

TXC Corporation and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2021 and 2020**

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,993,038	12	\$ 2,218,277	14	\$ 2,058,744	15
Financial assets at fair value through profit or loss - current (Note 7)	500,707	3	534,489	3	646,605	5
Financial assets at amortized cost - current (Note 9)	125,613	1	210,502	1	73,390	1
Notes receivable (Note 10)	7,920	-	21,959	-	52,616	-
Trade receivables (Note 10)	3,795,594	22	3,473,742	21	2,643,982	19
Trade receivables from related parties (Notes 10 and 28)	32,612	-	30,162	-	7,622	-
Other receivables	42,446	-	44,550	1	74,477	1
Other receivables from related parties (Note 28)	675	-	490	-	171	-
Current tax assets	16,495	-	8,067	-	11,107	-
Inventories (Note 11)	3,061,109	18	2,816,838	17	2,399,981	17
Non-current assets held for sale (Note 13)	17,946	-	35,892	-	-	-
Other current assets	377,938	2	192,633	1	260,054	2
Total current assets	<u>9,972,093</u>	<u>58</u>	<u>9,587,601</u>	<u>58</u>	<u>8,228,749</u>	<u>60</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	-	-	9,255	-	9,255	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	757,732	4	525,304	3	306,953	2
Financial assets measured at cost - non-current (Note 9)	549,354	3	704,495	4	219,435	2
Investments accounted for using equity method (Note 14)	423,064	3	421,512	3	445,059	3
Property, plant and equipment (Note 15)	4,891,418	28	4,808,588	29	4,070,072	30
Right-of-use assets (Note 16)	90,408	1	92,303	1	94,260	1
Investment properties (Note 17)	46,841	-	48,083	-	53,348	-
Other intangible assets	42,276	-	41,684	-	29,555	-
Deferred tax assets (Note 24)	33,451	-	39,892	-	34,697	-
Prepayment for equipment	413,733	3	304,784	2	315,667	2
Other non-current assets	16,786	-	18,210	-	9,853	-
Total non-current assets	<u>7,265,063</u>	<u>42</u>	<u>7,014,110</u>	<u>42</u>	<u>5,588,154</u>	<u>40</u>
TOTAL	<u>\$ 17,237,156</u>	<u>100</u>	<u>\$ 16,601,711</u>	<u>100</u>	<u>\$ 13,816,903</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 18)	\$ 783,713	5	\$ 916,250	6	\$ 170,475	1
Financial liabilities at fair value through profit or loss - current (Note 7)	8,331	-	1,455	-	5,202	-
Contract liabilities - current (Notes 11 and 22)	920,970	5	729,079	4	91,525	1
Trade payables	1,829,406	11	1,947,598	12	1,586,655	12
Trade payables to related parties (Note 28)	4,844	-	3,543	-	88	-
Other payables (Note 19)	838,674	5	961,306	6	612,585	4
Other payables to related parties (Note 28)	1,422	-	1,480	-	3,066	-
Current tax liabilities (Note 24)	216,265	1	117,054	1	100,735	1
Lease liabilities - current (Note 16)	1,114	-	1,777	-	3,074	-
Current portion of long-term borrowings (Note 18)	466,654	3	385,287	2	151,270	1
Other current liabilities	40,697	-	28,461	-	28,542	-
Total current liabilities	<u>5,112,090</u>	<u>30</u>	<u>5,093,290</u>	<u>31</u>	<u>2,753,217</u>	<u>20</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 18)	1,475,270	9	1,685,524	10	1,889,331	14
Deferred tax liabilities (Note 24)	72,453	-	67,032	1	102,128	1
Lease liabilities - non-current (Note 16)	1,059	-	1,172	-	2,193	-
Net defined benefit liabilities - non-current (Note 20)	60,682	-	63,560	-	71,291	-
Guarantee deposits received	34,840	-	36,127	-	38,806	-
Total non-current liabilities	<u>1,644,304</u>	<u>9</u>	<u>1,853,415</u>	<u>11</u>	<u>2,103,749</u>	<u>15</u>
Total liabilities	<u>6,756,394</u>	<u>39</u>	<u>6,946,705</u>	<u>42</u>	<u>4,856,966</u>	<u>35</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)						
Share capital						
Ordinary shares	3,097,570	18	3,097,570	19	3,097,570	23
Capital surplus	1,668,269	10	1,668,269	10	1,666,690	12
Retained earnings						
Legal reserve	1,480,696	9	1,480,696	9	1,413,518	10
Special reserve	524,372	3	524,372	3	254,907	2
Unappropriated earnings	3,862,711	22	3,230,861	19	3,168,808	23
Total retained earnings	<u>5,867,779</u>	<u>34</u>	<u>5,235,929</u>	<u>31</u>	<u>4,837,233</u>	<u>35</u>
Other equity						
Exchange differences on translating the financial statements of foreign operations	(563,710)	(3)	(523,275)	(3)	(613,795)	(5)
Unrealized gain on financial assets at fair value through other comprehensive income	410,854	2	176,513	1	(27,761)	-
Total other equity	<u>(152,856)</u>	<u>(1)</u>	<u>(346,762)</u>	<u>(2)</u>	<u>(641,556)</u>	<u>(5)</u>
Total equity	<u>10,480,762</u>	<u>61</u>	<u>9,655,006</u>	<u>58</u>	<u>8,959,937</u>	<u>65</u>
TOTAL	<u>\$ 17,237,156</u>	<u>100</u>	<u>\$ 16,601,711</u>	<u>100</u>	<u>\$ 13,816,903</u>	<u>100</u>

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

TXC CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
REVENUE (Note 22)	\$ 3,310,709	100	\$ 2,151,182	100
COST OF GOODS SOLD (Note 23)	<u>(2,113,902)</u>	<u>(64)</u>	<u>(1,510,491)</u>	<u>(70)</u>
GROSS PROFIT	<u>1,196,807</u>	<u>36</u>	<u>640,691</u>	<u>30</u>
OPERATING EXPENSES (Note 23)				
Selling and marketing expenses	136,675	4	106,374	5
General and administrative expenses	128,939	4	88,572	4
Research and development expenses	<u>220,173</u>	<u>6</u>	<u>169,633</u>	<u>8</u>
Total operating expenses	<u>485,787</u>	<u>14</u>	<u>364,579</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>711,020</u>	<u>22</u>	<u>276,112</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	7,582	-	7,072	-
Other income (Note 23)	17,958	-	18,935	1
Other gains and losses (Note 23)	20,518	1	7,369	-
Finance costs (Note 23)	(5,042)	-	(5,205)	-
Share of profits of associates and joint venture (Note 14)	<u>1,506</u>	<u>-</u>	<u>(6,300)</u>	<u>-</u>
Total non-operating income and expenses	<u>42,522</u>	<u>1</u>	<u>21,871</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	753,542	23	297,983	14
INCOME TAX EXPENSE (Note 24)	<u>(121,692)</u>	<u>(4)</u>	<u>(41,125)</u>	<u>(2)</u>
NET PROFIT	<u>631,850</u>	<u>19</u>	<u>256,858</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	234,341	7	34,478	1
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>-</u>	<u>-</u>	<u>28</u>	<u>-</u>
	<u>234,341</u>	<u>7</u>	<u>34,506</u>	<u>1</u>

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TXC CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ (39,109)	(1)	\$ (31,740)	(1)
Share of the other comprehensive income of associates accounted for using the equity method	<u>(1,326)</u>	<u>-</u>	<u>2,562</u>	<u>-</u>
	<u>(40,435)</u>	<u>(1)</u>	<u>(29,178)</u>	<u>(1)</u>
Other comprehensive income for the period, net of income tax	<u>193,906</u>	<u>6</u>	<u>5,328</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 825,756</u>	<u>25</u>	<u>\$ 262,186</u>	<u>12</u>
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	<u>\$ 2.04</u>		<u>\$ 0.83</u>	
Diluted	<u>\$ 2.03</u>		<u>\$ 0.82</u>	

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

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TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Shares (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial assets at Fair Value through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2020	309,757	\$ 3,097,570	\$ 1,666,690	\$ 1,413,518	\$ 254,907	\$ 2,789,438	\$ (584,617)	\$ 60,245	\$ 8,697,751
Net profit for the three months ended March 31, 2020	-	-	-	-	-	256,858	-	-	256,858
Other comprehensive income (loss) for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	-	(29,178)	34,506	5,328
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	256,858	(29,178)	34,506	262,186
Disposal of investment in equity instruments designated as at fair value through other comprehensive income (Note 8)	-	-	-	-	-	122,086	-	(122,086)	-
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	-	-	-	426	-	(426)	-
BALANCE AT MARCH 31, 2020	<u>309,757</u>	<u>\$ 3,097,570</u>	<u>\$ 1,666,690</u>	<u>\$ 1,413,518</u>	<u>\$ 254,907</u>	<u>\$ 3,168,808</u>	<u>\$ (613,795)</u>	<u>\$ (27,761)</u>	<u>\$ 8,959,937</u>
BALANCE AT JANUARY 1, 2021	309,757	\$ 3,097,570	\$ 1,668,269	\$ 1,480,696	\$ 524,372	\$ 3,230,861	\$ (523,275)	\$ 176,513	\$ 9,655,006
Net profit for the three months ended March 31, 2021	-	-	-	-	-	631,850	-	-	631,850
Other comprehensive loss for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	-	(40,435)	234,341	193,906
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	631,850	(40,435)	234,341	825,756
BALANCE AT MARCH 31, 2021	<u>309,757</u>	<u>\$ 3,097,570</u>	<u>\$ 1,668,269</u>	<u>\$ 1,480,696</u>	<u>\$ 524,372</u>	<u>\$ 3,862,711</u>	<u>\$ (563,710)</u>	<u>\$ 410,854</u>	<u>\$10,480,762</u>

