11)						
	through profit or loss - current		4,125	-	1,039	-	6,883	-
2170	Accounts payable		632,487	12	596,832	11	403,905	9
2180	Accounts payable - related parties	7	139,828	2	119,544	2	69,297	2
2200	Other payables	6(12)	216,872	4	235,796	5	206,581	5
2230	Income tax payable		155,185	3	141,604	3	32,337	1
2280	Current lease liabilities		10,914	-	12,347	-	13,728	-
2300	Other current liabilities		8,913	-	8,643	-	9,703	-
21XX	Total current liabilities		<u>1,753,324</u>	<u>32</u>	<u>1,865,805</u>	<u>35</u>	<u>992,434</u>	<u>23</u>
Non-current liabilities								
2570	Deferred income tax liabilities	6(23)	9,047	-	9,819	-	112,312	2
2580	Non-current lease liabilities		22,028	1	24,659	1	33,899	1
25XX	Total non-current liabilities		<u>31,075</u>	<u>1</u>	<u>34,478</u>	<u>1</u>	<u>146,211</u>	<u>3</u>
2XXX	Total liabilities		<u>1,784,399</u>	<u>33</u>	<u>1,900,283</u>	<u>36</u>	<u>1,138,645</u>	<u>26</u>
Equity attributable to owners of parent								
	Share capital	6(14)						
3110	Common stock		1,270,550	23	1,270,550	24	1,270,550	29
	Capital surplus	6(15)						
3200	Capital surplus		677,467	12	677,467	13	677,467	16
	Retained earnings	6(16)						
3310	Legal reserve		478,365	9	478,365	9	459,995	11
3320	Special reserve		-	-	-	-	39,847	1
3350	Unappropriated retained earnings		771,413	14	731,467	14	662,155	15
	Other equity interest	6(17)						
3400	Other equity interest		475,234	9	186,603	4	98,267	2
31XX	Equity attributable to owners of the parent		<u>3,673,029</u>	<u>67</u>	<u>3,344,452</u>	<u>64</u>	<u>3,208,281</u>	<u>74</u>
3XXX	Total equity		<u>3,673,029</u>	<u>67</u>	<u>3,344,452</u>	<u>64</u>	<u>3,208,281</u>	<u>74</u>
3X2X	Total liabilities and equity		<u>\$ 5,457,428</u>	<u>100</u>	<u>\$ 5,244,735</u>	<u>100</u>	<u>\$ 4,346,926</u>	<u>100</u>

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

CREATIVE SENSOR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share amount)
(REVIEWED, NOT AUDITED)

Three months ended March 31

	Items	Notes	2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Net revenue	6(18) and 7	\$ 937,242	100	\$ 571,419	100
5000	Cost of revenue	6(5)(22) and 7	(822,449)	(88)	(531,101)	(93)
5900	Gross profit		<u>114,793</u>	<u>12</u>	<u>40,318</u>	<u>7</u>
	Operating expenses	6(22)				
6100	Selling expenses		(17,392)	(2)	(14,702)	(3)
6200	General and administrative expenses		(41,636)	(4)	(30,922)	(5)
6300	Research and development expenses		(19,850)	(2)	(15,386)	(3)
6000	Total operating expenses		(78,878)	(8)	(61,010)	(11)
6900	Income (loss) from operations		<u>35,915</u>	<u>4</u>	<u>20,692</u>	<u>4</u>
	Non-operating income and expenses					
7100	Interest income	6(19)	1,509	-	8,066	2
7010	Other income	6(20) and 7	2,603	-	6,002	1
7020	Other gains and losses	6(21)	14,733	2	(21)	-
7050	Finance costs	6(9)(10)	(1,926)	-	(336)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	6(7)	<u>657</u>	<u>-</u>	<u>(5,475)</u>	<u>(1)</u>
7000	Total non-operating income and expenses		<u>17,576</u>	<u>2</u>	<u>8,236</u>	<u>2</u>
7900	Profit (loss) before income tax		<u>53,491</u>	<u>6</u>	<u>(12,456)</u>	<u>(2)</u>
7950	Income tax expense	6(23)	(13,545)	(2)	1,697	-
8200	Net income (loss)		<u>\$ 39,946</u>	<u>4</u>	<u>(\$ 10,759)</u>	<u>(2)</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(6)(17)	\$ 283,040	30	(\$ 39,555)	(7)
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	6(7)(17)	<u>20,762</u>	<u>3</u>	<u>(23,062)</u>	<u>(4)</u>
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>303,802</u>	<u>33</u>	<u>(62,617)</u>	<u>(11)</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(17)	(15,070)	(2)	(15,756)	(3)
8370	Share of other comprehensive loss of associates and joint ventures accounted for using equity method	6(7)(17)	(101)	-	(170)	-
8360	Other comprehensive loss that will be reclassified to profit or loss		(15,171)	(2)	(15,926)	(3)
8300	Other comprehensive income (loss) for the period		<u>\$ 288,631</u>	<u>31</u>	<u>(\$ 78,543)</u>	<u>(14)</u>
8500	Total comprehensive income (loss) for the period		<u>\$ 328,577</u>	<u>35</u>	<u>(\$ 89,302)</u>	<u>(16)</u>
	Basic earnings (loss) per share (in dollars)	6(24)				
9750	Total basic earnings (loss) per share		<u>\$ 0.31</u>		<u>(\$ 0.08)</u>	
	Diluted earnings (loss) per share (in dollars)	6(24)				
9850	Total diluted earnings (loss) per share		<u>\$ 0.31</u>		<u>(\$ 0.08)</u>	

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

CREATIVE SENSOR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	Equity attributable to owners of the parent								Total equity
		Capital surplus			Retained earnings			Other equity interest		
		Capital stock - common stock	Additional paid- in capital	Treasury stock transactions	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>Three months ended March 31, 2020</u>										
Balance at January 1, 2020		\$ 1,270,550	\$ 673,471	\$ 3,996	\$ 459,995	\$ 39,847	\$ 672,914	\$ 54,873	\$ 121,937	\$ 3,297,583
Net loss for the period		-	-	-	-	-	(10,759)	-	-	(10,759)
Other comprehensive loss for the period	6(17)	-	-	-	-	-	-	(15,926)	(62,617)	(78,543)
Total comprehensive loss		-	-	-	-	-	(10,759)	(15,926)	(62,617)	(89,302)
Balance at March 31, 2020		<u>\$ 1,270,550</u>	<u>\$ 673,471</u>	<u>\$ 3,996</u>	<u>\$ 459,995</u>	<u>\$ 39,847</u>	<u>\$ 662,155</u>	<u>\$ 38,947</u>	<u>\$ 59,320</u>	<u>\$ 3,208,281</u>
<u>Three months ended March 31, 2021</u>										
Balance at January 1, 2021		\$ 1,270,550	\$ 673,471	\$ 3,996	\$ 478,365	\$ -	\$ 731,467	\$ 64,445	\$ 122,158	\$ 3,344,452
Net income for the period		-	-	-	-	-	39,946	-	-	39,946
Other comprehensive income (loss) for the period	6(17)	-	-	-	-	-	-	(15,171)	303,802	288,631
Total comprehensive income (loss)		-	-	-	-	-	39,946	(15,171)	303,802	328,577
Balance at March 31, 2021		<u>\$ 1,270,550</u>	<u>\$ 673,471</u>	<u>\$ 3,996</u>	<u>\$ 478,365</u>	<u>\$ -</u>	<u>\$ 771,413</u>	<u>\$ 49,274</u>	<u>\$ 425,960</u>	<u>\$ 3,673,029</u>