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

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 753,542	\$ 297,983
Adjustments for:		
Depreciation expenses	247,395	195,469
Amortization expenses	2,091	1,639
Net loss (gain) on fair value change of financial assets/liabilities at fair value through profit or loss	7,106	(2,044)
Finance costs	5,042	5,205
Interest income	(7,582)	(7,072)
Share of profits of associates and joint ventures	(1,506)	6,300
Loss on disposal of property, plant and equipment	27	13
Reversal of impairment losses recognized on property, plant and equipment	5,453	2,340
Write-down of inventories	3,436	7,059
Changes in operating assets and liabilities:		
Notes receivable	14,039	54,526
Trade receivables	(321,872)	134,152
Trade receivables from related parties	(2,451)	(3,584)
Other receivables	5,815	(33,951)
Other receivables from related parties	(185)	(92)
Inventories	(247,654)	(367,640)
Other current assets	(185,305)	(107,487)
Contract liabilities	191,891	30,484
Trade payables	(118,192)	(72,431)
Trade payables to related parties	1,301	10
Other payables	(122,361)	(112,058)
Other payables to related parties	(58)	216
Other current liabilities	12,236	8,279
Net defined benefit liabilities - non-current	(2,878)	(2,740)
Cash generated from operations	239,330	34,576
Interest paid	(5,313)	(5,221)
Income taxes paid	(18,847)	(20,159)
Net cash generated from operating activities	<u>215,170</u>	<u>9,196</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets/liabilities at fair value through profit or loss	(442,110)	(640,942)
Proceeds from sale of financial assets/liabilities at fair value through profit or loss	478,130	753,039
Proceeds from sale of financial assets at fair value through other comprehensive income	-	160,211

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TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020
Purchase of sale of financial assets at amortized cost	\$ -	\$ (134,151)
Proceeds from sale of financial assets at amortized cost	237,256	-
Acquisition of investments accounted for using equity method	(1,658)	-
Proceeds from disposal of non-current assets held for sale	17,946	-
Payments for property, plant and equipment	(352,594)	(226,132)
Proceeds from disposal of property, plant and equipment	-	1,391
Payments for intangible assets	(418)	(3,481)
Decrease in other non-current assets	1,424	7,445
Increase in prepayment for equipment	(108,949)	(147,222)
Interest received	7,609	7,094
Dividends received	-	39
	<u>-</u>	<u>39</u>
Net cash used in investing activities	<u>(163,364)</u>	<u>(222,709)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(136,031)	106,476
Proceeds from long-term borrowings	100,000	193,196
Repayments of long-term borrowings	(227,174)	-
Proceeds from guarantee deposits received	-	2,321
Refund of guarantee deposits received	(1,287)	-
Repayment of the principal portion of lease liabilities	<u>(776)</u>	<u>(781)</u>
Net cash (used in) generated from financing activities	<u>(265,268)</u>	<u>301,212</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(11,777)</u>	<u>(15,190)</u>
NET (DECREASED) INCREASE IN CASH AND CASH EQUIVALENTS	(225,239)	72,509
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>2,218,277</u>	<u>1,986,235</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,993,038</u>	<u>\$ 2,058,744</u>

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

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

TXC Corporation (the “Company”) was incorporated in the Republic of China (ROC) on December 28, 1983.

TXC specializes in producing high quality quartz unite crystal, automotive crystal, crystal oscillator (CXO), and timing module (TM) as well as develops a variety of sensors by core technology to satisfy the market demand. Sensors are applied to various applications including mobile communication, wearable device, internet of things and vehicle electronics, etc.

TXC’s shares have been listed on the Taiwan Stock Exchange since August 26, 2002.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

In order to ensure investors’ rights and interests, the Company filed an application to Taiwan Corporate Governance Association for corporate governance assessment certification. The Company acquired CG6005 general version of corporate governance assessment and authentication and CG6008 advanced version of corporate governance assessment and authentication on March 23, 2011 and June 27, 2013, respectively. On the first “Corporate Governance Assessment and Authentication” which is jointly held by the “Taiwan Stock Exchange” and “Taipei Exchange”, the Company was listed as the top 20 percent of the listed companies in 2014 and awarded the top 5 percent of the listed companies from 2015 to 2017. The Company will continue to strengthen corporate governance functions in order to work with international standards and to protect public interests.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 10, 2021.

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

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendment to IFRS 16 “Covid-19 - Related Rent Concessions beyond 30 June 2021”	April 1, 2021 (Note 8)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

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

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

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

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

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

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

Note 8: The lessee applies the amendment for annual reporting periods beginning on April 1, 2021, and recognizes the cumulative effect on beginning of annual reporting periods beginning.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

d. Other significant accounting policies

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

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that rereasurement is recognized in profit or loss.

3) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	\$ 1,485	\$ 1,256	\$ 1,445
Checking accounts and demand deposits	1,673,639	1,928,922	1,994,771
Cash equivalents (investments with original maturities less than three months)			
Time deposits	<u>317,914</u>	<u>288,099</u>	<u>62,528</u>
	<u>\$ 1,993,038</u>	<u>\$ 2,218,277</u>	<u>\$ 2,058,744</u>

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial instruments (not under hedge accounting)			
Foreign exchange forward contracts and exchange contracts (b)	\$ -	\$ 10,459	\$ 927
Non-derivative financial asset			
Mutual funds	259,418	259,333	370,782
Hybrid financial assets			
Structured deposits (a)	<u>241,289</u>	<u>264,697</u>	<u>274,896</u>
	<u>500,707</u>	<u>524,030</u>	<u>645,678</u>
	<u>\$ 500,707</u>	<u>\$ 534,489</u>	<u>\$ 646,605</u>

Financial assets at FVTPL - non-current

Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Foreign unlisted shares	\$ -	\$ 9,255	\$ 9,255

Financial liabilities at FVTPL - current

Financial liabilities mandatorily classified as at FVTPL			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts and exchange contracts (b)	\$ 8,331	\$ 1,455	\$ 5,202

- a. The Group entered into structured time deposit contract with Bank during the three months ended March 31, 2021 and 2020. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract was assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.
- b. At the end of the reporting period, foreign exchange contracts and exchange contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2021</u>			
Knock-out forward	USD/JPY	2021.04.06	USD1,500/JPY161,100
Knock-out forward	USD/NTD	2021.05.07-2021.05.24	USD5,000/NTD142,580
Sell	USD/JPY	2021.04.06-2021.04.21	USD3,500/JPY380,615
Sell	USD/RMB	2021.04.23-2021.07.05	USD6,000/RMB39,429
Sell	USD/RMB	2021.04.28-2021.09.28	USD14,000/RMB92,348
Exchange contracts	USD/NTD	2021.04.29-2021.06.16	USD13,000/NTD371,550

(Continued)

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2020</u>			
Sell	USD/RMB	2021.01.27-2021.06.28	USD15,500/RMB104,369
Knock-out forward	USD/JPY	2021.01.04-2021.01.11	USD2,000/JPY210,500
Exchange contracts	USD/NTD	2021.01.05-2021.02.17	USD4,000/NTD114,778
Foreign exchange forward contracts	USD/NTD	2021.01.29	USD4,000/NTD115,560
<u>March 31, 2020</u>			
Knock-out forward	USD/JPY	2020.04.16-2020.04.17	USD1,000/JPY107,050
Knock-out forward	USD/NTD	2020.06.17-2020.06.26	USD3,000/NTD93,350
Sell	USD/JPY	2020.04.06-2020.04.27	USD1,500/JPY166,065
Sell	USD/RMB	2020.04.28-2020.09.28	USD10,000/RMB69,971
Sell	USD/JPY	2020.04.01-2020.04.27	USD1,500/JPY165,935
Exchange contracts	USD/NTD	2020.04.06-2020.06.08	USD7,000/NTD211,210
Foreign exchange forward contracts	USD/NTD	2020.03.31-2020.05.14	USD10,000/NTD303,270

(Concluded)

The Group entered into foreign exchange forward contracts and exchange contracts during the three months ended March 31, 2021 and 2020 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Non-current</u>			
Investments in equity instruments at FVTOCI	<u>\$ 757,732</u>	<u>\$ 525,304</u>	<u>\$ 306,953</u>

Investments in Equity Instruments at FVTOCI

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Non-current</u>			
Domestic investments			
Emerging market shares			
UPI Semiconductor Corp.	\$ 347,786	\$ -	\$ -
Unlisted shares			
Win Precision Technology Co., Ltd.	89,323	89,323	18,388
Marson Technology Co., Ltd.	-	-	4,773
UPI Semiconductor Corp.	-	113,446	45,202
Godsmith Sensor Inc.	<u>10,967</u>	<u>10,967</u>	<u>-</u>
	<u>448,076</u>	<u>213,736</u>	<u>68,363</u>

(Continued)

	March 31, 2021	December 31, 2020	March 31, 2020
Foreign investments			
Unlisted shares			
Zhejiang Bright Semiconductor Technology Company Limited	\$ 234,620	\$ 236,095	\$ 209,815
Ningbo SJ Electronics Co., Ltd.	70,189	70,630	25,621
Investment_QST LLC	<u>4,847</u>	<u>4,843</u>	<u>3,154</u>
	<u>309,656</u>	<u>311,568</u>	<u>238,590</u>
	<u>\$ 757,732</u>	<u>\$ 525,304</u>	<u>\$ 306,953</u> (Concluded)

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

On March 12, 2021, UPI Semiconductor Corp.'s shares were listed on the Taipei Exchange. The transfer of fair value measurement level referred to Note 27.

In the first quarter of 2020, the Group sold its shares in Guandong Failong Crystal Technology Co., Ltd. in order to manage credit concentration risk. The shares sold had a fair value of \$160,211 thousand and its related unrealized gain of \$122,086 thousand was transferred from other equity to retained earnings.