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

CREATIVE SENSOR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	Three months ended March 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit (loss) before tax		\$ 53,491	(\$ 12,456)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(22)	24,022	28,123
Amortization	6(22)	3,899	1,433
Expected credit impairment loss	12(2)	(3)	(52)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(2)(11)(21)	(10,279)	8,462
Interest expense	6(9)(10)	1,926	336
Share of (profit) loss of associates and joint ventures accounted for using equity method	6(7)	(657)	5,475
Net loss (gain) on disposal of property, plant and equipment	6(21)	1,587	(714)
Interest income	6(19)	(1,509)	(8,066)
Dividend income	6(20)	(1,007)	-
Gain from lease modification	6(9)(21)	(64)	-
Reversal of impairment loss on non-financial assets	6(8)(21)	-	(788)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		157,604	13,179
Accounts receivable		11,017	163,412
Inventories		(41,447)	(182)
Other current assets		(13,959)	(36,677)
Changes in operating liabilities			
Accounts payable		39,360	(109,047)
Accounts payable - related parties		21,466	(15,228)
Other payables		(20,967)	(50,316)
Other current liabilities		270	(830)
Cash inflow (outflow) generated from operations		224,750	(13,936)
Interest received		335	3,024
Dividends received		1,007	-
Interest paid		(1,926)	(336)
Income tax paid		(4,197)	(12,874)
Net cash flows from (used in) operating activities		219,969	(24,122)

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CREATIVE SENSOR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	Three months ended March 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortized cost		(\$ 13,109)	(\$ 128,793)
Proceeds from disposal of financial assets at amortized cost		4,595	-
Acquisition of non-current financial assets at fair value through other comprehensive income		(1,125,909)	-
Acquisition of property, plant and equipment	6(25)	(4,207)	(2,061)
Proceeds from disposal of property, plant and equipment		-	1,502
Acquisition of intangible assets		(97)	(605)
Decrease in refundable deposits		502	8
Increase in other non-current assets		(5,504)	(3,776)
Net cash flows used in investing activities		(1,143,729)	(133,725)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(26)	335,000	250,000
Repayments of short-term borrowings	6(26)	(500,000)	-
Repayments of lease principal	6(9)(26)	(3,285)	(3,780)
Net cash flows (used in) from financing activities		(168,285)	246,220
Effect of exchange rate		(10,036)	(5,074)
Net (decrease) increase in cash and cash equivalents		(1,102,081)	83,299
Cash and cash equivalents at beginning of period		1,884,250	1,216,519
Cash and cash equivalents at end of period		\$ 782,169	\$ 1,299,818

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

CREATIVE SENSOR INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

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

(REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANIZATION

Creative Sensor Inc. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in manufacturing and trading of image sensor and its electronic components. Starting from May 17, 2005, the Company's stock was officially listed on the Taiwan Stock Exchange.

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

These consolidated financial statements were reported to the Board of Directors on May 10, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

None.

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation and basis of consolidation set out below, the rest of the significant accounting policies applied in the preparation of these consolidated financial statements are the same as those disclosed in Note 4 to the consolidated financial statements as of and for the year ended December 31, 2020. The policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. These consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction together with the consolidated financial statements for the year ended December 31, 2020.

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit assets recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements for the year ended December 31, 2020.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		
			March 31, 2021	December 31, 2020	March 31, 2020
Creative Sensor Inc.	Creative Sensor Inc. (BVI)	Holding company	100	100	100
Creative Sensor Inc.	Creative Sensor (USA) Co.	Collection of marketing information and maintaining relationship with customers	100	100	100
Creative Sensor Inc. (BVI)	Creative Sensor Co. Ltd.	Holding company	100	100	100
Creative Sensor Co., Ltd.	Wuxi Creative Sensor Technology Co., Ltd.	Research and development of image sensor	100	100	100
Creative Sensor Co., Ltd.	Nanchang Creative Sensor Technology Co., Ltd.	Manufacturing of image sensor	100	100	100

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

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

E. Significant restrictions on fund remittance from subsidiaries to the parent company: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

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

There was no significant change during this period. Please refer to Note 5 to the consolidated financial statements for the year ended December 31, 2020 for related information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Cash on hand and revolving funds	\$ 189	\$ 234	\$ 242
Checking accounts and demand deposits	690,870	1,849,097	690,285
Time deposits	<u>91,110</u>	<u>34,919</u>	<u>609,291</u>
Total	<u>\$ 782,169</u>	<u>\$ 1,884,250</u>	<u>\$ 1,299,818</u>

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

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

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

<u>Items</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ -	\$ 100,000	\$ 165,932
Derivative instrument	<u>-</u>	<u>19,339</u>	<u>3,494</u>
	-	119,339	169,426
Valuation adjustment	<u>-</u>	<u>24,900</u>	<u>524</u>
Total	<u>\$ -</u>	<u>\$ 144,239</u>	<u>\$ 169,950</u>

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

	<u>Three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates		
Valuation adjustment	\$ 12,882	\$ 178
Dividend income	1,007	-
Interest income	5	-
Derivative instrument	<u>2,498</u>	<u>72</u>
Total	<u>\$ 16,392</u>	<u>\$ 250</u>

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

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

Derivative instruments	December 31, 2020	
	Contract amount (Notional principal) (In thousands)	Maturity date of the contract
Current items:		
Cross currency swap	USD 2,000	2021.1.25
Cross currency swap	USD 2,000	2021.1.25
Cross currency swap	USD 2,000	2021.1.27
Cross currency swap	USD 1,000	2021.1.27
Cross currency swap	USD 1,000	2021.2.22
Forward exchange contracts	USD 3,000	2021.1.21
Forward exchange contracts	USD 2,000	2021.1.22
Forward exchange contracts	USD 1,000	2021.2.25
Forward exchange contracts	USD 2,000	2021.2.26
Forward exchange contracts	USD 2,000	2021.3.23
Forward exchange contracts	USD 1,000	2021.3.25
Forward exchange contracts	USD 2,000	2021.6.28
Derivative instruments	March 31, 2020	
	Contract amount (Notional principal) (In thousands)	Maturity date of the contract
Current items:		
Cross currency swap	USD 5,500	2020.04.13
Cross currency swap	USD 2,000	2020.08.27
Cross currency swap	USD 2,000	2020.08.27

(a) Cross currency swap

The Group entered into cross currency swap contracts which were exchange swap transactions between foreign currencies to hedge the volatility risk of the exchange rate. However, these cross currency swap contracts are not accounted for under hedge accounting.

(b) Forward foreign exchange contracts

The Group entered into forward foreign exchange contracts to sell USD to hedge the volatility risk of the exchange rate. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(3) Financial assets at amortized cost

Items	March 31, 2021	December 31, 2020	March 31, 2020
Current items:			
Time deposits with maturity over three months	\$ 182,220	\$ 170,228	\$ 1,057,982
Special-purpose demand deposits	12	4,607	-
Total	\$ 182,232	\$ 174,835	\$ 1,057,982

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Three months ended March 31,	
	2021	2020
Interest income	\$ 892	\$ 4,832

B. As at March 31, 2021, December 31, 2020 and March 31, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group were \$182,232, \$174,835 and \$1,057,982, respectively.

C. The Group has no financial assets at amortized cost pledged to others.

D. Information on financial assets at amortized cost relating to credit risk is provided in Note 12(2).

E. The special-purpose demand deposits refer to the Group's certain self-owned capital deposited into the trust account which is restricted only for the purpose of equity investment transaction.

(4) Accounts receivable

	March 31, 2021	December 31, 2020	March 31, 2020
Accounts receivable	\$ 528,519	\$ 539,906	\$ 370,485
Accounts receivable due from related parties	423	52	-
Less: Loss allowance	(159)	(162)	(111)
	\$ 528,783	\$ 539,796	\$ 370,374

A. The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Not past due	\$ 528,772	\$ 539,941	\$ 308,959
Up to 30 days	170	-	58,962
31 to 90 days	-	17	2,564
	<u>\$ 528,942</u>	<u>\$ 539,958</u>	<u>\$ 370,485</u>

The above ageing analysis was based on past due date.

B. As of March 31, 2021, December 31, 2020 and March 31, 2020, accounts receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$533,734.

C. The Group does not hold any collateral as security.

D. As at March 31, 2021, December 31, 2020 and March 31, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$528,783, \$539,796 and \$370,374, respectively.

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

(5) Inventories

	<u>March 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 267,814	(\$ 3,864)	\$ 263,950
Work in progress	18,214	(237)	17,977
Finished goods	<u>167,429</u>	<u>(15,435)</u>	<u>151,994</u>
Total	<u>\$ 453,457</u>	<u>(\$ 19,536)</u>	<u>\$ 433,921</u>
	<u>December 31, 2020</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 222,876	(\$ 2,644)	\$ 220,232
Work in progress	22,010	(239)	21,771
Finished goods	<u>170,715</u>	<u>(19,008)</u>	<u>151,707</u>
Total	<u>\$ 415,601</u>	<u>(\$ 21,891)</u>	<u>\$ 393,710</u>

	March 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 177,411	(\$ 4,091)	\$ 173,320
Work in progress	28,588	(759)	27,829
Finished goods	139,505	(31,890)	107,615
Total	<u>\$ 345,504</u>	<u>(\$ 36,740)</u>	<u>\$ 308,764</u>

A. The cost of inventories recognized as expense for the period:

	Three months ended March 31,	
	2021	2020
Cost of goods sold	\$ 825,240	\$ 510,268
Inventory valuation loss	-	21,039
Gain on reversal of market value of inventories	(2,355)	-
Others	(436)	(206)
Total	<u>\$ 822,449</u>	<u>\$ 531,101</u>

Note: The gain from price recovery was caused by the reversal of allowance for inventory which were subsequently scrapped or sold.

B. The Group has no inventories pledged to others.

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

Items	March 31, 2021	December 31, 2020	March 31, 2020
Non-current items:			
Equity instruments			
Listed stocks	\$ 2,341,496	\$ 1,275,587	\$ 286,186
Unlisted stocks	63,590	3,590	3,590
	<u>2,405,086</u>	<u>1,279,177</u>	<u>289,776</u>
Valuation adjustment	388,690	105,650	60,146
Total	<u>\$ 2,793,776</u>	<u>\$ 1,384,827</u>	<u>\$ 349,922</u>

A. The Group has elected to classify abovementioned shares that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,793,776, \$1,384,827 and \$349,922 as at March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

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

	Three months ended March 31,	
	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 283,040	(\$ 39,555)

C. Details of Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

(7) Investments accounted for using equity method

	March 31, 2021		December 31, 2020		March 31, 2020	
	Book value	Shareholding ratio	Book value	Shareholding ratio	Book value	Shareholding ratio
Associate:						
K9 Inc.	\$ -	33.82%	\$ -	33.82%	\$ -	33.82%
Teco Image Systems Co., Ltd.(Teco Image)	<u>266,683</u>	10.66%	<u>245,365</u>	10.66%	<u>227,958</u>	10.66%
	<u>\$ 266,683</u>		<u>\$ 245,365</u>		<u>\$ 227,958</u>	

	Three months ended March 31,			
	2021		2020	
	Share of profit of associates and joint ventures accounted for using equity method, net	Other comprehensive income after tax	Share of loss of associates and joint ventures accounted for using equity method, net	Other comprehensive loss after tax
Associate:				
K9 Inc.	\$ -	\$ -	\$ -	\$ -
Teco Image Systems Co., Ltd.(Teco Image)	<u>657</u>	<u>20,661</u>	<u>(5,475)</u>	<u>(23,232)</u>
	<u>\$ 657</u>	<u>\$ 20,661</u>	<u>(\$ 5,475)</u>	<u>(\$ 23,232)</u>

A. The basic information of the associate that is material to the Group is as follows:

<u>Shareholding ratio</u>					
<u>Company name</u>	<u>Principal place of business</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>Nature of relationship</u>	<u>Method of measurement</u>
Teco Image Systems Co., Ltd.	Taiwan	10.66%	10.66%	Note D	Equity method

<u>Shareholding ratio</u>					
<u>Company name</u>	<u>Principal place of business</u>	<u>March 31, 2020</u>	<u>Nature of relationship</u>	<u>Method of measurement</u>	
Teco Image Systems Co., Ltd.	Taiwan	10.66%	Note D	Equity method	

B. The summarized financial information of the associate that is material to the Group is as follows:

Balance sheet

	<u>Teco Image Systems Co., Ltd.</u>		
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Current assets	\$ 877,599	\$ 973,999	\$ 1,144,139
Non-current assets	1,751,103	1,403,642	1,110,556
Current liabilities	(698,340)	(636,268)	(673,246)
Non-current liabilities	(29,326)	(40,323)	(43,690)
Total net assets	<u>\$ 1,901,036</u>	<u>\$ 1,701,050</u>	<u>\$ 1,537,759</u>
Share in associate's net assets	\$ 202,647	\$ 181,329	\$ 163,922
Goodwill	<u>64,036</u>	<u>64,036</u>	<u>64,036</u>
Carrying amount of the associate	<u>\$ 266,683</u>	<u>\$ 245,365</u>	<u>\$ 227,958</u>

Statement of comprehensive income

	Three months ended March 31,	
	2021	2020
Revenue	\$ 452,770	\$ 217,348
Profit (loss) for the period from continuing operations	\$ 6,168	(\$ 51,360)
Other comprehensive income (loss), net of tax	193,818	(217,938)
Total comprehensive income (loss)	\$ 199,986	(\$ 269,298)
Dividends received from associates	\$ -	\$ -

- C. The Group's material associate, Teco Image, has quoted market prices. As of March 31, 2021, December 31, 2020 and March 31, 2020, the fair value was \$153,549, \$149,950 and \$154,748, respectively.
- D. The Group owns less than 20% of the voting rights in Teco Image but holds one-fifth seats (2 out of 9 board seats) in the Board of Directors of Teco Image. The Group is a substantial shareholder of Teco Image and accounts for its investment using the equity method. The Group is the single largest shareholder of Teco Image with a 10.66% equity interest. Taking into consideration the extent of other shareholders' participation in previous shareholders' meeting of Teco Image and the voting right record of significant proposals, which indicates that the Group has no current ability to direct the relevant activities of Teco Image, the Group has no control, but only has significant influence, over the investee.
- E. In January 2008, the Group invested US\$1,000,000 in K9 Inc. Due to the underperformance of K9 Inc. and changes in the Group's investment strategies, the Group adopted the conservatism principle and wrote-off the original investment amount of US\$1,000,000 (approximately NT\$32,314 thousand) in June 2008. As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group's shareholding ratio in K9 Inc. was 33.82% and the balance of investment was \$0. For the three months ended March 31, 2021 and 2020, the investment income (loss) was both \$0.
- F. The Group has no investments accounted for using equity method pledged to others.