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Domestic investments			
Pledge deposits (a)	\$ 62,353	\$ 59,504	\$ 51,307
Time deposits with original maturity of more than three months (b)	-	87,340	22,083
Restricted deposits (c)	<u>63,260</u>	<u>63,658</u>	<u>-</u>
	<u>\$ 125,613</u>	<u>\$ 210,502</u>	<u>\$ 73,390</u>
<u>Non-current</u>			
Domestic investment			
Time deposits with original maturities of more than one year (b)	\$ 377,328	\$ 290,224	\$ 219,435
Restricted deposits (d)	<u>172,026</u>	<u>414,271</u>	<u>-</u>
	<u>\$ 549,354</u>	<u>\$ 704,495</u>	<u>\$ 219,435</u>

- a. Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

- b. The ranges of interest rates for time deposits with original maturities of more than three months were approximately 3.78%-4.38%, 0.3%-2.6%, and 2.42%-4.38% per annum as of March 31, 2021 and December 31 and March 31, 2020, respectively.
- c. Restricted deposits are deposits for Chongqing Zhongyang's presold items of the construction in progress, which should not be used for other purposes before acquiring the real estate registration certificate.
- d. According to "Regulations Governing the Management, Utilization, and Taxation of Repatriated Offshore Funds", the Group had submitted an investment proposal and was approved by National Bureau, Ministry of Finance. Based on the regulation, the deposits are restricted only to approved investment project, and should not be used for other purposes.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Notes receivable</u>			
Notes receivable - operating	\$ 7,926	\$ 21,965	\$ 52,622
Less: Allowance for impairment loss	<u>(6)</u>	<u>(6)</u>	<u>(6)</u>
	<u>\$ 7,920</u>	<u>\$ 21,959</u>	<u>\$ 52,616</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 3,841,684	\$ 3,517,404	\$ 2,664,992
Less: Allowance for impairment loss	<u>(13,478)</u>	<u>(13,500)</u>	<u>(13,388)</u>
	<u>\$ 3,828,206</u>	<u>\$ 3,503,904</u>	<u>\$ 2,651,604</u>

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

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

March 31, 2021

	Not Past Due	31 to 90 Days	91 to 150 Days	151 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 3,609,378	\$ 240,232	\$ -	\$ -	\$ -	\$ 3,849,610
Loss allowance (Lifetime ECL)	<u>(11,322)</u>	<u>(2,162)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,484)</u>
Amortized cost	<u>\$ 3,598,056</u>	<u>\$ 238,070</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,836,126</u>

December 31, 2020

	Not Past Due	31 to 90 Days	91 to 150 Days	151 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 3,381,505	\$ 157,864	\$ -	\$ -	\$ -	\$ 3,539,369
Loss allowance (Lifetime ECL)	<u>(12,085)</u>	<u>(1,421)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,506)</u>
Amortized cost	<u>\$ 3,369,420</u>	<u>\$ 156,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,525,863</u>

March 31, 2020

	Not Past Due	31 to 90 Days	91 to 150 Days	151 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 2,522,528	\$ 194,405	\$ 681	\$ -	\$ -	\$ 2,717,614
Loss allowance (Lifetime ECL)	<u>(11,610)</u>	<u>(1,750)</u>	<u>(34)</u>	<u>-</u>	<u>-</u>	<u>(13,394)</u>
Amortized cost	<u>\$ 2,510,918</u>	<u>\$ 192,655</u>	<u>\$ 647</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,704,220</u>

The expected credit loss rate for each above range of the Group is not more than 1% within and within 90 days of the overdue period; 5% or less within the overdue period from 91 days to 180 days; and 5%-100% when the overdue period exceeds 180 days.

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

	For the Three Months Ended March 31	
	2021	2020
Balance at January 1	\$ 13,506	\$ 13,415
Foreign exchange gains and losses	<u>(22)</u>	<u>(21)</u>
Balance at March 31	<u>\$ 13,484</u>	<u>\$ 13,394</u>

11. INVENTORIES

	March 31, 2021	December 31, 2020	March 31, 2020
Finished goods	\$ 316,583	\$ 315,454	\$ 273,839
Work in process	383,672	378,840	355,844
Raw materials	554,569	543,953	445,663
Supplies and spare parts	114,921	102,011	89,594
Merchandise	405,716	295,025	338,582
Land for development construction in progress	<u>1,285,648</u>	<u>1,181,555</u>	<u>896,459</u>
	<u>\$ 3,061,109</u>	<u>\$ 2,816,838</u>	<u>\$ 2,399,981</u>

The construction in progress is the payment made by Chongqing All Sum to acquire the land use right in Chongqing Gao-Shing District to develop and sell real estate in 2012. Chongqing All Sum has acquired real estate certificate issued by Chongqing Association of land and real estate resources during 2013.

The cost of inventories recognized as cost of goods for the three months ended March 31, 2021 and 2020 was \$2,113,902 thousand and \$1,510,491 thousand, respectively.

The details of the land for development site are as follows:

March 31, 2021				
Area	Prepaid Land Rights	Project Cost	Total	Contract Liabilities - Current
Jinfeng Group C Division	<u>\$ 196,204</u>	<u>\$ 1,089,444</u>	<u>\$ 1,285,648</u>	<u>\$ 920,970</u>
December 31, 2020				
Area	Prepaid Land Rights	Project Cost	Total	Contract Liabilities - Current
Jinfeng Group C Division	<u>\$ 197,438</u>	<u>\$ 984,117</u>	<u>\$ 1,181,555</u>	<u>\$ 729,079</u>
March 31, 2020				
Area	Prepaid Land Rights	Project Cost	Total	Contract Liabilities - Current
Jinfeng Group C Division	<u>\$ 192,923</u>	<u>\$ 703,536</u>	<u>\$ 896,459</u>	<u>\$ 91,525</u>

Land for development construction in progress pledged as collateral for bank borrowings were set out on Note 29.

12. SUBSIDIARIES

Subsidiary Included in the Consolidated Financial Statements

The detail information of the subsidiaries at the end of reporting period was as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			March 31, 2021	December 31, 2020	March 31, 2020	
TXC Corporation	Taiwan Crystal Technology International Limited	Investment management	100	100	100	a, m
	TXC Technology, Inc.	Marketing activities	100	100	100	b, m
	TXC Japan Corporation	Marketing activities	100	100	100	c, m
	Taiwan Crystal Technology (HK) Limited	International trading	100	100	100	f, m
	TXC Europe GmbH	Marketing activities	100	100	100	k, m
Taiwan Crystal Technology International Limited	Growing Profits Trading Ltd.	International trading	-	-	100	d, m
	TXC (Ningbo) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	100	100	100	e, m
TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	100	100	100	g, m
	Chongqing Zhongyang Properties CO. LTD.	Properties development	100	100	100	h, m
	Ningbo Beilun Jingyu Trading Corporation	International trading	100	100	100	i, m
	Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	Investment management	100	100	100	j, m
	Chongqing Zhongyang Properties CO. LTD.	ChongQing Dingsen Commercial Management Co., Ltd	Property management	100	100	-

Remarks:

- a. Taiwan Crystal Technology International Limited was incorporated on December 23, 1998 in Samoa.
- b. TXC Technology, Inc. was incorporated on December 1, 2000 in California, U.S.A.
- c. TXC Japan Corporation was incorporated on September 13, 2005 in Yokohama, Japan.
- d. Growing Profits Limited was incorporated on March 9, 1999 in the British Virgin Islands. The liquidation was approved by the board of directors on December 25, 2019, and the liquidation procedures were completed on May 22, 2020.
- e. TXC (Ningbo) Corporation was incorporated on March 12, 1999 in Ningbo, China.
- f. Taiwan Crystal Technology (HK) Limited was incorporated on July 6, 2010 in Hong Kong Special Administrative Region, China.
- g. TXC (Chongqing) Corporation was incorporated on October 11, 2010 in Chongqing, China.
- h. Chongqing Zhongyang Properties CO. LTD. was incorporated on February 14, 2011 in Chongqing, China.
- i. Ningbo Beilun Jingyu Trading Corporation was incorporated on September 7, 2011 in Ningbo, China.
- j. Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited was incorporated on May 12, 2017 in Beilun District, Ningbo, China.
- k. TXC Europe GmbH was founded in Germany on August 17, 2018.

- l. ChongQing Dingsen Commercial Management Co., Ltd. was incorporated on December 30, 2020 in Chongqing, China.
- m. Except for the financial statements for the three months ended March 31, 2021 of TXC (Ningbo) Corporation and TXC (Chongqing) Corporation, all company are immaterial subsidiaries, and their financial statements have not been reviewed.

13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	March 31, 2021	December 31 2020	March 31 2020
Domestic investments			
Unlisted shares			
Godsmith Sensor Inc.	<u>\$ 17,946</u>	<u>\$ 35,892</u>	<u>\$ -</u>

In November 2020, the Company's board of directors approved to dispose of 1,800 thousand shares of the ordinary shares of Godsmith Sensor Inc. held with the expectation to complete the sale within twelve months. Accordingly, the Company has reclassified Godsmith Sensor Inc. as non-current assets held for sale, and were presented separately in the accompanying balance sheets.

The expected sales proceeds substantially lower than the carrying amount of investments accounted for using equity method. Accordingly, the non-current assets held for sale were measured at their fair value \$36,000 thousand less costs to sell \$108 thousand when reclassified investments accounted for using equity method as non-current assets held for sale. And the differences from the previous carrying amounts were recognized as loss on disposal of investments, which are presented in other gains and losses.

As of March 31, 2021, the Group had sold 900 thousand shares in Godsmith Sensor Inc. at fair value of \$17,946 thousand.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2021	December 31, 2020	March 31, 2020
Investments in associates and joint ventures	<u>\$ 423,064</u>	<u>\$ 421,512</u>	<u>\$ 445,059</u>

a. Investment in associates

	March 31, 2021	December 31, 2020	March 31, 2020
Associates that are not individually material	<u>\$ 376,895</u>	<u>\$ 373,626</u>	<u>\$ 396,950</u>

For the Three Months Ended March 31

	2021	2020
The Group's share of:		
Profit from continuing operations	\$ 2,937	\$ 2,516
Other comprehensive income	<u>(1,326)</u>	<u>2,590</u>
Total comprehensive income for the period	<u>\$ 1,611</u>	<u>\$ 5,106</u>

Refer to Table 6 “name, locations, and related information of investees on which the Company exercises significant influence” for the nature of activities, principal place of business and country of incorporation of the associates.

In 2021, the Group subscribed 43 thousand ordinary shares of Tai-Shing via cash in the amount of \$1,658 thousand. After the subscription, the Group’s percentage of ownership in Tai-Shing was 32.11%. The Group recognized goodwill of \$587 thousand as cost of investments in associates.

In 2019, the Group held a 31% interest in Godsmith Sensor Inc. which was accounted for using the equity method. In November 2020, the Group’s board of directors approved to dispose of 24% of the Group’s interest in Godsmith Sensor Inc. and consequently ceased to have significant influence over Godsmith Sensor Inc. The Group retained the remaining 7% interest as financial assets at FVTOCI whose fair value was \$10,967 thousand. This transaction resulted in the recognition of a loss in profit or loss, calculated as follows:

Carrying amount of investment on the date of loss of significant influence	\$ 54,033
Less: Transfer to non-current assets held for sale	(35,892)
Less: Transfer to financial assets at FVTOCI	(10,967)
Less: Reversals - share of changes in capital surplus of associates	<u>(1,068)</u>
Loss recognized	<u>\$ 6,106</u>

b. Investment joint ventures

	March 31, 2021	December 31, 2020	March 31, 2020
Joint ventures that are not individually material	<u>\$ 46,169</u>	<u>\$ 47,886</u>	<u>\$ 48,109</u>
		For the Three Months Ended March 31	
		2021	2020
The Group’s share of:			
Profit from continuing operations		\$ (1,431)	\$ (7,064)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>\$ (1,431)</u>	<u>\$ (7,064)</u>

Refer to Table 6 “name, locations, and related information of investees on which the Company exercises significant influence” and Table 7 “information on investment in mainland China” for the nature of activities, principal place of business and country of incorporation of the joint ventures.

Except for investments of Godsmith Sensor Inc. and Ningbo Longying Semiconductor Co., Ltd., which were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been reviewed. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of Godsmith Sensor Inc. and Ningbo Longying Semiconductor Co., Ltd. which have not been reviewed.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Property in Construction	Total
<u>Cost</u>								
Balance at January 1, 2020	\$ 591,972	\$ 1,599	\$ 2,520,068	\$ 7,446,580	\$ 15,268	\$ 371,500	\$ 32,196	\$ 10,979,183
Additions	-	-	29,321	179,849	-	16,962	-	226,132
Disposals	-	-	-	(40,995)	(420)	(1,442)	-	(42,857)
Reclassification	-	-	-	51,166	-	(18,805)	(32,361)	-
Effect of foreign currency exchange differences	-	-	(6,533)	(29,019)	(83)	(1,582)	165	(37,052)
Balance at March 31, 2020	<u>\$ 591,972</u>	<u>\$ 1,599</u>	<u>\$ 2,542,856</u>	<u>\$ 7,607,581</u>	<u>\$ 14,765</u>	<u>\$ 366,633</u>	<u>\$ -</u>	<u>\$ 11,125,406</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2020	\$ -	\$ 656	\$ 1,218,237	\$ 5,482,275	\$ 11,887	\$ 211,979	\$ -	\$ 6,925,034
Disposals	-	-	-	(39,603)	(420)	(1,430)	-	(41,453)
Depreciation expense	-	61	33,379	152,053	426	7,167	-	193,086
Impairment losses	-	-	-	2,340	-	-	-	2,340
Effect of foreign currency exchange differences	-	-	(2,705)	(20,212)	(70)	(686)	-	(23,673)
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ 717</u>	<u>\$ 1,248,911</u>	<u>\$ 5,576,853</u>	<u>\$ 11,823</u>	<u>\$ 217,030</u>	<u>\$ -</u>	<u>\$ 7,055,334</u>
Carrying value at March 31, 2020	<u>\$ 591,972</u>	<u>\$ 882</u>	<u>\$ 1,293,945</u>	<u>\$ 2,030,728</u>	<u>\$ 2,942</u>	<u>\$ 149,603</u>	<u>\$ -</u>	<u>\$ 4,070,072</u>
Carrying value at January 1, 2021 and December 31, 2020	<u>\$ 593,855</u>	<u>\$ 699</u>	<u>\$ 1,261,910</u>	<u>\$ 2,818,258</u>	<u>\$ 6,734</u>	<u>\$ 124,692</u>	<u>\$ 2,440</u>	<u>\$ 4,808,588</u>
<u>Cost</u>								
Balance at January 1, 2021	\$ 593,855	\$ 1,599	\$ 2,607,379	\$ 8,734,385	\$ 20,583	\$ 362,059	\$ 2,440	\$ 12,322,300
Additions	28,000	-	117,495	159,099	-	45,579	2,421	352,594
Disposals	-	-	(659)	(2,965)	-	(2,483)	-	(6,107)
Reclassification	-	-	-	-	-	-	(2,447)	(2,447)
Effect of foreign currency exchange differences	-	-	(7,457)	(33,143)	(119)	(2,280)	(14)	(43,013)
Balance at March 31, 2021	<u>\$ 621,855</u>	<u>\$ 1,599</u>	<u>\$ 2,716,758</u>	<u>\$ 8,857,376</u>	<u>\$ 20,464</u>	<u>\$ 402,875</u>	<u>\$ 2,400</u>	<u>\$ 12,623,327</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ -	\$ 900	\$ 1,345,469	\$ 5,916,127	\$ 13,849	\$ 237,367	\$ -	\$ 7,513,712
Disposals	-	-	(659)	(2,965)	-	(2,456)	-	(6,080)
Depreciation expense	-	61	33,682	201,792	608	8,829	-	244,972
Impairment losses	-	-	-	5,453	-	-	-	5,453
Effect of foreign currency exchange differences	-	-	(3,011)	(21,803)	(84)	(1,250)	-	(26,148)
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 961</u>	<u>\$ 1,375,481</u>	<u>\$ 6,098,604</u>	<u>\$ 14,373</u>	<u>\$ 242,490</u>	<u>\$ -</u>	<u>\$ 7,731,909</u>
Carrying value at March 31, 2021	<u>\$ 621,855</u>	<u>\$ 638</u>	<u>\$ 1,341,277</u>	<u>\$ 2,758,772</u>	<u>\$ 6,091</u>	<u>\$ 160,385</u>	<u>\$ 2,400</u>	<u>\$ 4,891,418</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Land improvements	5-7 years
Buildings	
Industrial building	35-41 years
Electrical power systems	3-11 years
Engineering systems	1-51 years
Equipment	
Major production equipments	1-15 years
Temperature control systems	4-7 years
Transportation equipments	4-7 years
Transportation equipments	3-8 years
Office equipment	2-6 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 29.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amounts</u>			
Land	\$ 88,250	\$ 89,372	\$ 89,010
Buildings	661	1,323	3,305
Transportation equipment	<u>1,497</u>	<u>1,608</u>	<u>1,945</u>
	<u>\$ 90,408</u>	<u>\$ 92,303</u>	<u>\$ 94,260</u>
		For the Three Months Ended March 31	
		2021	2020
Depreciation charge for right-of-use assets			
Land		\$ 569	\$ 561
Buildings		661	661
Transportation equipment		<u>112</u>	<u>112</u>
		<u>\$ 1,342</u>	<u>\$ 1,334</u>

Right-of-use assets pledged as collateral for bank borrowings were set out in Note 29.

b. Lease liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amounts</u>			
Current	\$ 1,114	\$ 1,777	\$ 3,074
Non-current	<u>1,059</u>	<u>1,172</u>	<u>2,193</u>
	<u>\$ 2,173</u>	<u>\$ 2,949</u>	<u>\$ 5,267</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Buildings	0.86%	0.86%	0.86%
Transportation equipment	0.86%	0.86%	0.86%

c. Material lease-in activities and terms

The Group leases certain warehouses in economic zone with lease terms of 3 years and leases certain transportation equipment with lease term of 5 years from September 2019. These arrangements do not contain renewal or purchase options.

The Group also leases land and buildings for the use of plants, offices and retail stores with lease term of 50 years. The lease contract for land located in mainland China specifies that lease payments will be paid at the time of contract and can be renewed upon the expiration of the lease period. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Three Months Ended March 31	
	2021	2020
Expenses relating to short-term leases	\$ 54	\$ 43
Total cash outflow for leases	<u>\$ (830)</u>	<u>\$ (824)</u>

The Group leases certain building which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. INVESTMENT PROPERTIES

	Completed Investment Property
Balance at January 1, 2020	\$ 92,455
Effect of foreign currency exchange differences	<u>(366)</u>
Balance at March 31, 2020	<u>\$ 92,089</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2020	\$ (37,890)
Depreciation expense	(1,049)
Effect of foreign currency exchange differences	<u>198</u>
Balance at March 31, 2020	<u>\$ (38,741)</u>
Carrying amounts at March 31, 2020	<u>\$ 53,348</u>
Carrying amounts at January 1, 2021 and December 31, 2020	<u>\$ 48,083</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 90,548
Effect of foreign currency exchange differences	<u>(377)</u>
Balance at March 31, 2021	<u>\$ 90,171</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2021	\$ (42,465)
Depreciation expense	(1,081)
Effect of foreign currency exchange differences	<u>216</u>
Balance at March 31, 2021	<u>\$ (43,330)</u>
Carrying amounts at March 31, 2021	<u>\$ 46,841</u>

The investment properties held by the Group are depreciated using the straight-line method over their useful lives of 3-60 years.

The fair value of the Group's investment properties as of March 31, 2021, December 31, 2020 and March 31, 2020 was \$130,783 thousand, \$130,983 thousand and \$197,083 thousand, respectively. The fair value valuation had not been performed by independent qualified professional valuers; however, management of the Group used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All investment properties of the Group was held under freehold interests. The investment properties pledged as collateral for bank borrowing were set out in Note 29.