(8) Property, plant and equipment

	2021						
	Buildings and structures	Machinery and equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1</u>							
Cost	\$ 613,924	\$ 999,054	\$ 46,678	\$ 29,271	\$ 13,996	\$ 1,523	\$ 1,704,446
Accumulated depreciation and impairment	(474,972)	(857,843)	(40,950)	(23,680)	(13,227)	-	(1,410,672)
	<u>\$ 138,952</u>	<u>\$ 141,211</u>	<u>\$ 5,728</u>	<u>\$ 5,591</u>	<u>\$ 769</u>	<u>\$ 1,523</u>	<u>\$ 293,774</u>
Opening net book value as at January 1	\$ 138,952	\$ 141,211	\$ 5,728	\$ 5,591	\$ 769	\$ 1,523	\$ 293,774
Additions	-	70	1,894	1,984	28	413	4,389
Transfers	-	1,629	33	-	68	(1,730)	-
Disposals	-	(46)	-	(1,541)	-	-	(1,587)
Depreciation	(4,087)	(15,440)	(534)	(253)	(104)	-	(20,418)
Net exchange differences	(807)	(702)	(17)	(37)	(4)	-	(1,567)
Closing net book value as at March 31	<u>\$ 134,058</u>	<u>\$ 126,722</u>	<u>\$ 7,104</u>	<u>\$ 5,744</u>	<u>\$ 757</u>	<u>\$ 206</u>	<u>\$ 274,591</u>
<u>At March 31</u>							
Cost	\$ 610,231	\$ 995,399	\$ 48,342	\$ 28,510	\$ 13,983	\$ 206	\$ 1,696,671
Accumulated depreciation and impairment	(476,173)	(868,677)	(41,238)	(22,766)	(13,226)	-	(1,422,080)
	<u>\$ 134,058</u>	<u>\$ 126,722</u>	<u>\$ 7,104</u>	<u>\$ 5,744</u>	<u>\$ 757</u>	<u>\$ 206</u>	<u>\$ 274,591</u>

2020

	Buildings and structures	Machinery and equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1</u>							
Cost	\$ 605,258	\$ 1,041,598	\$ 45,157	\$ 42,898	\$ 26,392	\$ -	\$ 1,761,303
Accumulated depreciation and impairment	(452,167)	(829,715)	(41,685)	(41,253)	(25,194)	-	(1,390,014)
	<u>\$ 153,091</u>	<u>\$ 211,883</u>	<u>\$ 3,472</u>	<u>\$ 1,645</u>	<u>\$ 1,198</u>	<u>\$ -</u>	<u>\$ 371,289</u>
Opening net book value as at							
January 1	\$ 153,091	\$ 211,883	\$ 3,472	\$ 1,645	\$ 1,198	\$ -	\$ 371,289
Additions	-	-	736	1,820	-	78	2,634
Disposals	-	(788)	-	-	-	-	(788)
Gain on reversal of impairment	-	788	-	-	-	-	788
Depreciation	(4,048)	(18,829)	(666)	(234)	(171)	-	(23,948)
Net exchange differences	(1,364)	(1,632)	(1)	(12)	(9)	(1)	(3,019)
Closing net book value as at March 31	<u>\$ 147,679</u>	<u>\$ 191,422</u>	<u>\$ 3,541</u>	<u>\$ 3,219</u>	<u>\$ 1,018</u>	<u>\$ 77</u>	<u>\$ 346,956</u>
<u>At March 31</u>							
Cost	\$ 599,627	\$ 1,051,773	\$ 45,504	\$ 44,529	\$ 26,164	\$ 77	\$ 1,767,674
Accumulated depreciation and impairment	(451,948)	(860,351)	(41,963)	(41,310)	(25,146)	-	(1,420,718)
	<u>\$ 147,679</u>	<u>\$ 191,422</u>	<u>\$ 3,541</u>	<u>\$ 3,219</u>	<u>\$ 1,018</u>	<u>\$ 77</u>	<u>\$ 346,956</u>

- A. The aforementioned property, plant and equipment were all for its own use.
- B. For the three months ended March 31, 2021 and 2020, no impairment loss was recognized after assessing and comparing the carrying amount and recoverable amount of property, plant and equipment. The gain on reversal of impairment was \$0 and \$788 for the three months ended March 31, 2021 and 2020, respectively.
- C. The Group has not pledged property, plant and equipment as a collateral or capitalized the interest.

(9) Leasing arrangements - lessee

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

	<u>Land use right</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
At January 1, 2021	\$ 38,540	\$ 35,979	\$ 309	\$ 74,828
Additions	-	902	2,475	3,377
Modification	-	(3,788)	(301)	(4,089)
Depreciation	(265)	(3,124)	(215)	(3,604)
Net exchange differences	(230)	(1)	-	(231)
At March 31, 2021	<u>\$ 38,045</u>	<u>\$ 29,968</u>	<u>\$ 2,268</u>	<u>\$ 70,281</u>

	<u>Land use right</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
At January 1, 2020	\$ 39,040	\$ 46,839	\$ 962	\$ 86,841
Additions	-	895	2,370	3,265
Depreciation	(262)	(3,363)	(550)	(4,175)
Net exchange differences	(359)	(6)	-	(365)
At March 31, 2020	<u>\$ 38,419</u>	<u>\$ 44,365</u>	<u>\$ 2,782</u>	<u>\$ 85,566</u>

D. The information on income and expense relating to lease contracts is as follows:

	<u>Three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 226	\$ 332
Expense on short-term lease contracts	18	18
Gain from lease modification	(64)	-

E. For the three months ended March 31, 2021 and 2020, the Group's total cash outflow for leases was \$3,529 and \$4,130, respectively.

F. On June 29, 2007, the Group signed a land use right contract with Gaoxin branch of the Bureau of Land and Resources Bureau in Nanchang City, Jiangxi Province, People's Republic of China with a term of 50 years. All rentals had been paid on the contract date. The aforementioned amounts were recognized in right-of-use assets – land use right.

(10) Short-term borrowings

<u>Type of borrowings</u>	<u>March 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ <u>585,000</u>	1.0%~1.2%	None
<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 300,000	1.00%~1.08%	None
Secured borrowings	<u>450,000</u>	0.90%~1.00%	Stock
	<u>\$ 750,000</u>		
<u>Type of borrowings</u>	<u>March 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ <u>250,000</u>	1.05%	None

For the three months ended March 31, 2021 and 2020, the Group's interest expense recognized in profit or loss amounted to \$1,700 and \$4, respectively.

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

<u>Items</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Current items:			
Financial liabilities mandatorily measured at fair value through profit or loss			
Derivative instrument	\$ 4,125	\$ 1,039	\$ 6,883

- A. Amount recognized in profit or loss in relation to financial liabilities at fair value through profit or loss are listed below:

	<u>Three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative instrument	(\$ 5,101)	(\$ 8,712)

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

<u>Derivative instruments</u>	<u>March 31, 2021</u>		<u>December 31, 2020</u>	
	Contract amount (Notional principal) (In thousands)	Maturity date of the contract	Contract amount (Notional principal) (In thousands)	Maturity date of the contract
Current items:				
Forward foreign exchange contracts	USD 2,000	2021.4.22	-	-
Forward foreign exchange contracts	USD 3,000	2021.4.22	-	-
Forward foreign exchange contracts	USD 2,000	2021.5.28	-	-
Forward foreign exchange contracts	USD 2,000	2021.5.28	-	-
Forward foreign exchange contracts	USD 2,000	2021.5.28	-	-
Forward foreign exchange contracts	USD 1,000	2021.6.25	-	-
Forward foreign exchange contracts	USD 2,000	2021.6.28	-	-
Cross currency swap	-	-	USD 2,000	2021.2.22
Cross currency swap	-	-	USD 1,000	2021.2.22

March 31, 2020

<u>Derivative instruments</u>	Contract amount (Notional principal) (In thousands)	Maturity date of the contract
Forward foreign exchange contracts	USD 2,000	2020.4.29
Forward foreign exchange contracts	USD 2,000	2020.7.21
Forward foreign exchange contracts	USD 3,000	2020.7.21
Cross currency swap	USD 1,000	2020.5.20
Cross currency swap	USD 2,000	2020.5.21
Cross currency swap	USD 1,000	2020.5.21
Cross currency swap	USD 1,000	2020.5.26
Cross currency swap	USD 4,000	2020.6.24
Cross currency swap	USD 3,000	2020.6.24

(a) Cross currency swap

The Group entered into cross currency swap contracts which were exchange swap transactions between foreign currencies to hedge the volatility risk of the exchange rate. However, these cross currency swap contracts are not accounted for under hedge accounting.