18. BORROWINGS

a. Short-term borrowings

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Unsecured borrowings</u>			
Bank loans	\$ 783,713	\$ 909,260	\$ 151,271
Letters of credit	<u>-</u>	<u>6,990</u>	<u>19,204</u>
	<u>\$ 783,713</u>	<u>\$ 916,250</u>	<u>\$ 170,475</u>

The interest rate on the bank loans were 0.65%-3.45%, 0.35%-3.45% and 0.40%-1.10% per annum as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

b. Long-term borrowings

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Secured borrowings (Note 29)</u>			
Bank loans	\$ 283,504	\$ 285,287	\$ 278,823
Less: Current portions	<u>(283,504)</u>	<u>(285,287)</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>278,823</u>
<u>Unsecured borrowings</u>			
Bank loans	1,658,420	1,785,524	1,761,778
Less: Current portion	<u>(183,150)</u>	<u>(100,000)</u>	<u>(151,270)</u>
	<u>1,475,270</u>	<u>1,685,524</u>	<u>1,610,508</u>
Long-term borrowings	<u>\$ 1,475,270</u>	<u>\$ 1,685,524</u>	<u>\$ 1,889,331</u>

The borrowings of the Group were as follows:

	Maturity Date	March 31, 2021	December 31, 2020	March 31, 2020
Floating rate borrowings				
Secured bank borrowing denominated in RMB	2021.09.04	\$ 283,504	\$ 285,287	\$ 278,823
Unsecured bank borrowing denominated in NT\$	2025.01.03	140,625	150,000	150,000
Unsecured bank borrowing denominated in US\$	2022.02.26	57,063	57,016	60,508
Unsecured bank borrowing denominated in US\$	2021.05.28	28,531	28,508	60,508
Unsecured bank borrowing denominated in US\$	2020.09.01	-	-	90,762
Unsecured bank borrowing denominated in NT\$	2021.08.12	-	-	200,000
Unsecured bank borrowing denominated in NT\$	2024.09.15	300,000	300,000	300,000
Unsecured bank borrowing denominated in NT\$	2024.09.15	100,000	100,000	100,000
Unsecured bank borrowing denominated in NT\$	2022.09.05	-	-	200,000
Unsecured bank borrowing denominated in NT\$	2022.08.19	-	-	200,000
Unsecured bank borrowing denominated in NT\$	2022.09.02	-	-	200,000
Unsecured bank borrowing denominated in NT\$	2021.11.04	-	-	200,000
Unsecured bank borrowing denominated in NT\$	2025.01.03	100,000	100,000	-
Unsecured bank borrowing denominated in NT\$	2025.01.03	143,750	150,000	-
Unsecured bank borrowing denominated in NT\$	2025.04.01	290,625	300,000	-
Unsecured bank borrowing denominated in NT\$	2022.08.19	-	200,000	-
Unsecured bank borrowing denominated in NT\$	2025.04.15	200,000	200,000	-
Unsecured bank borrowing denominated in NT\$	2024.09.15	200,000	200,000	-
Unsecured bank borrowing denominated in NT\$	2025.01.03	97,826	-	-
Less: Current portion		<u>(466,654)</u>	<u>(385,287)</u>	<u>(151,270)</u>
		<u>\$ 1,475,270</u>	<u>\$ 1,685,524</u>	<u>\$ 1,889,331</u>

The range of interest rate on bank loans was 0.10%-6.18%, 0.10%-6.18%, and 0.35%-6.18% per annum as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

19. OTHER LIABILITIES

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
<u>Other payables</u>			
Payable for compensations to employees and directors	\$ 275,213	\$ 190,888	\$ 116,148
Payable for commission	29,602	26,199	22,806
Payable for salaries	125,471	142,737	103,770
Payable for bonus	134,761	333,798	82,401
Payable for annual leave	30,349	32,295	27,998
Payable for purchasing of equipment	88,656	83,115	103,868
Others	<u>154,622</u>	<u>152,274</u>	<u>155,594</u>
	<u>\$ 838,674</u>	<u>\$ 961,306</u>	<u>\$ 612,585</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

TXC Corporation of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in mainland China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

Employee benefit expense for the three months ended March 31, 2021 and 2020 were \$438 thousand and \$519 thousand, respectively. Employee benefit expense was calculated on the basis of the actuarial valuations in December 31, 2020 and 2019.

21. EQUITY

a. Share capital

Ordinary shares

	March 31, 2021	December 31, 2020	March 31, 2020
Numbers of shares authorized (in thousands of shares)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands of shares)	<u>309,757</u>	<u>309,757</u>	<u>309,757</u>
Shares issued	<u>\$ 3,097,570</u>	<u>\$ 3,097,570</u>	<u>\$ 3,097,570</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and have a right to dividends.

The Company's 30,000 thousand shares authorized were reserved for the issuance of convertible bonds and employee share options.

b. Capital surplus

	March 31, 2021	December 31, 2020	March 31, 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Issuance of ordinary shares	\$ 611,776	\$ 611,776	\$ 611,776
Conversion of bonds	977,028	977,028	977,028
Overdue options	73,377	73,377	73,377
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	331	331	331
Donations	1,964	1,964	1,617

(Continued)

	March 31, 2021	December 31, 2020	March 31, 2020
<u>May only be used to offset a deficit</u>			
Share of changes in capital surplus of associates or joint venture	\$ 2,712	\$ 2,712	\$ 2,561
Other	<u>1,081</u>	<u>1,081</u>	<u>-</u>
	<u>\$ 1,668,269</u>	<u>\$ 1,668,269</u>	<u>\$ 1,666,690</u> (Concluded)

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to employee benefits expense in Note 23(g).

Dividends are recommended by the board of directors in accordance with the Corporation's dividend policy. Under this policy, industry trends and growth should be evaluated, investment opportunities should be fully understood, and proper capital adequacy ratios should be considered in determining the dividends to be distributed. In addition, cash dividends should not be less than 20% of the total dividends to be appropriated.

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

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019 that were proposed by the board of directors on May 10, 2021 and approved in the shareholders' meetings on June 9, 2020 respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2020	2019	2020	2019
Legal reserve	\$ 155,246	\$ 67,178	\$ -	\$ -
Special reserve	(177,611)	269,465	-	-
Cash dividends	1,177,077	774,393	3.8	2.5

The appropriations of earnings for 2020 is subject to the resolution of the shareholders' meeting to be held on May 31, 2021.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Three Months Ended March 31	
	2021	2020
Balance at January 1	\$ (523,275)	\$ (584,617)
Exchange differences on translating the financial statements of foreign operations	(39,109)	(31,740)
Share of exchange differences of associates accounted for using the equity method	<u>(1,326)</u>	<u>2,562</u>
Balance at March 31	<u>\$ (563,710)</u>	<u>\$ (613,795)</u>

2) Unrealized gain/(loss) on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2021	2020
Balance at January 1	\$ 176,513	\$ 60,245
Recognized during the period		
Unrealized gain/(loss) - equity instruments	234,341	34,478
Share from associates accounted for using the equity method	<u>-</u>	<u>28</u>
Other comprehensive income recognized in the period	234,341	34,506
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal	-	(122,086)
Share from associates accounted for using the equity method	<u>-</u>	<u>(426)</u>
Balance at March 31	<u>\$ 410,854</u>	<u>\$ (27,761)</u>

22. REVENUE

	For the Three Months Ended March 31	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 3,310,709</u>	<u>\$ 2,151,182</u>

Contract Balances

	For the Three Months Ended March 31	
	2021	2020
Trade receivables (Note 10)	<u>\$ 3,828,206</u>	<u>\$ 2,651,604</u>
Contract liabilities		
Construction of properties	\$ 920,970	\$ 91,525
Sale of goods	<u>16,973</u>	<u>6,983</u>
Contract liabilities-current	<u>\$ 937,943</u>	<u>\$ 98,508</u>

The contract liabilities were unearned sales revenue and accounted for other current liabilities.

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended March 31	
	2021	2020
Bank deposits	\$ 3,572	\$ 3,773
Financial assets at amortized cost	3,797	2,660
Others	<u>213</u>	<u>639</u>
	<u>\$ 7,582</u>	<u>\$ 7,072</u>

b. Other income

	For the Three Months Ended March 31	
	2021	2020
Income from government grants	\$ 8,389	\$ 7,804
Others	<u>9,569</u>	<u>11,131</u>
	<u>\$ 17,958</u>	<u>\$ 18,935</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2021	2020
Loss on disposal of property, plant and equipment	\$ (27)	\$ (13)
Fair value changes of financial assets and financial liabilities		
Financial assets/liabilities mandatorily at FVTPL	(7,106)	2,044
Foreign exchange gain	35,417	18,915
Property, plant and equipment impairment losses	(5,453)	(2,340)
Other expense	<u>(2,313)</u>	<u>(11,237)</u>
	<u>\$ 20,518</u>	<u>\$ 7,369</u>

d. Finance costs

**For the Three Months Ended
March 31**

	2021	2020
Interest on bank loans	\$ (5,037)	\$ (5,193)
Interest on lease liabilities	<u>(5)</u>	<u>(12)</u>
	<u>\$ (5,042)</u>	<u>\$ (5,205)</u>

e. Depreciation and amortization

**For the Three Months Ended
March 31**

	2021	2020
Property, plant and equipment	\$ 244,972	\$ 193,086
Investment properties	1,081	1,049
Right-of-use assets	1,342	1,334
Intangible assets	<u>2,091</u>	<u>1,639</u>
	<u>\$ 249,486</u>	<u>\$ 197,108</u>
 An analysis of deprecation by function		
Operating costs	\$ 206,067	\$ 153,055
Operating expenses	40,247	41,365
Other gains and losses	<u>1,081</u>	<u>1,049</u>
	<u>\$ 247,395</u>	<u>\$ 195,469</u>
 An analysis of amortization by function		
Operating expenses	<u>\$ 2,091</u>	<u>\$ 1,639</u>

f. Employee benefits expense

**For the Three Months Ended
March 31**

	2021	2020
Post-employment benefits (see Note 20)		
Defined contribution plans	\$ 21,274	\$ 16,831
Defined benefit plans	<u>438</u>	<u>519</u>
	<u>21,712</u>	<u>17,350</u>
Other employee benefits		
Salaries	601,722	426,822
Insurance expenses	30,330	23,919
Others	<u>15,181</u>	<u>15,724</u>
	<u>647,233</u>	<u>466,465</u>
Total employee benefits expense	<u>\$ 668,945</u>	<u>\$ 483,815</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 401,812	\$ 285,168
Operating expenses	<u>267,133</u>	<u>198,647</u>
	<u>\$ 668,945</u>	<u>\$ 483,815</u>

g. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the rates no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors for the three months ended March 31, 2021 and 2020, respectively, were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2021	2020
Employees' compensation	9.0%	9.0%
Remuneration of directors	1.5%	1.5%

Amount

	For the Three Months Ended March 31	
	2021	2020
Employees' compensation	<u>\$ 72,408</u>	<u>\$ 28,133</u>
Remuneration of directors	<u>\$ 12,068</u>	<u>\$ 4,689</u>

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019 which were approved by the Company's board of directors on March 11, 2021 and March 23, 2020, respectively, were as follows:

	For the Year Ended December 31			
	2020		2019	
	Cash	Share	Cash	Share
Employees' compensation	\$ 163,489	\$ -	\$ 71,552	\$ -
Remuneration of directors	27,248	-	11,925	-

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

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

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2021	2020
Current tax		
In respect of the current year	\$ 109,864	\$ 35,881
Deferred tax		
In respect of the current year	<u>11,828</u>	<u>5,244</u>
Income tax expense recognized in profit or loss	<u>\$ 121,692</u>	<u>\$ 41,125</u>

- b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current period		
Fair value changes of financial assets at FVTOCI	\$ -	\$ 8,619
Arising from income and expenses reclassified from equity to profit or loss		
On disposal of investments in equity instruments at FVTOCI	<u>-</u>	<u>(30,521)</u>
	<u>\$ -</u>	<u>\$ (21,902)</u>

- c. Income tax assessments

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

25. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Period

	For the Three Months Ended March 31	
	2021	2020
Profit for the period attributable to owners of the Company	<u>\$ 631,850</u>	<u>\$ 256,858</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 631,850</u>	<u>\$ 256,858</u>

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Three Months Ended March 31	
	2021	2020
Weighted average number of ordinary shares in computation of basic earnings per share	309,757	309,757
Effect of potentially dilutive ordinary shares:		
Employees' compensation issue to employees	<u>2,039</u>	<u>2,326</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>311,796</u>	<u>312,083</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

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

1) Fair value hierarchy

March 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 259,418	\$ -	\$ -	\$ 259,418
Structured deposits	<u>-</u>	<u>241,289</u>	<u>-</u>	<u>241,289</u>
	<u>\$ 259,418</u>	<u>\$ 241,289</u>	<u>\$ -</u>	<u>\$ 500,707</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Domestic emerging shares	\$ 347,786	\$ -	\$ -	\$ 347,786
Domestic unlisted shares	-	-	100,290	100,290
Foreign unlisted shares	-	-	309,656	309,656
	<u>\$ 347,786</u>	<u>\$ -</u>	<u>\$ 409,946</u>	<u>\$ 757,732</u>
Financial liabilities at FVTPL				
Foreign exchange forward contracts and exchange contracts	<u>\$ -</u>	<u>\$ 8,331</u>	<u>\$ -</u>	<u>\$ 8,331</u> (Concluded)

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign unlisted shares	\$ -	\$ -	\$ 9,255	\$ 9,255
Foreign exchange forward contracts and exchange contracts	-	10,459	-	10,459
Mutual funds	259,333	-	-	259,333
Structured deposits	-	264,697	-	264,697
	<u>\$ 259,333</u>	<u>\$ 275,156</u>	<u>\$ 9,255</u>	<u>\$ 543,744</u>
Financial liabilities at FVTPL				
Foreign exchange forward contracts and exchange contracts	<u>\$ -</u>	<u>\$ 1,455</u>	<u>\$ -</u>	<u>\$ 1,455</u>
Financial assets at FVTOCI				
Domestic unlisted shares	\$ -	\$ -	\$ 213,736	\$ 213,736
Foreign unlisted shares	-	-	311,568	311,568
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 525,304</u>	<u>\$ 525,304</u>

March 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign unlisted shares	\$ -	\$ -	\$ 9,255	\$ 9,255
Foreign exchange forward contracts and exchange contracts	-	927	-	927
Mutual funds	370,782	-	-	370,782
Structured deposits	-	274,896	-	274,896
	<u>\$ 370,782</u>	<u>\$ 275,823</u>	<u>\$ 9,255</u>	<u>\$ 655,860</u> (Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Domestic unlisted shares	\$ -	\$ -	\$ 68,363	\$ 68,363
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>238,590</u>	<u>238,590</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 306,953</u>	<u>\$ 306,953</u>
Financial liabilities at FVTPL				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 5,202</u>	<u>\$ -</u>	<u>\$ 5,202</u> (Concluded)

For the three-month periods ended March 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial Assets	<u>Financial Assets at FVTPL Equity Instruments</u>	<u>Financial Assets at FVTOCI Equity Instruments</u>
Balance at January 1, 2021	\$ 9,255	\$ 525,304
Sales	(9,255)	-
Transfer to Level 1	-	(113,445)
Effect of foreign currency exchange differences	<u>-</u>	<u>(1,913)</u>
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 409,946</u>

Since the UPI Semiconductor Corp.'s shares were listed on the Taipei Exchange on March 12, 2021, the fair value hierarchy was transferred from Level 3 to Level 1 when observable market data became available for such equity investment.

Financial Assets	<u>Financial Assets at FVTPL Equity Instruments</u>	<u>Financial Assets at FVTOCI Equity Instruments</u>
Balance at January 1, 2020	\$ 9,255	\$ 305,308
Effect of foreign currency exchange differences	<u>-</u>	<u>1,645</u>
Balance at March 31, 2020	<u>\$ 9,255</u>	<u>\$ 306,953</u>

- 3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts and exchange contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Structured deposits	Discounted cash flow. Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the reporting period

- 4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The Group uses price-book ratio approach, comparing the net value per share with other public companies among similar industries or evaluating share price based on average price-book ratio of other competitors, to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

The fair values of unlisted equity securities - ROC were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The significant unobservable inputs used are listed in the table below. An increase in long-term revenue growth rates or long-term pre-tax operating margin or a decrease in the WACC or discount for lack of marketability used in isolation would result in an increase in the fair value.

c. Categories of financial instruments

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
FVTPL			
Mandatorily at FVTPL (1)	\$ 500,707	\$ 543,744	\$ 655,860
Financial assets at amortized cost (2)	6,564,038	6,722,387	5,135,488
Financial assets at FVTOCI			
Equity instruments	757,732	525,304	306,953
<u>Financial liabilities</u>			
FVTPL			
Mandatorily at FVTPL (3)	8,331	1,455	5,202
Amortized cost (4)	5,434,823	5,937,115	4,452,276

- 1) The balances included the carrying amount of mutual fund, foreign exchange forward contracts and exchange contracts, structured deposits and investment with preference shares.

- 2) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits.
 - 3) The balances included the carrying amount of foreign exchange forward contracts.
 - 4) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, trade payable, other payables and guarantee deposits received.
- d. Financial risk management objectives and policies

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

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

The corporate treasury function reports quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including: Foreign exchange forward contracts to hedge the exchange rate risk arising on the Group's foreign currency monetary.

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

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency denominated sales and purchases, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the period are set out in Note 33.

Sensitivity analysis

The Group is mainly exposed to the USD and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the period for a 1% change in foreign currency rates. The sensitivity analysis included external loans/borrowings as well as loans/borrowings to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an decrease in post-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	USD Impact		JPY Impact	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2021	2020	2021	2020
Profit or loss	\$ 23,777	\$ 20,728	\$ (2,416)	\$ (4,124)

- i. This was mainly attributable to the exposure outstanding on USD receivables and payables that were not hedged at the end of the period.
- ii. This was mainly attributable to the exposure to outstanding JPY payables that were not hedged at the end of the period.

b) Interest rate risk

The Group was exposed to interest rate risk because the Group's bank deposits and the Group borrowed funds at floating interest rates.

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

	March 31, 2021	December 31, 2020	March 31, 2020
Fair value interest rate risk			
Financial assets	\$ 712,547	\$ 687,252	\$ 355,353
Financial liabilities	1,995,749	519,996	-
Cash flow interest rate risk			
Financial assets	1,953,357	2,443,257	1,994,771
Financial liabilities	729,889	2,467,065	2,211,076

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2021 and 2020 would increase/(decrease) by \$1,170 thousand and \$(135) thousand, which was mainly attributable to the Group's exposure to interest rates on its floating rate bank deposits and bank borrowings.

2) Credit risk

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group had available unutilized short-term bank loan facilities of approximately \$6,907,537 thousand, \$6,712,627 thousand and \$5,007,146 thousand, respectively.

Liquidity and interest risk rate tables

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the period.

March 31, 2021

	Weighted Interest Average Effective Rate (%)	Less Than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 1,834,250	\$ -	\$ -	\$ -	\$ 1,834,250
Other payables	-	840,096	-	-	-	840,096
Other current liabilities	-	961,667	-	-	-	961,667

(Continued)

	Weighted Interest Average Effective Rate (%)	Less Than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
Lease liabilities	0.86	\$ 1,114	\$ 681	\$ 378	\$ -	\$ 2,173
Variable interest rate liabilities	0.1-3.4	183,150	348,174	198,565	-	729,889
Fixed interest rate liabilities	0.3-6.18	1,067,218	640,531	288,000	-	1,995,749
						(Concluded)

December 31, 2020

	Weighted Interest Average Effective Rate (%)	Less Than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 1,951,141	\$ -	\$ -	\$ -	\$ 1,951,141
Other payables	-	962,786	-	-	-	962,786
Other current liabilities	-	757,540	-	-	-	757,540
Lease liabilities	0.86	1,777	905	267	-	2,949
Variable interest rate liabilities	0.65-0.68	519,996	-	-	-	519,996
Fixed interest rate liabilities	0.35-6.18	781,541	1,064,524	621,000	-	2,467,065

March 31, 2020

	Weighted Interest Average Effective Rate (%)	Less Than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 1,586,743	\$ -	\$ -	\$ -	\$ 1,586,743
Other payables	-	615,651	-	-	-	615,651
Other current liabilities	-	73,745	-	-	-	73,745
Lease liabilities	0.86	3,074	1,586	607	-	5,267
Variable interest rate liabilities	0.35-6.18	321,745	1,889,331	-	-	2,211,076

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the period.