(b) Forward foreign exchange contracts

The Group entered into forward foreign exchange contracts to sell USD to hedge the volatility risk of the exchange rate. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(12) Other payables

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Accrued employees' compensation and directors' and supervisors' remuneration	\$ 39,055	\$ 32,970	\$ 31,269
Royalties payable	52,191	52,191	52,191
Bonus payable	33,862	63,699	42,158
Wages and salaries payable	54,067	40,047	33,083
Service fees payable	4,473	4,038	5,450
Freight payable	3,506	3,652	2,099
Payables on equipment	2,557	2,375	573
Others	27,161	36,824	39,758
	<u>\$ 216,872</u>	<u>\$ 235,796</u>	<u>\$ 206,581</u>

(13) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. In June 2020 and 2019, the Department of Labor, Taipei City Government approved that the Company cease contributing to the retirement fund temporarily for 2021 and 2020, respectively.
- (b) For the aforementioned pension plan, no pension costs was recognized for the three months ended March 31, 2021 and 2020.
- (c) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2021 amount to \$0.
- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company's mainland China subsidiaries, Nanchang Creative Sensor Technology Co., Ltd. and Wuxi Creative Sensor Technology Co., Ltd., have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) The pension costs under the defined contribution pension plans of the Group for the three months ended March 31, 2021 and 2020 were \$4,348 and \$2,412, respectively.

(14) Capital stock

- A. As of March 31, 2021, the Company's authorized capital was \$2,500,000, consisting of 250 million shares of ordinary stock (including 15 million shares reserved for employee stock options), and the paid-in capital was \$1,270,550 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. For the three months ended March 31, 2021 and 2020, there was no movement in the number of the Company's shares which was 127,055 thousand shares as of the end of both periods.

(15) Capital surplus

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

(16) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:
- (a) Pay all taxes.
 - (b) Cover accumulated deficit.
 - (c) Set aside 10% for legal reserve until the legal reserve equals the total capital stock balance.
 - (d) Set aside or reverse special reserve in accordance with related regulations.
 - (e) The appropriation of the amount of distributable earnings after deducting items from (a) to (d), along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and resolved by the shareholders.

The Company operates in a steady growth environment. Since the Company has plans for plant expansion and reinvestment, the current distributable earnings shall be appropriated as shareholders' bonus that account for 80% of the amount. Dividends to shareholders in the form of cash shall generally account for 50% but shall account for at least 5% of total dividends distributed.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. Details of 2020 earnings appropriation proposed by the Board of Directors on March 18, 2021 and the 2019 earnings appropriation resolved by the stockholders on June 12, 2020 are as follows:

	Years ended December 31,			
	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 18,954		\$ 18,370	
Special reserve	-		(39,847)	
Cash dividends	165,171	\$ 1.3	152,466	\$ 1.2
Total	<u>\$ 184,125</u>		<u>\$ 130,989</u>	

Abovementioned distribution of 2019 earnings is consistent with the proposal of the Board of Directors of the Company on March 18, 2020.

The 2020 earnings appropriation proposal has not yet been resolved by the stockholders.

Information about earnings appropriation as resolved at the Board of Directors' and stockholders' meetings will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

- E. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6 (22).

(17) Other equity items

	2021		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	\$ 122,158	\$ 64,445	\$ 186,603
Valuation adjustment:			
— Group	283,040	-	283,040
— Associates	20,762	-	20,762
Currency translation differences:			
— Group	-	(15,070)	(15,070)
— Associates	-	(101)	(101)
At March 31	<u>\$ 425,960</u>	<u>\$ 49,274</u>	<u>\$ 475,234</u>

	2020		
	Unrealized gains (losses) on investment	Currency translation	Total
At January 1	\$ 121,937	\$ 54,873	\$ 176,810
Valuation adjustment:			
— Group	(39,555)	-	(39,555)
— Associates	(23,062)	-	(23,062)
Currency translation differences:			
— Group	-	(15,756)	(15,756)
— Associates	-	(170)	(170)
At March 31	<u>\$ 59,320</u>	<u>\$ 38,947</u>	<u>\$ 98,267</u>

(18) Operating revenue

	Three months ended March 31,	
	2021	2020
Revenue from contracts with customers	<u>\$ 937,242</u>	<u>\$ 571,419</u>

The Group derives revenue from the following major geographical regions:

Three months ended March 31, 2021	China	Philippines	Thailand	Others	Total
Revenue from external customer contracts	\$ 436,970	\$ 84,949	\$ 165,114	\$ 250,209	\$ 937,242
Three months ended March 31, 2020	China	Philippines	Thailand	Others	Total
Revenue from external customer contracts	\$ 211,273	\$ 87,838	\$ 93,313	\$ 178,995	\$ 571,419

The Group derives revenue from the transfer of goods at a point in time.

(19) Interest income

	Three months ended March 31,	
	2021	2020
Interest income from bank deposits	\$ 612	\$ 3,234
Interest income from financial assets measured at amortized cost	892	4,832
Financial assets at fair value through profit or loss	5	-
	<u>\$ 1,509</u>	<u>\$ 8,066</u>

(20) Other income

	Three months ended March 31,	
	2021	2020
Rental revenue	\$ 856	\$ 661
Government grants	23	3,257
Dividend income	1,007	-
Other income, others	717	2,084
	<u>\$ 2,603</u>	<u>\$ 6,002</u>

(21) Other gains and losses

	Three months ended March 31,	
	2021	2020
(Losses) gains on disposal of property, plant and equipment	(\$ 1,587)	\$ 714
Gain from lease modification	64	-
Foreign exchange gains	6,336	7,222
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	10,279	(8,462)
Gains on reversal of impairment loss recognized in profit or loss - property, plant and equipment	-	788
Other gains and losses	(359)	(283)
	<u>\$ 14,733</u>	<u>(\$ 21)</u>

(22) Employee benefit expense, depreciation and amortization

For the three months ended March 31, 2021 and 2020, employee benefit expense, depreciation and amortization categorized by function were summarized as follows:

	Three months ended March 31, 2021		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 92,432	\$ 41,501	\$ 133,933
Labor and health insurance fees	7,007	2,963	9,970
Pension costs	3,215	1,133	4,348
Other personnel expenses	5,787	1,463	7,250
Depreciation	18,162	5,860	24,022
Amortization	3,238	661	3,899

	Three months ended March 31, 2020		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 48,462	\$ 30,007	\$ 78,469
Labor and health insurance fees	2,994	2,517	5,511
Pension costs	1,255	1,157	2,412
Other personnel expenses	3,322	1,281	4,603
Depreciation	21,742	6,381	28,123
Amortization	1,032	401	1,433

- A. According to the Articles of Incorporation of the Company, the profit before deduction of employees' compensation and directors' and supervisors' remuneration and after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall account for 5%~15% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.
- B. For the three months ended March 31, 2021 and 2020, employees' compensation were accrued at \$4,564 and \$0, respectively; directors' and supervisors' remuneration were accrued at \$1,521 and \$0, respectively. The aforementioned amounts were recognized in salary expenses, and estimated based on the current profit.

For the three months ended March 31, 2021, the employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on the distributable profit of current year as of the end of reporting period. The employees' compensation and directors' and supervisors' remuneration for 2020 resolved by the Board of Directors were in agreement with the amounts recorded in the 2020 financial statements of \$24,728 and \$8,242, respectively. Employees' compensation would be distributed in the form of cash.