Liquidity and interest rate risk tables for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

March 31, 2021

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	\$ (2,916)	\$ (3,618)	\$ (1,797)	\$ -	\$ -

<u>December 31, 2020</u>					
	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	\$ <u>2,460</u>	\$ <u>5,019</u>	\$ <u>1,525</u>	\$ _____	\$ _____
<u>March 31, 2020</u>					
	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	\$ <u>(620)</u>	\$ <u>(3,403)</u>	\$ <u>(252)</u>	\$ _____	\$ _____

28. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

<u>Name</u>	<u>Relationship with the Group</u>
Tai-Shing Electronics Components Corporation	Associate
Ningbo Xingmao Electron Technology Co., Ltd.	Associate
Godsmith Sensor Inc.	Associate
Liang Shing Eclife Corp. ("Eclife")	Other associate
Ningbo Longying Semiconductor Co., Ltd.	Other associates

a. Sale of goods

Line Items	Related Party Categories	For the Three Months Ended March 31	
		2021	2020
Sales	Associates	\$ 27,095	\$ 5,039
	Other associates	<u>3,364</u>	<u>2,177</u>
		<u>\$ 30,459</u>	<u>\$ 7,216</u>

Selling prices and payment terms offered to related parties were similar with those offered to third parties.

b. Purchase of goods

Related Party Categories	For the Three Months Ended March 31	
	2021	2020
Other associates	<u>\$ 4,330</u>	<u>\$ 44</u>

Purchase prices and payment terms offered by related parties were similar with those offered by third parties.

c. Receivables from related parties (excluding loans to related parties)

Line Items	Related Party Categories	March 31, 2021	December 31, 2020	March 31, 2020
Trade receivables	Associates	\$ 28,707	\$ 28,006	\$ 5,291
	Other associates	3,974	2,223	2,399
Less: Allowance for impairment loss		<u>(69)</u>	<u>(67)</u>	<u>(68)</u>
		<u>\$ 32,612</u>	<u>\$ 30,162</u>	<u>\$ 7,622</u>
Other receivables	Associates	\$ 13	\$ -	\$ 2
	Other associates	<u>662</u>	<u>490</u>	<u>169</u>
		<u>\$ 675</u>	<u>\$ 490</u>	<u>\$ 171</u>

The outstanding trade receivables from related parties are unsecured.

d. Payables to related parties (excluding loans from related parties)

Line Items	Related Party Categories	March 31, 2021	December 31, 2020	March 31, 2020
Trade payables	Other associates	<u>\$ 4,844</u>	<u>\$ 3,543</u>	<u>\$ 88</u>
Other payables	Other associates	<u>\$ 1,422</u>	<u>\$ 1,480</u>	<u>\$ 3,066</u>

The outstanding trade payables from related parties are unsecured.

Payment term of the transactions to related parties were similar to those for third parties.

e. Property, plant and equipment acquired

Related Party Categories	Price	
	For the Three Months Ended March 31	
	2021	2020
Other associates	<u>\$ 818</u>	<u>\$ 658</u>

f. Rental income

Related Party Categories	Location	Rent Collection	For the Three Months Ended March 31			
			2021		2020	
			Amount	% to Total Account Balance	Amount	% to Total Account Balance
Associate	1F., No. 189, Huangshan W. Rd., Beilun Dist., Ningbo City	Based on contract, and paid on a monthly basis	\$ 751	-	\$ 776	-
Associate	6F., No. 4, Gongye 6th Rd., Pingzhen Dist., Taoyuan City 324, Taiwan (R.O.C.)	Based on contract, and paid on a monthly basis	896	-	891	-

(Continued)

Related Party Categories	Location	Rent Collection	For the Three Months Ended March 31			
			2021		2020	
			Amount	% to Total Account Balance	Amount	% to Total Account Balance
Associate	3F., No. 6, Gongye 6th Rd., Pingzhen Dist., Taoyuan City 324, Taiwan (R.O.C.)	Based on contract, and paid on a monthly basis	\$ -	-	\$ 144	-
Other associates	1F., No. 189, Huangshan W. Rd., Beilun Dist., Ningbo City	Based on contract, and paid on a monthly basis	<u>31</u>	-	<u>-</u>	-
			<u>\$ 1,678</u>		<u>\$ 1,811</u>	

(Concluded)

The transactions term to related parties were similar to those for third parties.

g. Compensation of key management personnel

	For the Three Months Ended March 31	
	2021	2020
Short-term employee benefits	\$ 49,899	\$ 26,395
Post-employment benefits	<u>1,016</u>	<u>967</u>
	<u>\$ 50,915</u>	<u>\$ 27,362</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	March 31, 2021	December 31, 2020	March 31, 2020
Land and land improvement	\$ 569,909	\$ 570,178	\$ 568,139
Building equipment, net	932,032	855,007	925,028
Investment property	37,204	38,120	43,349
Land for development	1,285,648	1,181,555	896,459
Pledged deposits	62,353	59,504	51,307
Right-of-use assets	<u>11,188</u>	<u>11,351</u>	<u>11,364</u>
	<u>\$ 2,898,334</u>	<u>\$ 2,715,715</u>	<u>\$ 2,495,646</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

- a. Unused letters of credit amounted to approximately JPY214,756 thousand and JPY142,664 thousand as of March 31, 2021 and December 31, 2020.

b. As of March 31, 2021, the Group unrecognized commitments are as follows:

	Contract Amount	Paid Amount	Unpaid Amount
Acquisition of equipment	\$ 212,735	\$ 74,767	\$ 137,968
Acquisition of equipment	RMB 119,680	RMB 38,445	RMB 81,235
Acquisition of equipment	JPY 1,307,067	JPY 376,491	JPY 930,576
Acquisition of equipment	US\$ 8,226	US\$ 1,041	US\$ 7,185
Acquisition of equipment	EUR 1,697	EUR 509	EUR 1,188

31. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On December 29, 2020, the Company's board of directors approved to establish a 100% owned sub-subsidiary, TETC CORP. NINGBO, through its subsidiary, TXC (Ningbo) Corporation. On May 10, 2021, the Company's board of directors approved the investment, which amounted RMB60,000 thousand dollars.

32. OTHER ITEMS

During the COVID-19 pandemic, the Group's factories in mainland China maintained basic operations during the Chinese New Year in 2020. Only some labors returned to their hometown and slightly impacted the resumption of operations. Due to quick resumption of the operations, supply and demand have gradually reached stability; therefore, there was no material impact on the Group's overall operation.

Based on the information available as of the balance sheet date, the Group considered the economic implications of the epidemic when making its critical accounting estimates.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

Unit: In Thousands of Foreign Currencies and New Taiwan Dollars)

March 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 114,966	28.5310 (USD:NTD)	\$ 3,280,095
USD	6,767	6.5712 (USD:RMB)	193,069
JPY	1,013,239	0.2576 (JPY:NTD)	261,010
JPY	616,410	0.0593 (JPY:RMB)	158,787
			(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 31,809	28.5310 (USD:NTD)	\$ 907,543
USD	6,588	6.5712 (USD:RMB)	187,962
JPY	1,215,730	0.2576 (JPY:NTD)	313,172
JPY	1,351,993	0.0593 (JPY:RMB)	348,273
			(Concluded)

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 117,525	28.5080 (USD:NTD)	\$ 3,350,403
USD	34,107	6.5249 (USD:RMB)	972,322
JPY	91,491	0.2765 (JPY:NTD)	25,297
JPY	444,265	0.0633 (JPY:RMB)	122,839

Financial liabilities

Monetary items			
USD	36,683	28.5080 (USD:NTD)	1,045,759
USD	10,465	6.5249 (USD:RMB)	298,336
JPY	1,269,487	0.2765 (JPY:NTD)	351,013
JPY	1,236,936	0.0633 (JPY:RMB)	342,013

March 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 72,734	30.254 (USD:NTD)	\$ 2,200,494
USD	30,280	7.0851(USD:RMB)	916,091
JPY	482,750	0.2791 (JPY:NTD)	134,736
JPY	457,642	0.0654(JPY:RMB)	127,728

Financial liabilities

Monetary items			
USD	23,997	30.254 (USD:NTD)	726,005
USD	10,503	7.0851(USD:RMB)	317,751
JPY	1,185,673	0.2791 (JPY:NTD)	330,921
JPY	1,232,443	0.0654(JPY:RMB)	343,975

For the three months ended March 31, 2021 and 2020, realized and unrealized net foreign exchange loss were \$35,417 thousand and \$18,915 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

34. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees:
- 1) Lending funds to others. (None)
 - 2) Providing endorsements or guarantees for others. (Table 1)
 - 3) Holding of securities at the end of the period. (Table 2)
 - 4) Aggregate purchases or sales of the same securities reaching NT\$300 million or 20 percent of paid-in capital or more. (Table 3)
 - 5) Acquisition of real estate reaching NT\$300 million or 20 percent of paid-in capital or more. (None)
 - 6) Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more. (None)
 - 7) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (Table 4)
 - 8) Trade receivables from related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (Table 5)
 - 9) Trading in derivative instruments. (Note 7)
 - 10) Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them. (Table 9)
- b. Information on investees (Table 6)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area. (Table 7)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: (Table 8)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Crystal

The chief operating decision maker see every crystal selling unit in Taiwan and China as an operating segment. While preparing the financial report, the Group considers the following reasons:

- The similar gross profit between the selling units.
- The similar product's nature and manufacturing process.
- The same product's delivery type.

	Segment Revenue		Segment Profit	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2021	2020	2021	2020
Crystal	<u>\$ 3,310,709</u>	<u>\$ 2,151,182</u>	<u>\$ 711,020</u>	<u>\$ 276,112</u>
Continuing operations	<u>\$ 3,310,709</u>	<u>\$ 2,151,182</u>	711,020	276,112
Interest income			7,582	7,072
Other income			17,958	18,935
Other gains and losses			20,518	7,369
Financial costs			(5,042)	(5,205)
Share of profit or loss of subsidiaries, associates and joint ventures			<u>1,506</u>	<u>(6,300)</u>
Profit before tax (continuing operations)			<u>\$ 753,542</u>	<u>\$ 297,983</u>

Segment revenue reported above represents revenue generated from external customers.

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, gains recognized on disposal of interests in former associates, lease income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

TXC CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

MARCH 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Note
		Name	Relationship								
1	TXC (Ningbo) Corporation	Chongqing Zhongyang Properties Co. Ltd.	Subsidiary with equity method	\$ 2,876,618	\$ 477,598	\$ 477,598	\$ 283,505	\$ -	8.30	\$ 5,753,236	

Note: The total amount of TXC (Ningbo) Corporation endorsements and guarantees provided shall not exceed 100% of the amount of the net value of TXC (Ningbo) Corporation; the amount of individual entity endorsements shall not exceed 5% of the amount of the net value of the individual entity. However, the amount of individual entity endorsements is permitted with 50% of net value of subsidiary.

TXC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
TXC Corporation	<u>Stock - unlisted company</u> Godsmith Sensor Inc	None	Financial assets at fair value through other comprehensive income - non-current	550	\$ 10,967	7	\$ 10,967	
	"	"	Non-current assets held for sale	900	17,946	12	17,946	
	Win Precision Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,365	89,323	3	89,323	
	UPI Semiconductor Corp.	TXC Corporation is a direct of the Company	"	1,516	<u>347,786</u>	2	<u>347,786</u>	
					<u>\$ 466,022</u>		<u>\$ 466,022</u>	
TXC (Ningbo) Corporation	<u>Mutual fund</u> CICC Wealth Management 800 Fund	None	Financial assets at fair value through profit or loss - current	RMB 24,011	\$ 104,253	-	\$ 104,253	
	Qingxia No. 2 Assembled Funds Trust Plan	"	"	RMB 20,000	86,836	-	86,836	
	Huifeng Zhicheng No. 6 ABS Funds	"	"	RMB 15,675	<u>68,056</u>	-	<u>68,056</u>	
					<u>\$ 259,145</u>		<u>\$ 259,145</u>	
	<u>Shares overseas - unlisted company</u> Ningbo SJ Electronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	RMB 6,000	<u>\$ 70,189</u>	7	<u>\$ 70,189</u>	
TXC (Chongqing) Corporation	<u>Structured deposits</u> China Construction Bank Corporation	None	Financial assets at fair value through profit or loss - current	RMB 4,149	<u>\$ 18,013</u>	-	<u>\$ 18,013</u>	
Ningbo Beilun Jingyu Trading Corporation	<u>Mutual fund</u> Southern Cash Fund	None	Financial assets at fair value through profit or loss - current	RMB 63	<u>\$ 273</u>	-	<u>\$ 273</u>	
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	<u>Shares overseas - unlisted company</u> Zhejiang Bright Semiconductor Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non current	RMB 7,000	<u>\$ 234,620</u>	6	<u>\$ 234,620</u>	
TXC Technology Inc.	<u>Shares overseas - unlisted company</u> Investment QST LLC	None	Financial assets at fair value through other comprehensive income - non current	US\$ 250	<u>\$ 4,847</u>	-	<u>\$ 4,847</u>	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Chongqing Zhongyang Properties Co. Ltd.	<u>Structured deposits</u> Chongqing Rural Commercial Bank	None	Financial assets at fair value through profit or loss - current	RMB 48,132	\$ 208,978	-	\$ 208,978	
	China Construction Bank Corporation	"	"	RMB 1,584	<u>6,876</u>	-	<u>6,876</u>	
					<u>\$ 215,854</u>		<u>\$ 215,854</u>	
ChongQing Dingsen Commercial Management Co., Ltd.	<u>Structured deposits</u> China Construction Bank Corporation	None	Financial assets at fair value through profit or loss - current	RMB 1,710	<u>\$ 7,422</u>	-	<u>\$ 7,422</u>	

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

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

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Equity in Net Gain (Loss)	Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Shares	Amount
TXC (Chongqing) Corporation	QianYuan - Hengying (daily) open net wealth management product	Financial instruments at FVTPL - current	China Construction Bank	None	-	\$ -	-	\$ 344,243	-	\$ (326,480)	\$ (326,076)	\$ 404	\$ (154)	-	\$ 18,013

TXC CORPORATION AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	Purchase	\$ 747,686	41	Payment term of the transactions to related parties were similar to those for third parties	Its trading price depends on its function within the Group	Payment term of the transactions to related parties were similar to those for third parties	\$ (738,101)	(41)	
	TXC (Chongqing) Corporation	"	Purchase	364,100	20	"	"	"	(361,909)	(20)	

TXC CORPORATION AND SUBSIDIARIES

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

MARCH 31, 2021

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
TXC (Ningbo) Corporation	TXC Corporation	Parent entity	\$ 738,101	4.39	\$ -	-	\$ 205,038	\$ -
TXC (Chongqing) Corporation	TXC Corporation	Parent entity	361,909	4.05	-	-	95,761	-

TXC CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 FOR THE THREE MONTHS ENDED MARCH 31, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2021			Net Income (Losses) of the Investee	Share of Profits (Loss)	Note
				March 31, 2021	December 31, 2020	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
TXC Corporation	Taiwan Crystal Technology International Ltd.	Western Samoa	Investment management	\$ 1,390,461	\$ 1,390,461	42,835	100.00	\$ 5,736,093	\$ 216,890	\$ 214,954	
	Taiwan Crystal Technology International (HK) Limited	Hong Kong	International trading	2,371	2,371	80	100.00	131,397	7,034	7,034	
	TXC Japan Corporation	Japan	Marketing activities	6,172	6,172	2	100.00	30,176	978	978	
	TXC Technology Inc.	U.S.A.	Marketing activities	9,879	9,879	300	100.00	15,447	(933)	(933)	
	Tai-Shing Electronics Components Corporation	Taiwan	Manufacture and sales of electronics products	360,924	359,266	8,478	32.11	376,895	9,166	2,937	
	TXC Europe GmbH	Germany	Marketing activities	1,746	1,746	50	100.00	4,314	918	918	

TXC CORPORATION AND SUBSIDIARIES

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

1. Name of the investees in mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in mainland China:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outflow of Investments from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investments from Taiwan as of March 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2021	Accumulated Repatriation of Investment Income as of March 31, 2021
					Outflow	Inflow						
TXC (Ningbo) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	\$ 1,487,211	Indirect investment of the Corporation in mainland China through the Corporation's subsidiary in a third region	\$ 1,427,630	\$ -	\$ -	\$ 1,427,630	\$ 216,890	100	\$ 216,890	\$ 5,753,236	\$ 566,321
TXC (Chongqing) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	1,162,074	Other investment of the Corporation in mainland China	-	-	-	-	59,321	100	59,321	1,452,267	306,500
Chongqing Zhongyang Properties Co. Ltd.	Properties development	684,908	Other investment of the Corporation in mainland China	-	-	-	-	(11,662)	100	(11,662)	571,009	-
Ningbo Beilun Jingyu Trading Corporation	International trading	7,090	Other investment of the Corporation in mainland China	-	-	-	-	(24)	100	(24)	5,834	-
Ningbo Longying Semiconductor Co., Ltd.	Research and development in integrated circuit	183,180	Other investment of the Corporation in mainland China	-	-	-	-	(3,578)	40	(1,431)	46,169	-
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	Investment management	160,043	Other investment of the Corporation in mainland China	-	-	-	-	-	100	-	234,884	-
ChongQing Dingsen Commercial Management Co., Ltd.	Property management	2,085	Other investment of the Corporation in mainland China	-	-	-	-	(157)	100	(157)	1,958	-

- 2.

Accumulated Outward Remittance for Investments in mainland China as of March 31, 2021	Investment Amounts Authorized by the Investments Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA
\$ 1,427,630	\$ 1,832,878	\$ -

Note: The investment in mainland China has no maximum limit since the Company has acquired the approval from the Industrial Development Bureau for the establishment of the Company's operating headquarters in Taiwan.

TXC CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE THREE MONTHS ENDED MARCH 31, 2021 (In Thousands of New Taiwan Dollars)

1. Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

Company Name	Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note	
			Amount	%		Payment Term	Comparison with Normal Transaction	Ending Balance	%			
TXC Corporation	TXC (Ningbo) Corporation	Purchase	\$ 747,686	41	Its trading price depends on its function within the group	Similar with third parties	Its trading price depends on its function within the group	\$ (738,101)	(41)	\$ 236		
	TXC (Ningbo) Corporation	Sale	76,891	3		"		"	57,435	2	2,024	
	TXC (Chongqing) Corporation	Purchase	364,100	20		"		"	(361,909)	(20)	5,606	

2. The transactions of properties and the profit or loss: None.
3. Endorsements guarantees or collateral directly or indirectly provided to the investees: None
4. Financing directly or indirectly provided to the investees: None
5. Other transactions that significantly impacted the current year's profit or loss or financial position: None

TXC CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars)

For the three months ended March 31, 2021

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets (%)
				Accounts	Amount	Terms (Notes 1 and 2)	
0	TXC Corporation	TXC Technology, Inc. TXC Japan Corporation TXC Europe GmbH TXC (Ningbo) Corporation	a	Other expense - consulting expense	\$ 10,069	a	-
			a	Other expense - consulting expense	8,894	a	-
			a	Other expense - consulting expense	3,063	a	-
			a	Sales	76,891	a	2
		TXC (Chongqing) Corporation	a	Purchase	747,686	a	23
			a	Trade receivables	57,435	a	-
			a	Other receivables	23,094	a	-
			a	Trade payables	738,101	a	4
			a	Purchase	364,100	a	11
			a	Trade payables	361,909	a	2
1	TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	c	Sales	8,606	c	-
			c	Purchase	70,904	c	2
			c	Trade receivables	9,820	c	-
			c	Trade payables	79,605	c	-

Note 1: a. Represent the transactions from parent company to subsidiary.
c. Represent the transactions between subsidiaries.

Note 2: For the three months ended March 31, 2021, the selling price and purchasing price were not significantly different from those of third parties, except those for TXC (Ningbo) Corporation, which is depending on its function within the Group.

TXC CORPORATION AND SUBSIDIARIES

**INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2021**

Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
2018 2nd Discretionary Investment Account of New Labor Pension Fund	23,096,000	7.45
Cathay Life Insurance	15,860,000	5.12

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers their shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.