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

(23) Income tax

A. Income tax expense

Components of income tax expense

	Three months ended March 31,	
	2021	2020
Current tax:		
Total current tax	\$ 14,239	\$ 6,629
Deferred tax:		
Origination and reversal of temporary differences	(680)	(8,165)
Effect of exchange rate	(14)	(161)
Total deferred tax	(694)	(8,326)
Income tax expense	<u>\$ 13,545</u>	<u>(\$ 1,697)</u>

B. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2021			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	March 31
Temporary differences:				
—Deferred tax assets:				
Unrealized gain on affiliates	\$ 67	(\$ 54)	\$ -	\$ 13
Unrealized inventory valuation losses	5,356	(608)	-	4,748
Unrealized expenses	2,694	(125)	-	2,569
Unrealized grant revenue	588	(130)	-	458
Unrealized loss on valuation of financial assets	-	825	-	825
	<u>\$ 8,705</u>	<u>(\$ 92)</u>	<u>\$ -</u>	<u>\$ 8,613</u>
Temporary differences:				
—Deferred tax liabilities:				
Unrealized exchange gain	(\$ 2,334)	\$ 1,333	\$ -	(\$ 1,001)
Gain on investments accounted for using equity method	(1,601)	(4,221)	-	(5,822)
Unrealized valuation gain on financial assets	(3,660)	3,660	-	-
Defined benefit plan	(2,224)	-	-	(2,224)
	<u>(\$ 9,819)</u>	<u>\$ 772</u>	<u>\$ -</u>	<u>(\$ 9,047)</u>
	<u>(\$ 1,114)</u>	<u>\$ 680</u>	<u>\$ -</u>	<u>(\$ 434)</u>

	2020			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	March 31
Temporary differences:				
— Deferred tax assets:				
Unrealized gain on affiliates	\$ 162	(\$ 35)	\$ -	\$ 127
Unrealized inventory valuation losses	4,142	5,251	-	9,393
Unrealized expenses	9,140	(4,367)	-	4,773
Loss on scraps of property, plant and equipment	971	(9)	-	962
Unrealized grant revenue	1,087	(138)	-	949
Unrealized loss on valuation of financial assets	-	678	-	678
Impairment loss on non-financial assets	1,300	(206)	-	1,094
	<u>\$ 16,802</u>	<u>\$ 1,174</u>	<u>\$ -</u>	<u>\$ 17,976</u>
Temporary differences:				
— Deferred tax liabilities:				
Unrealized exchange gain	(\$ 1,489)	\$ 1,047	\$ -	(\$ 442)
Gain on investments accounted for using equity method	(112,728)	3,099	-	(109,629)
Unrealized valuation gain on financial assets	(2,845)	2,845	-	-
Defined benefit plan	(2,241)	-	-	(2,241)
	<u>(\$ 119,303)</u>	<u>\$ 6,991</u>	<u>\$ -</u>	<u>(\$ 112,312)</u>
	<u>(\$ 102,501)</u>	<u>\$ 8,165</u>	<u>\$ -</u>	<u>(\$ 94,336)</u>

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

(25) Supplemental cash flow information

Investing activities with partial cash payments:

	Three months ended March 31,	
	2021	2020
Purchase of property, plant and equipment	\$ 4,389	\$ 2,634
Add: Opening balance of payable on equipment	2,375	-
Less: Ending balance of payable on equipment	(2,557)	(573)
Cash paid during the period	<u>\$ 4,207</u>	<u>\$ 2,061</u>

(26) Changes in liabilities from financing activities

	2021		
	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 750,000	\$ 37,006	\$ 787,006
Changes in cash flow from financing activities	(165,000)	(3,285)	(168,285)
Increase in lease liabilities	-	3,377	3,377
Decrease in lease liabilities	-	(4,153)	(4,153)
Interest amortized in lease liabilities	-	226	226
Interest paid in lease liabilities	-	(226)	(226)
Impact of changes in foreign exchange rate	-	(3)	(3)
At March 31	<u>\$ 585,000</u>	<u>\$ 32,942</u>	<u>\$ 617,942</u>

	2020		
	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ -	\$ 48,147	\$ 48,147
Changes in cash flow from financing activities	250,000	(3,780)	246,220
Increase in lease liabilities	-	3,265	3,265
Interest amortized in lease liabilities	-	332	332
Interest paid in lease liabilities	-	(332)	(332)
Impact of changes in foreign exchange rate	-	(5)	(5)
At March 31	<u>\$ 250,000</u>	<u>\$ 47,627</u>	<u>\$ 297,627</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
KROM ELECTRONICS CO., LTD.	The Group's key management
Koryo Electronics Co., Ltd. (Koryo)	The Group's key management
Teco Image Systems Co., Ltd.	Associate
Teco Image Systems (DongGuan) Co., Ltd.	Associate

(2) Significant related party transactions and balances

A. Operating revenue

	<u>Three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Sales of goods:		
— The Group's key management	\$ 428	\$ -
— Associates	207	-
	<u>\$ 635</u>	<u>\$ -</u>

Sales to aforementioned related parties are based on the price lists in force and terms that would be available to third parties. The term is 30 days after monthly billing upon shipment of goods.

B. Purchases

	<u>Three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Purchases of goods:		
— The Group's key management		
— KROM ELECTRONICS	\$ 111,022	\$ 66,803
— Koryo Electronics	687	-
	<u>\$ 111,709</u>	<u>\$ 66,803</u>

Purchases from related parties are based on the price lists in force and terms that would be available to third parties.

C. Receivables from related parties

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Accounts receivable:			
— The Group’s key management	\$ 214	\$ -	\$ -
— Associates	<u>209</u>	<u>52</u>	<u>-</u>
	<u>\$ 423</u>	<u>\$ 52</u>	<u>\$ -</u>
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other receivables:			
— Associates	<u>\$ 113</u>	<u>\$ 288</u>	<u>\$ 5,689</u>

The sales and price terms to aforementioned related parties are approximately the same as the third parties which is 30 days after monthly billing upon shipment of goods.

D. Payables to related parties

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Accounts payable:			
— The Group’s key management			
— KROM ELECTRONICS	\$ 139,144	\$ 119,544	\$ 69,297
— Koryo Electronics	<u>684</u>	<u>-</u>	<u>-</u>
	<u>\$ 139,828</u>	<u>\$ 119,544</u>	<u>\$ 69,297</u>

The purchase and price terms to aforementioned related parties are approximately the same as the third parties which is 60~90 days after monthly billing upon purchase. The payables bear no interest.

E. Other income

	<u>Three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Associates —		
Teco Image Systems Co., Ltd.	<u>\$ 101</u>	<u>\$ 5,645</u>

(3) Key management compensation

For the three months ended March 31, 2021 and 2020, the key management compensation (including salaries and other short-term employee benefits) recognized for directors, supervisors, general manager and vice general manager was \$16,064 and \$5,583, including employees' compensation and directors' and supervisors' remuneration accrued in profit or loss of \$1,521 and \$0, respectively.

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>			<u>Purpose</u>
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>	
Non-current financial assets at fair value through other comprehensive income	\$ -	\$ 810,145	\$ -	Short-term borrowings

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There is no significant change in this period. Please refer to Note 12 to the consolidated financial statements as of and for the year ended December 31, 2020 for the related information.

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ 144,239	\$ 169,950
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	2,793,776	1,384,827	349,922
Financial assets at amortized cost			
Cash and cash equivalents	782,169	1,884,250	1,299,818
Accounts receivable (including related parties)	528,783	539,796	370,374
Other accounts receivable (including related parties)	113	288	5,689
Guarantee deposits paid	1,616	2,118	4,680
Financial assets at amortized cost	<u>182,232</u>	<u>174,835</u>	<u>1,057,982</u>
	<u>\$ 4,288,689</u>	<u>\$ 4,130,353</u>	<u>\$ 3,258,415</u>
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities mandatorily measured at fair value through profit or loss	\$ 4,125	\$ 1,039	\$ 6,883
Financial liabilities at amortized cost			
Short-term borrowing	585,000	750,000	250,000
Accounts payable (including related parties)	772,315	716,376	473,202
Other payables	<u>216,872</u>	<u>235,796</u>	<u>206,581</u>
	<u>\$ 1,578,312</u>	<u>\$ 1,703,211</u>	<u>\$ 936,666</u>
Lease liability (including current and non-current portion)	<u>\$ 32,942</u>	<u>\$ 37,006</u>	<u>\$ 47,627</u>

B. Financial risk management policies

There is no significant change in this period. Please refer to Note 12 to the consolidated financial statements as of and for the year ended December 31, 2020 for the related information.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use cross currency swap and forward foreign exchange contracts, transacted with Group treasury.
- iii. The Group hedges foreign exchange rate by using forward foreign exchange contracts and cross currency swap. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and 6(11).
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations are as follows:

March 31, 2021						
Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis			
			Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 32,387	28.51	\$ 923,353	1%	\$ 9,234	\$ -
RMB : NTD	300	4.34	1,302	1%	13	-
USD : RMB	38,018	6.57	1,083,893	1%	10,839	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 32,266	28.51	\$ 919,904	1%	\$ 9,199	\$ -
USD : RMB	23,066	6.57	657,612	1%	6,576	-

December 31, 2020						
Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis			
			Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 59,031	28.48	\$ 1,681,203	1%	\$ 16,812	\$ -
RMB : NTD	300	4.36	1,308	1%	13	-
USD : RMB	35,991	6.52	1,025,024	1%	10,250	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 45,833	28.48	\$ 1,305,324	1%	\$ 13,053	\$ -
USD : RMB	20,804	6.52	592,498	1%	5,925	-

March 31, 2020						
Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis			
			Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 47,757	30.21	\$ 1,442,739	1%	\$ 14,427	\$ -
RMB : NTD	2,404	4.26	10,241	1%	102	-
USD : RMB	18,219	7.09	550,396	1%	5,504	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 17,912	30.21	\$ 541,122	1%	\$ 5,411	\$ -
USD : RMB	13,061	7.09	394,573	1%	3,946	-

- v. The total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group, were \$6,336 and \$7,222 for the three months ended March 31, 2021 and 2020, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise beneficiary certificates, domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the three months ended March 31, 2021 and 2020 would have increased/decreased by \$0 and \$16,646, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. For the three months ended March 31, 2021 and 2020, other components of equity would have increased/decreased by \$279,378 and \$34,992, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

- iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group had no written-off financial assets that are still under recourse procedures.
- viii. The Group's accounts receivable arose from customers with excellent credit, and the expected loss rate was 0.03%. On March 31, 2021, December 31, 2020 and March 31, 2020, the total book value of accounts receivable and loss allowance were \$528,942, \$539,958, \$370,485 and \$159, \$162, \$111, respectively.

maturity over three months and special-purpose demand deposits. The credit risk rating has no significant abnormal situation.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group’s liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyzes the Group’s non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

The amounts disclosed in the table are the contractual “ undiscounted ” cash flows.

Non-derivative financial liabilities

<u>March 31, 2021</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>
Short-term borrowings	\$ 587,388	\$ -	\$ -
Accounts payable (including related parties)	772,315	-	-
Other payables	216,872	-	-
Lease liability	11,586	10,595	12,012

Derivative financial liabilities

<u>March 31, 2021</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>
Forward foreign exchange contracts	\$ 4,125	\$ -	\$ -

Non-derivative financial liabilities

<u>December 31, 2020</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>
Short-term borrowings	\$ 750,695	\$ -	\$ -
Accounts payable (including related parties)	716,376	-	-
Other payables (including related parties)	235,796	-	-
Lease liability	13,128	11,553	13,824

Derivative financial liabilities

<u>December 31, 2020</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>
Cross currency swap	\$ 1,039	\$ -	\$ -

Non-derivative financial liabilities

<u>March 31, 2020</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>
Short-term borrowings	\$ 250,972	\$ -	\$ -
Accounts payable (including related parties)	473,202	-	-
Other payables	206,581	-	-
Lease liability	14,830	12,748	22,391

Derivative financial liabilities

<u>March 31, 2020</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>
Cross currency swap	\$ 1,887	\$ -	\$ -
Forward foreign exchange contracts	4,996	-	-

iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Groups investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, financial assets at amortized cost - current, guarantee deposits paid, short-term borrowings, accounts payable, other payables and lease liability are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

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

<u>March 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 2,733,776	\$ 60,000	\$ -	\$ 2,793,776
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ -	\$ 4,125	\$ -	\$ 4,125
<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 124,900	\$ -	\$ -	\$ 124,900
Derivative instruments	-	19,339	-	19,339
Financial assets at fair value through other comprehensive income				
Equity securities	1,384,827	-	-	1,384,827
Total	<u>\$ 1,509,727</u>	<u>\$ 19,339</u>	<u>\$ -</u>	<u>\$ 1,529,066</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 1,039</u>	<u>\$ -</u>	<u>\$ 1,039</u>

<u>March 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 166,456	\$ -	\$ -	\$ 166,456
Derivative instruments	-	3,494	-	3,494
Financial assets at fair value through other comprehensive income				
Equity securities	<u>349,922</u>	<u>-</u>	<u>-</u>	<u>349,922</u>
Total	<u>\$ 516,378</u>	<u>\$ 3,494</u>	<u>\$ -</u>	<u>\$ 519,872</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 6,883</u>	<u>\$ -</u>	<u>\$ 6,883</u>

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

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

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

ii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts and cross currency swap are usually valued based on the current forward exchange rate.

D. For the three months ended March 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

According to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, the significant transactions for the three months ended March 31, 2021 are as follows:

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: Please refer table 2.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), 6(11) and 12(3).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China: Please refer to table 5.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Chief Operating Decision-Maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Three months ended March 31, 2021		
	Single operating segment	Reconciliation and elimination	Total
Reportable segments income			
Revenue from external customers	\$ 937,242	\$ -	\$ 937,242
Total	\$ 937,242	\$ -	\$ 937,242
Reportable segments profit	\$ 53,491	\$ -	\$ 53,491
Segments profit, including:			
Interest income	\$ 1,509	\$ -	\$ 1,509
Depreciation and amortization	\$ 27,921	\$ -	\$ 27,921
Share of profit of associates and joint ventures accounted for using equity method	\$ 657	\$ -	\$ 657
Income tax expense	\$ 13,545	\$ -	\$ 13,545

	Three months ended March 31, 2020		
	Single operating segment	Reconciliation and elimination	Total
Reportable segments income			
Revenue from external customers	\$ 571,419	\$ -	\$ 571,419
Total	\$ 571,419	\$ -	\$ 571,419
Reportable segments loss	(\$ 12,456)	\$ -	(\$ 12,456)
Segments profit, including:			
Interest income	\$ 8,066	\$ -	\$ 8,066
Depreciation and amortization	\$ 29,556	\$ -	\$ 29,556
Share of loss of associates and joint ventures accounted for using equity method	(\$ 5,475)	\$ -	(\$ 5,475)
Income tax benefit	(\$ 1,697)	\$ -	(\$ 1,697)

(3) Reconciliation for segment income

The Group has only one reportable operating segment. The profit (loss) and assets of the reportable segment are consistent with that in the consolidated financial statements. Related information is as follows:

	Three months ended March 31,	
	2021	2020
Reportable segments income (loss)	<u>\$ 53,491</u>	<u>(\$ 12,456)</u>
Income (loss) before tax from continuing operations	<u>\$ 53,491</u>	<u>(\$ 12,456)</u>

Creative Sensor Inc. and Subsidiaries

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

Three months ended March 31, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

As of March 31, 2021									
Securities held by	Marketable securities categories (Note 1)	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares (in thousands)	Book value (Note 2)	Ownership (%)	Fair value	Footnote
The Company	Stock	TECO ELECTRIC & MACHINERY CO., LTD.	A company which accounts the Company using equity method	Financial assets at fair value through other comprehensive income- non-current	77,519	\$ 2,507,740	3.62%	\$ 2,507,740	
"	"	Koryo Electronics Co., Ltd.	-	"	7,011	164,057	13.53%	164,057	
"	"	MUTUALPAK	-	"	108	-	0.65%	-	
"	"	Taiwan Pelican Express Co., Ltd.	-	"	1,781	61,979	1.87%	61,979	
"	"	Tianda Investment Co., Ltd.	-	"	6,000	60,000	16.83%	60,000	
						<u>\$ 2,793,776</u>		<u>\$ 2,793,776</u>	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Creative Sensor Inc. and Subsidiaries

Acquisition or sale of the same security with the accumulated cost reaching NT\$300 million or 20% of paid-in capital or more

Three months ended March 31, 2021

Table 2

Expressed in thousands of TWD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Balance as at January 1, 2021		Addition		Disposal			Balance as at March 31, 2021 (Note 3)			
			Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Selling price	Book value	Gain (loss) on disposal	Number of shares (in thousand shares)	Amount	
The Company	TECO ELECTRIC & MACHINERY CO., LTD.	Financial assets at fair value through other comprehensive income - noncurrent	45,591	\$ 1,260,591	31,928	\$ 969,932	-	\$ -	\$ -	\$ -	-	77,519	\$ 2,507,740

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Balance as at March 31, 2021 included fair value valuation amounting to \$277,217.

Creative Sensor Inc. and Subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Three months ended March 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)			Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
The Company	Nanchang Creative Sensor Technology Co., Ltd.	The Company's third-tier subsidiary	Purchases	\$ 836,570	100%	75~90 days after monthly billing	\$ -	Note	(\$ 848,383)	97.32%	-
Nanchang Creative Sensor Technology Co., Ltd.	KROM ELECTRONICS CO., LTD.	The Company is a director of the company's ultimate holding company	"	111,022	15.53%	60 days after monthly billing	-	Note	(139,144)	17.46%	-

Note: The payment term is 45~90 days after monthly billing for third parties and is 75 days after semi-monthly billing for foreign parties.

Creative Sensor Inc. and Subsidiaries
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 Three months ended March 31, 2021

Table 4

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Nanchang Creative Sensor Technology Co., Ltd.	The Company	Parent company	\$ 848,383	3.92	\$ -	-	\$ 231,172	\$ -

Creative Sensor Inc. and Subsidiaries
Significant inter-company transactions during the reporting period
Three months ended March 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)	Note
				General ledger account	Amount	Transaction terms		
0	The Company	Nanchang Creative Sensor Technology Co., Ltd.	1	Accounts payable	\$ 848,383	75~90 days after monthly billing	15.53%	-
"	"	"	"	Purchases	836,570	"	89.26%	-
1	Nanchang Creative Sensor Technology Co., Ltd.	The Company	2	Accounts payable	45,459	60 days after monthly billing	0.83%	Note 4

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The unpaid payment for purchasing materials as a result of OEM transaction with Nanchang Creative Sensor Technology Co., Ltd.

Note 5: Individual transactions not reaching \$10,000 and their corresponding transactions will not be disclosed.

Creative Sensor Inc. and Subsidiaries
Information on investees
Three months ended March 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2021			Net profit (loss) of the investee for the three months ended March 31, 2021	Investment income (loss) recognised by the Company for the three months ended March 31, 2021 (Note)	Footnote
				Balance as at March 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
The Company	Creative Sensor Inc.	British Virgin Islands	Holding company	\$ 583,416	\$ 974,576	15,414,994	100	\$ 1,287,950	\$ 11,952	\$ 11,952	Subsidiary
The Company	Creative Sensor (USA) Co.	U.S.A.	Collection of marketing information and maintaining customer relationship	3,169	3,169	100,000	100	3,534	1,177	1,177	Subsidiary
The Company	K9 Inc.	South Korea	Packaging for image sensor module	32,314	32,314	845,000	33.82	-	-	-	Investee accounted for using equity method
The Company	Teco Image Systems Co., Ltd.	Taiwan	Design, manufacturing and trading of multi-function printer, fax machine and scanner	271,728	271,728	11,996,000	10.66	266,683	6,168	657	Investee accounted for using equity method
Creative Sensor Inc.	Creative Sensor Co., Ltd.	Hong Kong	Holding company	586,837	586,837	15,501,368	100	1,285,112	12,300	-	Subsidiary

Note: The Company has not directly recognised the income (loss) on investment in Creative Sensor Co., Ltd.

Creative Sensor Inc. and Subsidiaries
Information on investments in Mainland China
Three months ended March 31, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

A. Information on reinvestment in Mainland Area

Investee in Mainland China	Main business activities	Paid-in capital (Note 2)	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2021			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021 (Note 3)	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021 (Note 3)	Net income of investee for the three months ended March 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2021 (Note 4)	Book value of investments in Mainland China as of March 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021	Footnote
				Remitted to Mainland China	Remitted back to Taiwan	China as of March 31, 2021 (Note 3)								
Wuxi Creative Sensor Technology Co., Ltd.	Image Sensor	\$ 35,842	Note 1	\$ 425,227	\$ -	\$ -	\$ 425,227	(\$ 1,003)	100	(\$ 1,003)	\$ 244,766	\$ 637,020	None 5	
Nanchang Creative Sensor Technology Co., Ltd.	Image Sensor	942,401	Note 1	413,395	-	-	413,395	13,743	100	13,743	1,041,570	437,459	None 6	

Note 1: Through investing in an existing company in the third area (Creative Sensor Inc.), which then invested in the investee in Mainland China.

Note 2: The paid-in capital of two investee companies in the original currency amounted to RMB\$8,261 thousand and RMB\$217,215 thousand, respectively.

Note 3: Wuxi Creative Sensor Technology Co., Ltd.'s accumulated amount of remittance from Taiwan to Mainland China as of January 1 and March 31, 2021 in the original currency was both US\$14,915 thousand. Nanchang Creative Sensor Technology Co., Ltd.'s accumulated amount of remittance from Taiwan to Mainland China as of January 1 and March 31, 2021 in the original currency was both US\$14,500 thousand.

Note 4: Investment income (loss) recognized for the three months ended March 31, 2021 was evaluated and disclosed based on the financial statements reviewed by R.O.C. parent company's CPA.

Note 5: The investment facility of US\$15,005 thousand was approved by the Investment Commission, as of March 31, 2021, the Investment Commission also approved the investment income of US\$21,440 thousand which has been remitted back to Taiwan and proceeds from capital reduction of US\$14,000 thousand which have been remitted back, and all of them could be used to deduct from the accumulated investment amounts in Mainland China.

Note 6: The investment facility of US\$14,500 thousand and US\$15,300 thousand of Wuxi Creative Sensor Technology Co., Ltd.'s reinvestment in Nanchang Creative Sensor Technology Co., Ltd. through capitalisation of earnings which was approved by the Investment Commission, as of March 31, 2021, the Investment Commission also approved that the investment income of US\$15,121 thousand which has been remitted back to Taiwan, and all of them could be used to deduct from the accumulated investment amounts in Mainland China.

B. Ceiling on reinvestments in Mainland Area

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company	\$ 439,482	\$ 442,048	\$ 2,203,817

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021 in original currency amounted to US\$15,415 thousand.

Note 2: Investment amount in the original currency approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) amounted to US\$15,505 thousand.

Furthermore, as of March 31, 2021, the Investment Commission approved that the investment income from reinvestment business in Mainland China remitted back to Taiwan was US\$36,561 thousand which could be deducted from the accumulated investment amounts in Mainland China.

Creative Sensor Inc. and Subsidiaries

Major shareholders information

March 31, 2021

Table 8

Major shareholders name	Ownership	Ownership (%)
Teco Image Systems Co., Ltd.	21,928,260	17.25%
Teco International Investment Co., Ltd.	7,913,310	6.22%

- (a) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.
- (b) If the aforementioned data contains shares which were kept in trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, at the same time, the shareholders have power to decide how to allocate the assets held in trust. For the information on reported share equity of insider, please refer to Market Observation Post System.